



# IP PERSPECTIVES

INTELLECTUAL PROPERTY AND TECHNOLOGY LAW NEWSLETTER

## Autumn 2009

- 1 Federal Court considers good faith requirement in Canadian patent prosecution
- 2 Canada builds new lanes on the Patent Prosecution Highway
- 4 CIPO proposes changes to post-Final Action procedures
- 6 CIPO issues Practice Notice on obviousness
- 9 Federal Court renders judgment in cefaclor litigation
- 12 New Wares and Services Manual released; proposed changes in trade-mark prosecution practice
- 14 Smart & Biggar/ Fetherstonhaugh recognized in multiple international surveys
- 15 Notes

## Federal Court considers good faith requirement in Canadian patent prosecution

On November 23, 2009, the Canadian Federal Court publicly released its decision in *Lundbeck v. ratiopharm*, [2009 FC 1102](#), in which a patent was considered invalid for failure to respond in good faith to an Examiner's requisition.

The patent claimed a combination of two drugs. During prosecution, the Canadian Examiner noted that separate use of these drugs was known and rejected the combination as obvious. In response, the applicant referred to four prior art references in which similar combinations had reduced the effectiveness of one of the drugs and stated that "the prior art clearly teaches away from the [claimed] combination."

The response did not mention a fifth reference, an article by Wenk. The Wenk article was listed in the international search report of the corresponding PCT application and had been listed by the applicant in responding to an earlier requisition of the Examiner (under section 29 of our *Patent Rules*) to disclose prior art cited in respect of related foreign patent applications. The Court

considered the Wenk article to have speculated at use of the claimed combination and to be more relevant than any of the four references referred to by the applicant in its response. On the other hand, the Court did not consider that the claims of the patent were anticipated or rendered obvious by the Wenk article.

Section 73 of our *Patent Act* provides that an "application for a patent in Canada shall be deemed to be abandoned if the applicant does not ... reply in good faith to any requisition made by an examiner in connection with an examination" (emphasis added). The Court referenced this section and a previous decision that had considered it: *G.D. Searle & Co. v. Novopharm Limited*, [2007 FC 81](#). In *Searle*, a patent was considered invalid due to the applicant having presented arguments during prosecution that were inconsistent with an article that had been published by the applicant and was not brought to the attention of the Examiner. The *Searle* decision was overturned on appeal ([2007 FCA 173](#)). However, the Court in

*Lundbeck* noted that this was only for the reason that the article was not properly considered to be prior art. The Court therefore considered the *Searle* decision to present an accurate overview of the obligations of the applicant and quoted the following language from that decision:

[C]ommunications with the examiner must be made in good faith. It is to be expected that there will be full, frank and fair disclosure. There is afforded during the prosecution ample opportunity to make further disclosure or to correct an earlier misstatement or shortcoming. It is not harsh or unreasonable, if after the patent issues, and disclosure is found to lack good faith, that the Court deems the application and thus the patent, to have been abandoned.

Moreover, the Court considered prosecution of a patent application to be analogous to an *ex parte* court proceeding wherein a party "must state his or her own case fairly and must inform the Court of any points of fact or law known to it which favour the other side."

The Court held that the applicant's statement that the prior art "clearly teaches away from the [claimed] combination" was not a fair representation of the teachings of the prior art. The Court therefore concluded that the applicant had failed to reply in good faith to the requisition of the Examiner and held that the application, and thus the patent, should be deemed to be abandoned.

Several other recent Federal Court decisions have also relied upon the noted language in the *Searle* decision relating to the good faith requirement of section 73 of the *Act*. Some of these decisions are under appeal.

As a result, the extent of the good faith requirement in Canadian patent prosecution is currently uncertain. Therefore, the cautious approach is for an applicant to carefully "state his or her own case fairly" and to inform the Examiner "of any points of fact or law known to it" that are unfavourable to its position. If an applicant is aware of prior art that is more relevant than what is before the Examiner, it would be prudent to make such prior art of record during prosecution.

**Ronald D. Faggetter, Toronto and  
David E. Schwartz, Ottawa**

## Canada builds new lanes on the Patent Prosecution Highway

The Canadian Intellectual Property Office ("CIPO") has expanded its Patent Prosecution Highway ("PPH") initiative by establishing PPH pilot programs with the Japan Patent Office ("JPO"), the Danish Patent and Trademark Office ("DKPTO") and the Korean Intellectual Property Office ("KIPO") in addition to its existing PPH pilot program with the United States Patent and Trademark Office ("USPTO"). The pilot programs with the JPO, the DKPTO and the KIPO commenced on October 1, 2009, and are scheduled to run until September 30, 2011, while the pilot program with the USPTO commenced on January 28, 2008, and has been extended to run until January 28, 2011.

The PPH pilot programs provide accelerated examination of a patent application in one of the two intellectual property offices (Office of Second Filing or "OSF") based on examination of a corresponding application in the other intellectual property office (Office of First Filing or "OFF"). Examination of the patent application in the OSF is expedited by advancing the patent application out of its

routine order in the examination queue of the OSF and by exploiting search and work conducted during examination of the corresponding application by the OFF.

While the PPH pilot programs are not the only procedures available in Canada to expedite examination of patent applications, under the right circumstances, applicants wishing to reduce examination delays may benefit from participation in these programs. According to the CIPO Frequently Asked Questions webpage for the PPH pilot programs, CIPO has set a turnaround process time target of 90 calendar days from the date of the PPH request to issuance of the first Action (not factoring in possible additional processing time if the first Action is a Notice of Allowance).

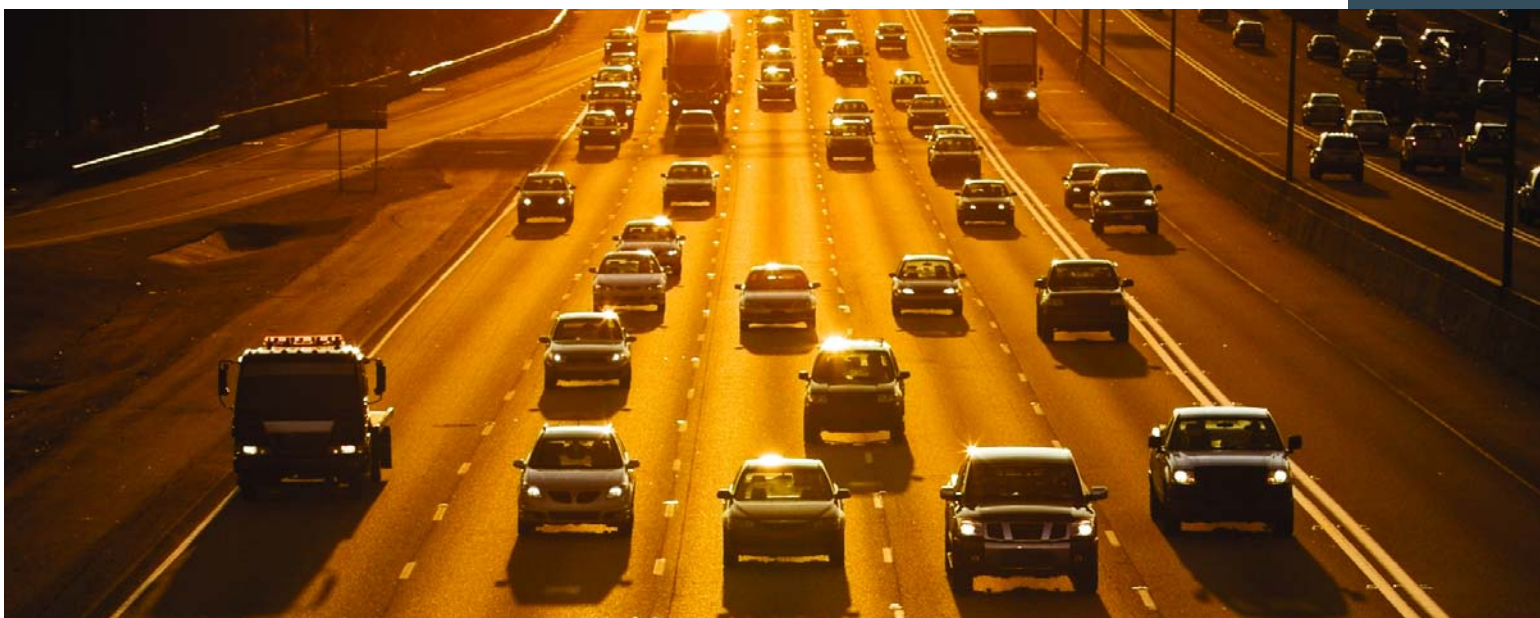
There are five main requirements for a Canadian patent application to qualify for accelerated examination under the PPH pilot programs on the basis of examination conducted by the USPTO, the JPO, the DKPTO or the KIPO as the OFF:

1. At least one corresponding national application of the OFF must have one or more claims that have been determined to be allowable by the OFF.
2. All of the claims in the CIPO application must sufficiently correspond to one or more of the claims indicated to be allowable by the OFF. This means that the Canadian claims must be of the same or similar scope as, or narrower than, the allowable OFF claims. The claims can be amended to satisfy this requirement at the time the PPH request is filed.
3. The CIPO application must be open to public inspection at the time of requesting accelerated examination. If it is not, the applicant must request that the application be laid open for public inspection.
4. A request for examination must be made prior to or with the request for accelerated examination under the PPH, but CIPO must not have already begun to examine the application.
5. There are also certain priority claim requirements. Generally, a Canadian PCT national phase application or a regular (non-PCT) Canadian application will qualify if it claims Convention priority from either a single or multiple OFF applications. A Canadian application will also qualify if it either claims Convention priority from, or is the national phase of, a PCT international application that has no Convention priority claims. Divisionals of the above applications also qualify. We would be pleased to assist

you in determining whether a particular application is eligible.

A number of supporting documents must be filed with the PPH request, including a claim correspondence table correlating the claims indicated as allowable by the OFF to the Canadian claims. Requirements for filing further supporting documents, such as copies and translations of the claims indicated to be allowable by the OFF, copies and translations of Office Actions, and copies of unpublished patent references and non-patent references, vary according to the different pilot programs. There are no additional official fees for requesting accelerated examination under the PPH pilot programs other than the usual examination fee that applies to all applications.

The PPH pilot programs are not the only procedures available to accelerate examination of a Canadian patent application. Apart from the PPH programs, any person can request a Special Order for accelerated examination of a Canadian patent application. Unlike the PPH, however, the person requesting a Special Order must pay an additional official fee and must assert that a failure to advance the application out of its routine order is likely to prejudice that person's rights. Further important differences between the PPH and Special Order procedures include the absence of any priority claim requirements, claim correspondence requirements or time limits for filing a Special Order request. Similar to the PPH programs, a Special Order request must be accompanied or preceded by a request for examination and payment of the



regular examination fee, and the Canadian application must be open to public inspection.

The decision between the PPH and Special Order procedures will depend on a number of factors. For instance, the priority claim requirements of the PPH pilot programs may disqualify a particular Canadian patent application from the PPH, but that application may still be eligible for a Special Order. Similarly, if examination of the application has already begun, it is too late to submit a PPH request but a Special Order can still be requested.

The requirement under the PPH pilot programs that the Canadian claims must sufficiently correspond to the allowed claims of the corresponding application may also be an important factor in selecting the PPH or Special Order procedure. This claim scope limitation of the PPH programs may not be desirable where the citability of prior art is different in the two intellectual property

offices. In particular, co-pending applications such as, for example, references that constitute citable prior art against the corresponding U.S. application under 35 U.S.C. § 102(e), might not be citable prior art in Canada, with the result that the applicant may be entitled to broader claims in Canada. Conversely, if there are no differences in the citable prior art, the examination and allowance of similar claims in the OFF may carry significant persuasive weight in Canada, favouring the PPH program. Other factors, such as differences in the subject matter eligibility requirements of the intellectual property offices, as well as unique aspects of Canada's divisional application practice and double-patenting laws, may also be relevant.

For further information on procedures for accelerating examination in Canada, or for advice on selecting the most appropriate option for a particular application, please do not hesitate to contact us.

Sachiko Chijiwa, Vancouver

## CIPO proposes changes to post-Final Action procedures

Proposed amendments to the *Patent Rules* address issues that have been raised in the *Belzberg* decisions.

In the Summer 2009 edition of *IP Perspectives*, the Federal Court decision in *Belzberg v. Commissioner of Patents, 2009 FC 657*, was reviewed as it related to the clarification of Final Action and post-appeal procedures. In *Belzberg*, the Court ruled that a Final Action must state all outstanding objections to a patent application and that an examiner is not permitted to re-open prosecution to raise new grounds of objection following a decision of the Patent Appeal Board and the Commissioner of Patents in the applicant's favour.

This article summarizes three developments that have occurred since the trial decision: the Federal Court of Appeal decision in *Commissioner of Patents and Attorney General of Canada v. Belzberg, 2009 FCA 275*; the status of Mr. Belzberg's patent application; and proposed legislative amendments addressing issues similar to those raised in the *Belzberg* decisions.

Following Mr. Belzberg's success at the Federal Court, the Commissioner of Patents and the Attorney General (the "Crown") filed

a Notice of Appeal to the Federal Court of Appeal. The Crown then moved for a stay of the Federal Court order that had directed the Commissioner to grant Mr. Belzberg's patent "forthwith." The tri-partite test for granting a stay is a stringent one and requires that the applicant demonstrate: (i) that there is a serious question to be tried; (ii) that irreparable harm will be suffered if the stay is not granted; and (iii) that the balance of inconvenience favours granting a stay. The Crown opted not to submit evidence as to the question of irreparable harm and, in doing so, failed to comply with a previous order of the Court. This tactical decision proved to be fatal to the Crown's application for a stay, and the Court again ruled in favour of Mr. Belzberg.

On September 29, 2009, four days after the Federal Court of Appeal's decision, the Canadian Patent Office issued to Mr. Belzberg Canadian Patent No. 2,119,921 for a "Computerized Stock Exchange Trading System." The successful issuance of this patent is tempered with the unfortunate fact that over three-quarters of the life of



Mr. Belzberg's patent has been spent in prosecution. The Crown subsequently filed a Notice of Discontinuance of its appeal.

However, the impact of these decisions may be short-lived. In August, the Canadian Intellectual Property Office ("CIPO") released proposed changes to the *Patent Rules* ("Rules") that address Final Action and post-appeal procedures. The preamble to the proposed changes states that "Section 31 of the *Rules* as it is currently drafted does not adequately accommodate all of the instances where further prosecution [following an appeal] would be beneficial or necessary." Highlights of the proposed amendments to the *Rules* include the following:

- (i) Proposed section 30(6.1) would require the Commissioner to allow a patent application if, after review, the Commissioner has reasonable grounds to believe that the application is allowable. In contrast, under the current *Rules*, applications are only allowed by Examiners. Accordingly, this change would abolish the Commissioner's historic practice of automatically remanding an application to the Examiner for further prosecution following a successful appeal by the applicant, even if the Commissioner views the application as allowable (a practice that the Court in *Belzberg* held to be impermissible).
- (ii) Proposed section 30(6.2) would allow the Commissioner to identify new pertinent issues and to requisition amendments to address them.
- (iii) In situations of "incomplete examination" where an examiner has rejected an application on limited

grounds (e.g., new matter) without further substantive examination on other issues, if the Commissioner is satisfied that the rejection is not justified, proposed section 30(6.3) would require the Commissioner to remand the application back to the Examiner for further substantive examination if the Commissioner has reasonable grounds to believe that further examination is required to determine whether the application has defects other than those indicated in the Final Action notice. Effectively, proposed section 30(6.3) would overrule the Court's finding in *Belzberg* that a Final Action is required to raise all outstanding grounds of objection.

- (iv) If the Commissioner determines that an Examiner's rejection was justified but could be overcome by amendment, the Commissioner appears to have two options. Proposed section 30(6.4) authorizes the Commissioner to notify the applicant of specified amendments that would overcome the rejection and requires the Commissioner to allow the application following entry of the specified amendments. If the Commissioner also has reasonable grounds to believe that further examination is required to determine whether the application has defects other than those indicated in the Final Action notice, proposed section 30(6.5) contemplates remanding the case to the Examiner.
- (v) Unlike the current *Rules*, which provide an applicant with an opportunity to be heard each and every time a case is reviewed by the Patent Appeal Board on

behalf of the Commissioner, proposed Section 30(6.6) of the *Rules* would consider the invitation to be heard as an absolute requirement only where refusal is contemplated by the Commissioner. This would permit the Board to overturn a final rejection following a preliminary review without the need for submissions from the applicant.

The proposed changes to the *Rules* were open to an initial round of public consultation, which concluded on October 26, 2009.

Comments from the Intellectual Property Institute of Canada have been posted on the

CIPO website. CIPO is expected to prepare a further draft of the amendments to the *Rules*, taking into account the feedback received during the public consultation period. The amendments will ultimately require approval by the Commissioner and then by the Federal Cabinet (via the Minister of Industry) before publication in the Canada Gazette and implementation. It is unlikely that any such amendments would be implemented before the spring of 2010. And so, in many ways, the *Belzberg* saga continues.

Jeffrey D. Morton, Vancouver

## CIPO issues Practice Notice on obviousness



As reported in the *Autumn 2008* edition of *IP Perspectives*, the Supreme Court of Canada made some significant pronouncements on the Canadian law on the obviousness of patents in *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.*, 2008 SCC 61 ("*Sanofi*"). Following a consultation period on a proposed Practice Notice, the Canadian Intellectual Property Office ("CIPO") released a [Practice Notice on obviousness](#) on November 2, 2009, in response to the *Sanofi* decision.

At the outset, the Practice Notice acknowledges that claimed subject matter resulting from **any** degree of ingenuity will not be considered obvious. Indeed, *Sanofi* and many other Canadian court decisions have held that any degree (or a mere scintilla) of inventiveness is sufficient to establish non-obviousness.

In *Sanofi*, the Supreme Court introduced a four-step approach to obviousness, based on a test that originated in the United Kingdom. The test, which was established in *Windsurfing International Inc. v. Tabur Marine (Great Britain) Ltd.*, [1985] R.P.C. 59 (C.A.) and was restated in *Pozzoli SPA v. BDMO SA*, [2007] EWCA Civ 588, prescribes the following steps:

1. a) Identify the notional person skilled in the art;
- b) Identify the relevant common general knowledge of that person;
2. Identify the inventive concept of the claim in question or, if that cannot readily be done, construe it;
3. Identify what differences, if any, exist between the matter cited as forming part of the state of the art and the inventive concept of the claim or the claim as construed;

4. Viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps that would have been obvious to the person skilled in the art or do they require any degree of invention?

The Practice Notice states that steps 1 to 3 establish a context for the question at step 4 of whether a claimed invention is obvious. The *Windsurfing/Pozzoli* approach therefore ostensibly resembles the factual inquiries set out by the Supreme Court of the United States in *Graham v. John Deere Co.*, 383 U.S. 1 (1966). However, unlike the *Graham* factual inquiries, the *Windsurfing/Pozzoli* approach introduces the term "inventive concept" into the obviousness analysis.

**Inventive concept.** The Practice Notice appears to suggest that an inventive concept must be identified and considered for all obviousness inquiries. However, the Supreme Court in *Sanofi* expressly stated that if the inventive concept cannot be readily identified, it is the claim as construed that must be compared to the state of the art.

The Practice Notice states that the "inventive concept" is to be determined not by comparison to prior art but rather by identifying a claimed solution to a problem that the inventors have set out to address. Therefore, an undue focus on inventive concept may inadvertently disregard some aspects of a claim by focusing on a portion or re-characterization of the claim that may be closer to the prior art than the claim as properly construed. It is respectfully hoped that any dispute between an Examiner and an applicant regarding the identification of the inventive concept of a claim will be accepted as sufficient to demonstrate that the inventive concept cannot be readily identified, resulting in an assessment of obviousness based upon the claim as construed under steps 2 to 4 of the *Windsurfing* approach adopted in *Sanofi*.

**Test for obviousness.** On the ultimate question at step 4 of whether a claimed invention is obvious, the Practice Notice states that no single expression of a test is likely to apply in all cases. Rather, the Practice Notice discusses several factors in determining whether a claimed invention is obvious.

The Practice Notice acknowledges that the test for obviousness from *Beloit Canada Ltd. v. Valmet Oy* (1986), 8 C.P.R. (3d) 289 (F.C.A.),



may be relevant in certain circumstances. In *Beloit*, the Federal Court of Appeal stated:

The test for obviousness is not to ask what competent inventors did or would have done to solve the problem. Inventors are by definition inventive. The classical touchstone for obviousness is the technician skilled in the art but having no scintilla of inventiveness or imagination; a paragon of deduction and dexterity, wholly devoid of intuition; a triumph of the left hemisphere over the right. The question to be asked is whether this mythical creature (the man in the Clapham omnibus of patent law) would, in the light of the state of the art and of common general knowledge as at the claimed date of invention, have come directly and without difficulty to the solution taught by the patent. It is a very difficult test to satisfy.

Therefore, CIPO has indicated that this classic Canadian statement of obviousness remains relevant, at least in some circumstances.

**Obvious to try.** The Practice Notice also comments on "obvious-to-try" considerations that the Supreme Court introduced in *Sanofi*. Unlike the earlier proposed Practice Notice, the recently released Practice Notice acknowledges a threshold question of whether obvious-to-try considerations apply at all. Most notably, the Supreme Court held in *Sanofi* that obvious-to-try considerations may apply in fields where advances are often won by experimentation.

However, the Practice Notice identifies certain circumstances where CIPO will presume that obvious-to-try considerations apply, and the Practice Notice also states that CIPO considers the threshold question to be inherently addressed by the obvious-to-try test itself. Therefore, there may be disputes over whether obvious-to-try considerations have been raised in appropriate circumstances.

In *Sanofi*, the Supreme Court identified the following non-exhaustive factors that may apply in circumstances where obvious-to-try considerations are appropriate:

1. Is it more or less self-evident that what is being tried ought to work? Are there a finite

number of identified predictable solutions known to persons skilled in the art?

2. What are the extent, nature and amount of effort required to achieve the invention? Are routine trials carried out, or is the experimentation prolonged and arduous such that the trials would not be considered routine?
3. Is there a motive provided in the prior art to find the solution the patent addresses?

The Supreme Court also held that subjective experiences of the inventors may be relevant to whether a claimed invention was obvious to try.

The Practice Notice elaborates on some of these considerations but leaves some matters open for debate. For example, there may be disputes over whether the subjective experience of the inventors is relevant in prosecution.

**Notional person skilled in the art.** Step 1a of the *Windsurfing/Pozzoli* approach requires an identification of the notional person skilled in the art. However, it is unclear how Examiners will approach this matter. According to the Practice Notice, Examiners need not explicitly address the notional person in circumstances where the nature of the notional person does not appear to be debatable or determinative of the obviousness analysis. If the nature of the notional person does become the subject of debate, then it is not clear how Examiners will respond to such debate as CIPO may not be well-positioned to consider and weigh relevant evidence on the notional person.

**Effect on pending applications.** In the Practice Notice, CIPO has indicated that Examiners will not systematically revisit applications that were allowed before the Practice Notice was released. However, CIPO will apply the Practice Notice to all applications still subject to examination.

Overall, the Practice Notice represents a useful guide to CIPO's interpretation and application of the *Sanofi* decision. However, the ramifications of this new Practice Notice are unclear in a number of respects. It will be important for applicants to work with their Canadian patent agents to ensure that objections based on obviousness are appropriately addressed.

Jonas H. Gifford and John W. Knox,  
Vancouver



## Federal Court renders judgment in cefaclor litigation

The longstanding Canadian patent litigation between Eli Lilly and Apotex concerning the antibiotic cefaclor (sold by Eli Lilly in Canada under the trade-mark CECLOR®) has resulted in a judgment by the Canadian Federal Court that Apotex infringed at least one valid claim of each of the eight patents in issue (*Eli Lilly and Company v. Apotex Inc.*, 2009 FC 991).

In the action, Eli Lilly alleged infringement by Apotex of eight patents covering processes and intermediates useful in the manufacture of cefaclor. Four of the patents were originally issued to Eli Lilly (the "Lilly Patents") and pertained to a first process for manufacturing cefaclor. The remaining patents were issued to Shionogi, a Japanese company (the "Shionogi Patents"), and pertained to a second cefaclor manufacturing process. The Shionogi Patents were assigned to Eli Lilly in 1995. Apotex was alleged to have infringed the patents by selling a finished dosage form of cefaclor in Canada manufactured from bulk cefaclor that Apotex obtained from third-party suppliers in India and Korea.

A brief summary of some of the key findings in the case is set out below.

**Saccharin doctrine.** Apotex argued vigorously that its importation and use in Canada of cefaclor manufactured abroad using the patented processes was not infringement of the Canadian patents in issue. In this regard, Apotex argued that the Canadian courts had improperly accepted the "Saccharin doctrine" as being applicable in Canada, or that the *Saccharin* doctrine should be restricted in its application in Canada in a manner similar to restrictions imposed on infringement by importation to Europe and the United States as a result of legislation adopted in those jurisdictions.

The "Saccharin doctrine" (which derives its name from a UK decision involving the artificial sweetener) permits a finding of infringement of a Canadian patent pertaining to a process or intermediate that has been practised abroad in the manufacture of a product that is imported for use and sale in Canada. Following a detailed review of the Canadian and UK authorities, Justice Gauthier concluded that it is too late to "turn back the clock" on the application of the principles concerning infringement by importation stated in the Canadian jurisprudence and that it would be inappropriate to rewrite Canadian

law based on the statutes adopted in foreign jurisdictions. Justice Gauthier further accepted that the *Saccharin* doctrine applied to Apotex's conduct in this case.

**Proof of infringement.** Not all of the bulk cefaclor acquired by Apotex was found to infringe. In 1998, Apotex had entered into a supply agreement with Lupin, an Indian company, to manufacture cefaclor using a process that Apotex asserted did not infringe either the Lilly or Shionogi Patents.



Eli Lilly argued at trial that Apotex's failure to produce during discovery information and documents with respect to the process used by Lupin precluded Apotex from leading evidence on that process at trial. Notably, Eli Lilly had obtained a Court order during discovery that compelled Apotex to request from Lupin information regarding the process it used. Apotex asserted that it did not have such information itself and that Lupin did not respond to its request. However, through the use of legal proceedings in the U.S., Lilly was able to obtain during trial a copy of a March 2000 letter from Lupin to Apotex's co-counsel indicating that Lupin was prepared to provide information regarding its process. This letter was not disclosed by Apotex to Lilly during the Canadian discovery phase.

Notwithstanding the above, the Court did not accept that Apotex's evidence at trial was

rendered inadmissible. While mindful of the risk of "trial by ambush," it appears that the Court was not satisfied that Eli Lilly had taken all reasonable steps to obtain relevant information after it was provided with a copy of the supply agreement that obliged Lupin to assist Apotex in providing the information and evidence necessary to show that it had used the process disclosed in that agreement. It also appears that the Court was not satisfied that the additional evidence at trial would have changed the manner in which Lilly presented its case had it obtained the information earlier. Apotex was permitted to adduce evidence that was consistent with the supply agreement. In the circumstances, the Court was lenient in its application of the relevant *Federal Courts Rules* (rule 232 and 248) that preclude the use at trial of undisclosed information and documents without leave of the Court.

Apotex's conduct on discovery may not be entirely without consequence. The Court has requested further submissions concerning the scale of costs to be awarded to Eli Lilly.

**Claims and defences based on the *Competition Act*.** Apotex counterclaimed for damages against Eli Lilly and Shionogi, alleging that the assignment of the Shionogi Patents to Eli Lilly was an anti-competitive conspiracy contrary to section 45 of the *Competition Act*. The Court dismissed Apotex's counterclaim, finding that the counterclaim was commenced outside of the relevant limitations period and that Apotex failed to establish that it suffered any damage.

With respect to the limitations issue, section 36(4) of the *Competition Act* provides that an action must be brought within two years of "a day on which the conduct was engaged in." The Court found that the relevant "conduct" for the purposes of the section is the agreement (i.e. the 1995 assignment) and does not include any subsequent anti-competitive effects that may have flowed from that agreement. The Court further noted that, assuming that discoverability applies, Apotex was aware of the assignment as early as 1997 when it was sued by Lilly (and the assignment was pleaded) and, in any event, made no credible argument that would permit the limitations period to be extended.

With respect to the damage issue, the Court considered various scenarios for the "but-for world" (i.e. the world in which the assignment did not occur) that Apotex had argued as the basis for its claimed damage. The Court found



that the most likely scenario was that Apotex would have practised the Eli Lilly and/or Shionogi processes and would have been sued by Shionogi and/or Eli Lilly (i.e. exactly what occurred in the "actual world" in which the assignment occurred). The Court then considered and rejected as unproven the two bases for damage asserted by Apotex, namely (i) that Apotex paid more for bulk cefaclor in the actual world than it would have in the "but-for world," and (ii) that Apotex's potential liabilities for infringement are greater in the actual world than they would have been in the "but-for world".

Apotex also relied on violations of section 45 of the *Competition Act* as a basis for the defences of disentitlement and equitable set-off with respect to Eli Lilly's patent infringement action.

The Court first observed that, if Apotex's competition claim cannot stand in the context of its counterclaim, it cannot stand as a defence to Eli Lilly's claim in the main action. The Court nevertheless went on to discuss the merits of the defences (observing that, at least with respect to equitable set-off, limitations may not apply).

For the defences to succeed, the Court found that the unacceptable or unlawful conduct of Eli Lilly must go to the root or otherwise serve to impeach its claim. The Court concluded that the defences are not applicable in this case, stating that "[w]hile such an assignment can give rise to anti-competitive effects... such an outcome does not otherwise impeach ownership rights in a patent. Put plainly, the anticompetitive consequences of an assignment of patent rights do not in and of themselves undermine or undo a lawful assignment of patent rights."

The Court further noted that, even assuming that an anti-competitive act could go to the root of a patent infringement claim, it would not exercise its discretion to permit Apotex to rely upon the defences of disentitlement or equitable set-off. In this regard, the Court found that Apotex would have infringed the assigned patents regardless of who owned them and that Apotex was effectively seeking to resurrect its statute-barred claim for damages under the *Competition Act* in the guise of a defence.

An appeal has been filed by Eli Lilly concerning the cefaclor acquired by Apotex from Lupin, which was found not to infringe. Apotex has cross-appealed.

Colin B. Ingram, Ottawa



## New Wares and Services Manual released; proposed changes in trade-mark prosecution practice

On October 6, 2009, the Trade-marks Office released a new edition of the Wares and Services Manual ("Manual"). In announcing the revisions to the Manual, the Trade-marks Office stated that it will offer a two-fold benefit in that "it will allow clients to select more specific terms relating to the goods and services for their requested trade-marks" and "will in turn also contribute to quicker turnaround times in the examination phase of these requests."

To permit further updates to be readily made, the revised Manual is only available in electronic format.

Revisions have been made throughout the Manual to the acceptable descriptions for particular wares and services. In addition, the User Guide portion has been modified. Of particular note is the section on Common Usage of Wares at section 2.6, which states that "[w]here an entry is not further specified, it is considered to indicate the common meaning of the ware as it would be understood by the average person." For example, the entry "pillows" will be considered to mean pillows for beds or furniture, and the applicant's protection will be limited to those types of pillows alone unless further specification is provided, e.g., "eye pillows" or "cervical pillows."

The revised Manual generally appears to provide a less rigid and more common-sense approach to acceptable descriptions of wares or services. In light of the numerous updates, a read through the revised Manual is a worthwhile and advisable endeavour. The updated Wares and Services Manual can be found at:

<http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr00061.html>

**New trade-mark Practice Notices.** The Trade-marks Office has proposed two new Practice Notices ("Notice(s)") relating to trade-mark prosecution practice.

The first proposed Notice, titled "Extensions of Time in Examination," was announced on September 30, 2009, and deals with requests for extensions of time for responding to Examiner's reports. The Notice provides that, upon request, the Office will generally grant one extension of time of up to six months for

filing a response to an Examiner's report if the request is justified. However, no further requests for extension will generally be considered without significant substantive reasons that "clearly justify a further extension of time and which set out in detail the reason(s) why it is not yet possible to file a proper response to an Examiner's report."

The consultation period for this proposed Notice ended on October 30, 2009. Should it come into force, it will be a significant change in trade-mark prosecution practice, where extensions of time of up to one year for filing responses to Examiner's reports have generally been readily available upon request.

The second Notice is titled "Use and Registration Abroad (section 16(2) of the *Trade-marks Act*)." This proposed Notice deals with the processing of applications with incomplete section 16(2) claims that do not outline both the particulars of the application or registration of the trade-mark in the



country of origin of the applicant and the name of a country in which the trade-mark has been used as of the date of filing in Canada. The proposed Notice provides that an application containing an incomplete section 16(2) claim but another complete claim for registration and that is otherwise in order for advertisement will proceed to be advertised without the section 16(2) claim. The Trade-marks Office will not issue an Office Action other than the approval notice.

The consultation period for this proposed Notice ended on November 15, 2009.

**Section 45 proceedings.** In the *Trade-marks Act*, section 45 proceedings provide a third party with a means for cancelling the registration of trade-marks that are no longer in use. As reported in our [Summer 2009](#) edition of *IP Perspectives*, a new Practice Notice ("Notice") governing section 45 proceedings came into force on September 14, 2009.

In issuing the new Notice, the Trade-marks Office sought to modernize and streamline section 45 proceedings. Throughout the Notice, the intended summary nature of these proceedings is emphasized.

Of particular note are the significant changes to the available extensions of time throughout the proceedings. The new Notice permits one request for an extension of time beyond the initial three-month deadline, up to a maximum benchmark extension of four months, for the registered owner to file evidence of use of the trade-mark. Further extensions of time will generally not be granted unless there are special circumstances justifying a further extension. Such special circumstances include recent change of trade-mark agent, illness, bankruptcy or recent assignment of the registration. However, consent or pursuing settlement negotiations will not be considered to be circumstances that justify a further extension of time.

Other changes include a four-month deadline for filing written representations and a one-month deadline from the filing of the registered owner's written representations for requesting an oral hearing. Extensions of time are generally no longer available for either deadline, regardless of consent or settlement negotiations. Furthermore, retroactive extensions of time for filing additional evidence will generally not be granted after the written representations of the requesting party have been filed.

In addition to shorter deadlines, the Notice has introduced a new approach to scheduled hearings. Under the new Notice, hearings will generally only be rescheduled once if: the parties are not available on the scheduled date, the parties consent, and the request for rescheduling is made within a month of receiving the hearing notice. However, no further postponement of scheduled hearings will be granted regardless of consent or settlement negotiations. Furthermore, if the parties no longer wish to be heard, a final decision will be issued. The Registrar will not hold decisions in abeyance or agree not to issue a decision on the basis of consent or settlement negotiations. A decision will also issue upon cancellation of a hearing unless the section 45 proceeding has been discontinued on consent or the registration has been voluntarily abandoned.

Thus, under the new Notice, parties will not only need to prepare for shorter deadlines, but they may also wish to pursue faster and more efficient settlement negotiations to avoid having an unwanted section 45 decision issue before settlement can be reached.

**Margaret Hing, Toronto**



## Smart & Biggar/Fetherstonhaugh recognized in multiple international surveys

**The Best Lawyers in Canada.** In the 2010 edition, Smart & Biggar/Fetherstonhaugh has once again been chosen as the top ranked firm in the areas of intellectual property law and biotechnology law. In total, thirteen of our lawyers have been selected in the areas of biotechnology and intellectual property.

### Recognized in biotechnology:

Gunars A. Gaikis  
 Brian G. Kingwell  
 Joy D. Morrow  
 J. Christopher Robinson  
 David E. Schwartz

### Recognized in intellectual property:

John Bochnovic  
 Daniel S. Drapeau  
 Mark K. Evans  
 Gunars A. Gaikis  
 Steven B. Garland  
 François Guay  
 Brian G. Kingwell  
 Michael D. Manson  
 John R. Morrissey  
 Joy D. Morrow  
 J. Christopher Robinson  
 Matthew Zischka

**Smart & Biggar/Fetherstonhaugh ranks as #1 Canadian PCT filing firm.** Smart & Biggar/Fetherstonhaugh has ranked as the firm that filed the most Patent Corporation Treaty (PCT) applications in Canada, according to a new survey published by *Managing Intellectual Property*. The survey lists the firms filing the most PCT applications in the world's 14 largest markets.

The survey was compiled based on details of PCT applications published on the World Intellectual Property Organization's (WIPO) website and ranks firms according to the number of PCT international applications that they filed that were due for national stage entry during 2009.

**World Trademark Review.** In the June/July issue of World Trademark Review magazine, leading trade-mark practitioners around the globe were asked to rate who they consider to be the best in Canadian trade-mark law. Our partners, Mark K. Evans, Francois Guay and Michael D. Manson, were selected for their list of 16 Canadian "trademark experts' experts."



**The iam 250 - The World's Leading IP Strategists.** John Bochnovic has been recognized by this publication, distributed by *Intellectual Asset Management (IAM)* magazine, as being among the world's leading strategists in intellectual property law.

### The Canadian Legal LEXPERT Directory.

In the 2009 edition, Smart & Biggar/Fetherstonhaugh has 15 pre-eminent lawyers selected in the areas of intellectual property, intellectual property litigation and biotechnology.

### Recognized in intellectual property:

John Bochnovic  
 Mark K. Evans  
 Gunars A. Gaikis  
 Steven B. Garland  
 François Guay  
 Brian P. Isaac  
 James D. Kokonis  
 Philip Lapin  
 Michael D. Manson  
 John R. Morrissey  
 A. David Morrow  
 Keltie R. Sim

### Recognized in intellectual property litigation:

Gunars A. Gaikis  
 Steven B. Garland  
 François Guay  
 John R. Morrissey  
 A. David Morrow

### Recognized in biotechnology:

Brian G. Kingwell  
 Joy D. Morrow  
 J. Christopher Robinson

# Notes

## Announcements

**Daphne C. Lainson** has been appointed Vice-Chair of the Mentoring Committee of the American Intellectual Property Law Association.

**Keith K. Chung** has returned from his articles to join our Toronto office as an associate. Mr. Chung holds a B.Sc. with distinction (Mathematics) from Queen's University and a J.D. from the University of Toronto.

**Brandon Reinhart** has returned from his articles to join our Ottawa office as an associate. Dr. Reinhart holds a B.Sc. Hons. with high distinction (Biology and Chemistry) from Wilfrid Laurier University, a Ph.D. (Immunology) from the University of Toronto and a J.D. from Queen's University.

**Hui Wu** has returned from her articles to join our Ottawa office as an associate. Ms. Wu holds a B.Eng. and an M.Eng. (Electrical) from the Huazhong University of Science & Technology, an M.Eng. (Electrical and Electronic) from Nanyang Technological University and an LL.B. from the University of Alberta.

## Seminars and Presentations

**David E. Schwartz** and **Matthew Zischka** are teaching the fall 2009 section of Patent Law at the Faculty of Law of Queen's University in Kingston, ON.

**Brian P. Isaac** spoke on intellectual property educational initiatives and met with CIPO's Business Development and Partnerships Group on September 10, 2009.

**Brian P. Isaac** spoke as part of the Canadian Anti-counterfeiting Network's 2009 Reality Tour: in Halifax on September 15, 2009; in Toronto on September 20, 2009; and in Ottawa on September 27, 2009.

**Brian P. Isaac** spoke at a seminar on IP crime held at St. Jane Frances Catholic School in Toronto on September 19, 2009.

**Daniel S. Drapeau** spoke on the topic "*Protégez vos marques dans le cyberspace*" at the Federated Press conference *Droit de l'internet*, held in Montreal on September 22 and 23, 2009.

**Philip Lapin** gave a presentation titled "Brand Equity: Maintaining the Value of Trade-marks in Today's Marketplace" to the Ottawa chapter of the Canadian Corporate Counsel Association on September 24, 2009.

**Brian P. Isaac** participated in a panel on "Consumer Product Safety and Customs Compliance" at the Canadian Association of Importers and Exporters (IE Canada) 78th Annual Conference & Trade Show, held in Mississauga, ON on October 19 to 21, 2009.

**Daphne C. Lainson** spoke on the topic of "Making contributions visible" at the 3rd Annual Women in Law conference, held in Calgary on October 20, 2009.

**Joy D. Morrow** and **Ivan C. Fong** delivered a lecture on intellectual property to students in a course on Industrial Applications of Chemistry at Carleton University in Ottawa on October 29, 2009.

**Gunars A. Gaikis** spoke as part of the session "Pharma Patents Litigation: Year in Review" at the Canadian Institute's 8th Annual Forum on Pharma Patents, held in Toronto on October 29 and 30, 2009.

**Glen B. Tremblay** presented a paper titled "Canadian expert practice in the face of global economic downturn" on behalf of IPIC at the China Trade-mark Annual Meeting, held in Qingdao, China on November 11, 2009.

**Steven B. Garland** prepared a paper titled "Intellectual property and advisor/client privilege," which was presented by **Glen B. Tremblay** at the 2009 Seoul Intellectual Property International Conference, held in Seoul, South Korea on November 15, 2009.

**Daniel S. Drapeau** spoke on the topic of "*Propriété intellectuelle : implications*" at the Canadian Institute *Conférence pour les conseillers juridiques au secteur publique*, held in Montreal on November 25 and 26, 2009.

**Daniel S. Drapeau** was a speaker at the IPIC course Basics of Law Module IV — Legal Writing and Research, held in Montreal on November 27, 2009.

**Brian P. Isaac** will be presenting as part of a workshop on "Copyright issues on the web" at the Federated Press 3rd Internet Law conference, to be held in Toronto on December 7 and 8, 2009.

**Brian P. Isaac** will be moderating a panel titled "Practice management issues for the IP practice" at the Law Society of Upper Canada's 14th Annual Intellectual Property Law — The Law in Review seminar, to be held in Toronto on January 14, 2010.

# SMART & BIGGAR FETHERSTONHAUGH

Barristers & Solicitors • Patent & Trade-mark Agents

## OTTAWA

55 Metcalfe Street Suite 900  
PO Box 2999 Station D  
Ottawa ON K1P 5Y6  
Canada  
t. 613.232.2486  
f. 613.232.8440  
ottawa@smart-biggar.ca

## TORONTO

Box 111 Suite 1500  
438 University Avenue  
Toronto ON M5G 2K8  
Canada  
t. 416.593.5514  
f. 416.591.1690  
toronto@smart-biggar.ca

## MONTREAL

Suite 3300  
1000 De La Gauchetière Street West  
Montreal QC H3B 4W5  
Canada  
t. 514.954.1500  
f. 514.954.1396  
montreal@smart-biggar.ca

## VANCOUVER

Box 11560 Vancouver Centre  
2200-650 West Georgia Street  
Vancouver BC V6B 4N8  
Canada  
t. 604.682.7780  
f. 604.682.0274  
vancouver@smart-biggar.ca

## Barristers & Solicitors, Patent & Trade-mark Agents

John R. Morrissey†‡  
Gunars A. Gaikis  
Glen B. Tremblay  
Solomon M.W. Gold  
David E. Schwartz‡†  
Yoon Kang  
Elliott S. Simcoe  
L. Catherine Eckenswiller  
Kevin K. Graham  
Ekaterina K. Tsimberis\*  
Colin B. Ingram  
Andris D. Macins+  
Y. Lynn Ing  
Sachiko Chijiwa  
Timothy O. Stevenson  
Ivan C. Fong  
Jasminder S. Brar  
Margaret (Ng Thow) Hing  
Urszula Wojtyra  
Tracey L. Stott

John Bochnovic\*  
Michael D. Manson†  
Mark K. Evans  
Brian P. Isaac  
Sanjay D. Goorachurn\*  
Philip Lapin  
Timothy P. Lo+  
Nancy P. Pei  
Geneviève M. Prévost  
Jeremy E. Want  
Karen F. MacDonald+  
Kelly L. Miranda  
Heather E. Robertson  
Émilie Dubreuil\*  
Kathy Rzeszutek+  
Kwan T. Loh  
Jeffrey D. Morton  
Glen S. Kurokawa  
Mark Pidkowich+  
Hui Wu

Joy D. Morrow  
Keltie R. Sim  
J. Christopher Robinson†  
Steven B. Garland  
Daniel S. Drapeau\*  
Matthew Zischka  
Theodore W. Sum+  
Kohji Suzuki  
Mark G. Biernacki  
R. Allan Brett  
Daphne C. Lainson  
James Jun Pan  
Daniel M. Anthony  
Andrew Mandlsohn  
Jonas H. Gifford+  
Tomek Nishijima\*  
Jeffrey E. Coles  
Patrick J. Laycock  
Keith K. Chung

François Guay\*  
Ronald D. Faggetter  
Alistair G. Simpson  
J. Sheldon Hamilton  
Brian G. Kingwell†  
Christian Bolduc\*  
Marc Gagnon\*  
Christine N. Genge  
Stephen J. Ferance+  
Peter A. Elyjiw  
Sally A. Hemming  
David A. Gileff+  
Junyi Chen  
Cheryl M. Ng  
Daniel S. Faya  
David J. Suchon  
Daniel S. Davies  
Lisa Thorne+  
Brandon Reinhart

## Of Counsel

James D. Kokonis, Q.C.      Nicholas H. Fyfe, Q.C.

## Patent & Trade-mark Agents

A. Dennis Armstrong  
Neil S. Clark  
A. Oliver Stone  
Christian Bérubé  
Mark S. Starzomski

Sohrab Sabet  
Thuy H. Nguyen  
Sanro Zlobec  
Martin Tremblay  
Kazim Agha

Stephan P. Georgiev  
Brigide Mattar  
Owen W. Cramer  
Elizabeth A. Hayes  
Andréanne Auger

John W. Knox  
Emma Start  
David M. Walters  
Paul den Boef  
George Elvira

## Technical Consultants

Jeffrey F. Slater

Jean-Yves Pikulik

Tyler Loughheed

Roger T. Gallant

Unless otherwise indicated, the lawyers listed are members of the Law Society of Upper Canada only.  
† of the British Columbia Bar also      \* of the Quebec Bar also      ‡ of the Alberta Bar also  
+ of the British Columbia Bar only      \* of the Quebec Bar only

[www.smart-biggar.ca](http://www.smart-biggar.ca)

## Disclaimer

The preceding is intended as a timely update on Canadian intellectual property law. To request a copy of any decision, paper or legislative document, or for more detailed information or suggestions, kindly contact an author of the relevant article, or the Editors, Stephen Ferance and Elliott Simcoe. The contents of our newsletter are informational only and do not constitute legal or professional advice. To obtain such advice, please communicate with our offices directly. To be put on the *IP Perspectives* mailing list or to amend address information, please email [ipperspectives@smart-biggar.ca](mailto:ipperspectives@smart-biggar.ca).