



IP PERSPECTIVES

INTELLECTUAL PROPERTY AND TECHNOLOGY LAW NEWSLETTER

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Proposed amendments to the Patent Rules to revise declaration of entitlement requirements

A new simplified declaration will avoid many of the difficulties posed by current declaration of entitlement requirements.

Proposed amendments to the *Patent Rules* were published for public comment in Part I of the *Canada Gazette* on July 11, 2009. Although many of the proposed amendments are essentially editorial in nature, the amendments concern at least one matter of substance. This relates to the current requirement for a "declaration of entitlement" in a Canadian patent application.

Prior to June 2, 2007, an applicant was required to register evidence (usually in the form of an assignment) that the applicant was the legal representative of the inventor. Pursuant to amendments to the Canadian *Patent Rules* that came into force on June 2, 2007, this requirement was removed and replaced with a requirement for a declaration as to the applicant's entitlement, as of the filing date, to apply for and be granted a patent.

Although the 2007 amendments were intended to simplify the application

procedure, the complexity of the prescribed declaration of entitlement form has proven to be problematic. The current declaration of entitlement form, which is based on a general purpose form prescribed in the PCT Administrative Instructions, requires identification of a specific basis of entitlement selected from a prescribed list including terms such as "an agreement," "consent," or "transfer of entitlement," none of which is defined in the *Patent Act* or *Patent Rules*. Furthermore, the form requires specific dates to be attributed to most of these bases of entitlement.

The proposed amendments would replace the requirement for the relatively complex declaration of entitlement document with a simple declaration that "the applicant is the legal representative of the inventor." The term "legal representatives" is defined broadly in the *Patent Act* as including "heirs, executors, administrators, guardians, curators,

tutors, assigns and all other persons claiming through or under applicants for patents and patentees of inventions."

The proposed amendments are open for public comment for a 30-day period that commenced on July 11, 2009. In the absence of representations received during the 30-day comment period identifying significant problems with the proposed amendments, it may reasonably be expected that the proposed amendments will be registered shortly after the end of the comment period. The amendments would come into force 30 days after the day on which they are registered. The amendments should be published in Part II of the *Canada Gazette* within 23 days of registration.

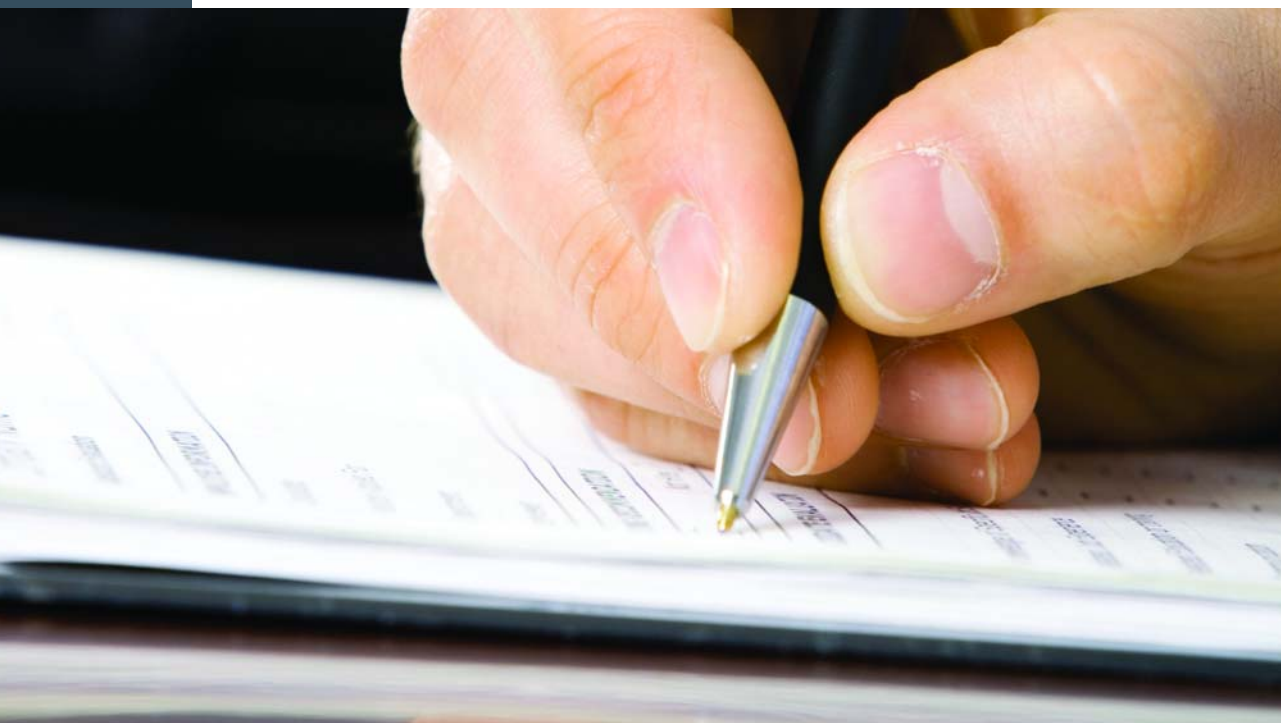
Although neither the existing declaration of entitlement regime nor the proposed simplified declaration procedure requires an assignment from the inventor to the original applicant to be registered in the Patent Office, there nevertheless remain provisions in the *Patent Act* relating to assignments. In this regard, section 51 of the *Patent Act* provides that an assignment is void against a subsequent assignee, unless the assignment is registered in the Patent Office before the registration of the instrument under which the subsequent assignee claims. This suggests the possibility that, if the original applicant for a Canadian patent obtained rights in an invention from the inventors by way of assignment but did not record that

assignment, the inventors could fraudulently execute a subsequent assignment in favour of a third party and record that subsequent assignment in the Canadian Patent Office, thereby defeating the earlier (unrecorded) assignment to the original applicant.

This is an unlikely possibility in view of a requirement under the *Patent Rules* to preserve the chain of title. Provided the assignee (and not the inventor) is named as the original applicant in the application (which is the standard practice in Canada), the inventor is not part of the chain of title in the Canadian patent application. Therefore, an assignment from the inventor to a third party should not be registered by the Patent Office. This is provided for in Section 38 of the *Patent Rules*, which states that:

No transfer of a patent or an application to a new owner shall be recognized by the Commissioner unless a copy of the document effecting the transfer from the current recognized owner to the new owner has been registered in the Patent Office in respect of the patent or application.

The "currently recognized owner" in the above-mentioned section 38 of the *Patent Rules* would be the originally named applicant and not the inventors. This requirement to maintain the chain of title is acknowledged in section 6.09 of the Patent Office's *Manual of Patent Office Practice*.



However, because the provisions of the *Patent Act* with respect to assignments do not appear to be entirely consistent with the provisions of the *Patent Rules*, it is possible that Canadian law or practice may develop in such a way that there would be a benefit in recording an assignment to the original applicant. In view of this possibility, the cautious course is to record any such assignment.

Any subsequent steps within the chain of title (e.g., from the original applicant to a subsequent assignee) must be registered in the Patent Office in the usual manner if the new owner is to be recognized in the Patent Office records and if the potential application of section 51 of the *Patent Act* is to be avoided.

David E. Schwartz, Ottawa

Canadian Intellectual Property Office news

Public consultations on a number of topics are under way, and new practice notices have been issued.

Draft Chapters 12 and 13 of the MOPOP.

CIPO has released new drafts of chapters 12 and 13 of the *Manual of Patent Office Practice* (MOPOP), which are respectively titled "Subject Matter and Utility" and "Examination of Applications," for public review and comment. The deadline for submitting comments to CIPO has been extended to **September 16, 2009**.

These new chapters propose a new analytical framework for examination of statutory subject matter, including a new "form-and-substance" approach, "contribution" analysis, and the per se exclusion of business methods and other entire fields of endeavour from patent protection. The proposed framework is similar to that adopted by the Patent Appeal Board in its recent decision involving Amazon.com (reported in this edition on page 9), albeit with greater complexity. As this approach represents a departure from existing practice, Canadian practitioners and other interested parties are encouraged to review these draft chapters carefully and to provide their comments to CIPO by the September 16, 2009, deadline, either directly or through their professional organizations.

Weekend filing dates. CIPO has released a [consultation paper](#) proposing regulatory amendments that would enable clients to file correspondence and obtain filing dates on Saturdays, Sundays and holidays for patents, trade-marks, industrial designs, copyrights and integrated circuit topographies. The proposed changes would not alter the existing *dies non* provisions in the *Patent Act* and *Trade-marks Act* that automatically extend deadlines falling on weekends and holidays to the next day that CIPO is open for



business. The deadline for submitting comments to CIPO is **September 14, 2009**.

Draft practice notice on obviousness. On May 14, 2009, CIPO released a [draft practice notice on obviousness](#) for public consultation. The public consultation period closed on June 19, 2009, and CIPO has now published the [comments](#) that it received.

New trade-marks practice notices: response deadlines, courtesy letters, section 45 proceedings and a practice notice on practice notices. Following a public [consultation](#) that concluded on June 11, 2009, CIPO has issued two new trade-marks Practice Notices. The first, titled "[Extension of the deadline for responding to examination reports](#)," provides that the time allowed for responding to an examiner's report will be extended to six months (from the current four months). The second, titled "[Discontinuance of courtesy letters for co-pending confusing trade-marks](#)," advises that the Registrar will no longer issue courtesy letters to applicants informing them of co-pending and confusing applications with a later filing date or priority date.

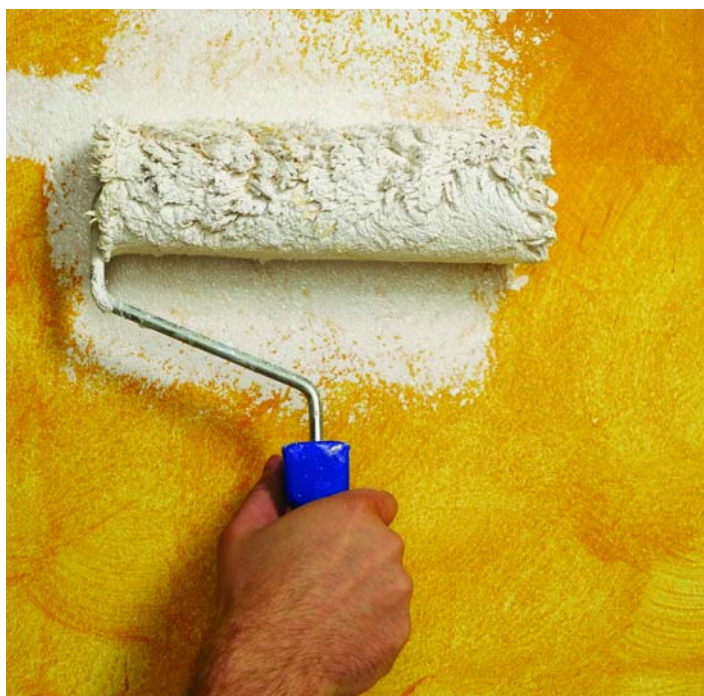
As of September 14, 2009, section 45 proceedings before the Trade-marks Opposition Board to cancel a trade-mark registration for non-use will be governed by a new practice notice, titled "[Practice in Section 45 Proceedings](#)." Among other changes, the practice notice contains a number of new restrictions on extensions of time. For example, registrants will now be granted only a single extension of time, up to a maximum of four months, for filing evidence in response to a section 45 notice. Retroactive extensions of time for filing additional evidence will not be granted to applicants after the requesting party has already filed its written submissions. The time for filing written submissions will be increased from two months to four months, but extensions of time will not be granted.

A [practice notice on practice notices](#) has also been issued. As of May 20, 2009, trade-marks practice notices are no longer published in the *Trade-marks Journal*. Future practice notices will be published only on the [CIPO website](#).

To disclaim or not to disclaim, that is the question

Pursuant to the Canadian *Patent Act*, three procedures are available to a patentee for amending the claims of a patent post-grant.

The first is a reissue, which applies where a patent is deemed defective or inoperative due to the patentee claiming more or less than they had a right to claim as new, and where the error arose from inadvertence, accident or mistake, without any fraudulent or deceptive intention. To apply for a reissue, a patentee must surrender the original patent and a new patent is granted after a substantive review of the reissue application by the Patent Office. An application for a reissue must be filed within four years of the date the patent was granted. The second is *ex parte* re-examination, which permits the claims to be narrowed but not broadened. Although re-examination can be requested at any time, the request will only be granted if a re-examination board is satisfied that a substantial new question of patentability has been raised.





The third available procedure is the filing of a disclaimer, which is applicable where a patent specification is too broad and claims more than what was invented. As with reissue, the error must have arisen as a result of mistake, accident or inadvertence and without any willful intent to defraud or mislead the public. Unlike a reissue, there is no deadline for filing a disclaimer. In addition, the Patent Office does not conduct a substantive review of the disclaimer and, indeed, has no discretion to refuse one.

The recent judgment of Justice Martineau of the Federal Court in *HersHKovitz v. Tyco Safety Products Canada Ltd.*, 2009 FC 256, has significant implications regarding the risks to Canadian patentees who utilize these post-grant procedures to amend a patent. The two patents at issue related to a telephone line coupler circuit and methods relating thereto. Shortly before commencing the action, the patentee filed disclaimers narrowing the scope of the claims by adding new limitations. The same limitations were added to the claims of the corresponding United States patent during a reissue that was filed almost three and a half years prior to the filing of the disclaimers in Canada. In defending the action, the defendant asserted that the patents at issue were invalid on the grounds of anticipation and obviousness and that the disclaimers filed by the patentee were also invalid.

In his decision, Justice Martineau concluded that the disclaimers were invalid on a number of grounds, including that:

- i) they were not in the prescribed form under the *Patent Rules*,

- ii) they introduced a "new inventive idea," and
- iii) they were not filed to correct a "mistake, accident or inadvertence."

Prescribed form. The form used when entering a disclaimer is set out in the *Patent Rules*. It requires a patentee to disclaim the entirety of the claim that is the subject of the disclaimer, either without qualification or with the inclusion of the language "with the exception of the following." The disclaimers filed by the patentee in this action followed the technical language of the form, and after the phrase "with the exception of the following," the patentee re-inserted the entirety of the original claim along with the new limitations.

The Court concluded that the patentee had not respected the requirements of the form of the *Patent Rules* and that the disclaimers were therefore invalid. The Court was of the view that the form required the patentee to state in a positive manner the portions of the original claim that were being disclaimed, rather than to re-introduce the original claim with further limitations. This is a curious result, as the disclaimer complied with the technical requirements of the form and provided clear notice of the portion of the claim that was not being disclaimed. Indeed, where a claim is being narrowed through the addition of a further limitation, in many instances, it is difficult to envision how a disclaimer could be entered other than in the manner used by the patentee.

"New inventive idea." Justice Martineau was of the view that the disclaimer procedure,

which he referred to as a procedural rule for convenience, should be contrasted with the reissue procedure, whereby a defective patent can be surrendered and corrected. He concluded that a patentee cannot introduce a "new inventive idea" to the claims by way of a disclaimer as this is properly the subject of a reissue. In applying these principles, the Court determined that the disclaimers filed by the patentee added new subject matter to the claims resulting in new inventive combinations, which rendered the disclaimers invalid. The Court was influenced by the fact that the new limitations added by the disclaimer, although supported by the disclosure, were not included in the original claims. The Court also took into account evidence filed by the inventor regarding the inventiveness of the features added by the disclaimer.

Mistake, accident or inadvertence. When the validity of a disclaimer is challenged, the burden is on the patentee to prove there was a mistake, accident or inadvertence that made the claims too broad. In this case, the inventor was aware of the prior art that the disclaimer sought to overcome many years prior to filing the disclaimer. Indeed, one of the patents was still in prosecution when the corresponding United States reissue application was filed. In addition, at trial, the patentee could not specifically identify the "mistake, accident or inadvertence" that gave rise to the disclaimer, notwithstanding that the disclaimers had been filed on his behalf.

The Court held that patentees owe a duty of good faith to file a disclaimer promptly and diligently when they become aware of an

inadvertence, accident or mistake. The Court concluded that the patentee filed the disclaimers as part of its litigation strategy rather than out of a need to diligently correct a bona fide mistake, accident or inadvertence. Accordingly, the disclaimers were held invalid on this additional basis.

Effect of invalid disclaimers. The *Patent Act* is silent on the consequences of filing an invalid disclaimer. Justice Martineau concluded that one should logically return to the original claims. However, upon filing a disclaimer, the patentee is required to state that the original patent specification is too broad and claims more than what was invented. Therefore, the Court concluded that a disclaimer is an act of renunciation of subject matter that serves as an admission by the patentee that the original claims were invalid and that, as a result, the original claims wear the defects confessed by the disclaimer "like a scarlet letter." Therefore, the Court held that the original claims of the patents at issue were themselves invalid in view of the admissions arising from the disclaimers.

Justice Martineau's decision has been appealed. Unless overturned or until the *Patent Act* is amended, significant care must be exercised before making any post-grant amendments to patent claims through a disclaimer. Overall, the decision stresses the importance of ensuring that the inventive elements disclosed in the patent specification are sufficiently covered by the claims during the prosecution of the application.

Kevin K. Graham and Erin Creber, Ottawa



Federal Court clarifies Final Action and post-appeal procedures

After an applicant obtains a favourable ruling from the Patent Appeal Board, it is not open to an Examiner to re-open examination to raise new grounds of rejection.

The Federal Court has recently ruled that the Commissioner of Patents must not restart examination of a patent application after the Patent Appeal Board ("PAB") has previously ruled that the defects alleged in a Final Action are not substantiated.

Belzberg v. Commissioner of Patents, 2009 FC 657, relates to Canadian Patent Application No. 2,119,921, titled "Computerized Stock Exchange Trading System," which was filed on March 23, 1994. A Special Order for expedited examination was granted on December 9, 1996. Between that date and May 30, 2002, eight separate Examiner's reports (Office Actions) were issued, the eighth of which was a Final Action alleging that the application was defective on the grounds of obviousness, insufficient disclosure, indefinite claim language and improper subject matter.

In Canadian patent prosecution practice, when an impasse is reached between the examiner and the applicant — and a Final Action has been issued by the examiner — a Patent Appeal Board is formed to hear an appeal in respect of the objections raised in the Final Action. Following a Board hearing, the Board is tasked with advising the Commissioner of Patents, who is then charged with making a decision with respect to the patentability, or lack thereof, of the patent application in question. In *Belzberg*, the crux of the Court's decision focused on the decision that the Commissioner of Patents is required to make after the recommendation of the Board.

In *Belzberg*, the Board concluded that none of the defects alleged by the examiner in the

Final Action had been substantiated and recommended "that the examiner's rejection of the application be reversed and that the application be returned to the examiner for further prosecution consistent with these recommendations." Immediately following the Board's recommendation was the Commissioner's Decision, which stated, "I concur with the recommendation of the Board that the Examiner's rejection of the application be reversed and return the application to the Examiner for further prosecution consistent with the Board's recommendation." However, upon remand to the Examination Division, rather than issuing a Notice of Allowance, the examiner restarted examination of the application and issued two further examiner's reports raising grounds of rejection that had not been raised in the Final Action. In response, the applicant sought judicial review of the Commissioner's decision to restart examination following the Commissioner's earlier decision that "rejection of the application be reversed."

In arriving at the decision that the Commissioner of Patents must not restart examination of the application, the Federal Court clarified Final Action and post-appeal procedures. Firstly, the Federal Court held that a Final Action must list all outstanding objections to the granting of the patent. The Commissioner's position that the term "outstanding defects," as codified in section 30 of the *Patent Rules*, was selective and not comprehensive, was rejected by the Federal Court. Secondly, the Federal Court held that following a PAB hearing, the Commissioner of Patents is to make one of two decisions:



- i) refuse the patent application under section 40 of the *Patent Act* if the PAB has found the alleged defects to be justified; or
- ii) grant the patent application under section 27 of the *Patent Act*.

Ultimately, the Court ordered the Commissioner of Patents to grant the application and awarded costs in the proceedings in favour of the applicant.

While the decision in *Belzberg* is a positive one from the perspective of both patent applicants and patent practitioners seeking clarity with respect to Final Action practice, there remains a reasonable chance that *Belzberg* will be appealed to the Federal Court of Appeal by either the Commissioner of Patents or the Attorney General of Canada, particularly in view of the unusual award of costs against the Commissioner. At the time

of writing this article, a Notice of Appeal has yet to be filed with the Federal Court Registry.

The decision in *Belzberg* may also be constrained by its facts. The Board in *Belzberg* had ruled that none of the objections to the application were substantiated. As such, the Federal Court in *Belzberg* did not have to address a factual situation where the Board deems some of the objections to be substantiated and other objections to be unsubstantiated. For example, it is conceivable that in a given case, the Board might conclude that the broadest claims are anticipated by or are obvious over the prior art, but the narrower dependent claims are novel and non-obvious. If read literally and out of context, the Federal Court's decision that the Commissioner of Patents has but two options following a Board hearing (i.e., refuse the application or grant the patent) might be seen as unduly limiting the Commissioner's options in this different factual context. However, other passages of the judgment recognize that section 31(b) of the *Patent Rules* expressly authorizes the applicant to amend an application following a favourable Board decision, and indeed, this entitlement to amend the application was cited by the Court as the underlying reason for the stock language routinely used by the Board in ordering "that the application be returned to the examiner for further prosecution consistent with these recommendations" rather than simply ordering that the application be allowed. Although not mentioned in the judgment, section 31(c) of the *Patent Rules* also authorizes amendment of an application "where the Commissioner has informed the applicant that the amendment is necessary for compliance with the *Act* and these *Rules*." Accordingly, the Court's directive that the Commissioner must "grant the patent application under section 27 of the *Patent Act*" can fairly be interpreted as permitting the Commissioner to inform the applicant that the patent application will be granted following amendment under Rule 31 to address any defects that the Board found to be substantiated.

These points aside, the fifteen-year saga of the *Belzberg* application, leading to this decision from the Federal Court, can rightly be viewed as having taken a positive step forward towards clarifying Final Action and post-appeal procedures.

Jeffrey D. Morton, Vancouver



Amazon.com's "One-Click" patent application rejected by Canadian Patent Appeal Board

The Board has adopted a new approach to statutory subject matter in Canada, including a reversal of CIPO's position on the patentability of business methods.

A newly composed Patent Appeal Board has rejected Amazon.com's "One-Click" application in a decision that outlines a new approach to statutory subject matter in Canada.

In *Re Amazon.com Inc. Patent Application No. 2,246,933* (Commissioner's Decision No. 1290, March 4, 2009), Amazon.com Inc. appealed an Examiner's final rejection of its Canadian patent application titled "Method and System for Placing a Purchase Order via a Communications Network" (the "Application"). The Application was filed in Canada on September 11, 1998 and claimed priority from two United States patent applications, which have since given rise to at least three issued U.S. patents and several pending U.S. applications.

Generally, the Application discloses Amazon.com's "One-Click" online purchasing method, which allows a client to purchase an item with a single mouse-click. On an initial visit to the vendor's website, the client enters his or her identification, billing and shipping information, which is then stored in the vendor's server, while a client identifier is stored in the client's computer in the form of a cookie. Once the client's information has been stored on the vendor's server, the client is not required to log into the vendor's website on any subsequent visit, unless the client wishes to change the previously supplied information. Rather, the client can simply visit the vendor's website and, without logging in, the client can purchase an item with a single mouse-click, which causes a request to purchase the item to be sent to the vendor's server, along with the client identifier stored in the client's computer. In response, the server uses the client identifier to retrieve the client's billing and shipping information, which is used to ship the item and bill the client.

The Application contains 75 claims. Claims 44 to 50 are system claims, while the remaining claims are method claims. Claim 44, the sole independent system claim, recites three elements, each of which is "a component" defined in terms of the functions that it performs.



The Examiner had rejected all 75 claims on the grounds that they were obvious over the prior art and directed to non-statutory subject matter. Amazon.com appealed this rejection to the Patent Appeal Board, and a hearing was held on November 16, 2005. Unfortunately, two of the three Board members retired from public service after the hearing but before a decision could be finalized. As a result, a new Board was formed and a further hearing was held on September 18, 2008.

The new Board overturned the Examiner's finding of obviousness, ruling that the claims are all inventive in comparison to the prior art. However, the Board ruled that all 75 claims, even the seven apparatus claims, are directed to non-statutory subject matter.

Obviousness. The Board applied both the traditional judicial test for obviousness and the newer analytical framework for obviousness outlined by the Supreme Court of Canada in *Sanofi-Synthelabo Canada Inc. v. Apotex Inc.*, 2008 SCC 61 (reported in the Autumn 2008 issue of *IP Perspectives*).

The Examiner had argued that the Applicant should not be permitted to rely upon certain elements of the claims to establish non-obviousness on the ground that the elements in question were "non-technical" and "non-statutory." In the Examiner's view, such non-statutory elements could not be relied upon to patentably distinguish the claim from the prior art.

The Board rejected the Examiner's argument but expressly recommended that the treatment of non-technical features in a test for obviousness should be subject to further analysis by CIPO to determine proper practice.

Instead, the Board directed its obviousness analysis to each claim as a whole, ruling that the required inventiveness can be found either in any individual feature of the claim or in the combination of features as a whole. The Board concluded that the single-action ordering aspect of the claims would not have been obvious having regard to the cited prior art and held that all 75 claims are not obvious.

Statutory subject matter. The new Board adopted an entirely new approach to statutory subject matter. The three main aspects of this new approach are "form-and-substance" analysis, "excluded subject matter," and a new "technological subject matter" requirement. These three aspects are all inherently interrelated.

Under the form-and-substance approach applied by the Board, it is not sufficient for the form of a claim to fall within one of the categories of statutory subject matter found in the definition of "invention" in section 2 of the *Patent Act*. In addition, the **substance** of the invention must also fall within one of the statutory categories. Moreover, it is possible for the substance of the invention to be subjected to the requirements of a different statutory category than that to which the form of the claim is directed.

The "substance" of the invention appears to mean "what has been added to human knowledge," meaning the "contribution" of novel and non-obvious features. Other parts of the Board's decision indicate that the

"substance" of the invention would not include features that are either excluded subject matter or non-technological.

In other words, the Board does not consider it to be sufficient for the claim as a whole to fulfill the requirements of statutory subject matter; rather, the applicant must show that the subset of features of the claim that are novel, non-obvious, technological and not excluded subject matter would constitute statutory subject matter if claimed by themselves.

Regarding excluded subject matter, the Board held that business methods are excluded from statutory subject matter and are therefore unpatentable in Canada. The Board also commented that methods of playing games are similarly excluded, as are "computer programs if the discovery involved is a method of calculation, methods of medical treatment, higher life forms, business systems and methods and professional skills." Moreover, the concept of excluded subject matter is tied in with the form-and-substance analysis such that even if the form of a claim is directed to a machine, if the substance of the invention is viewed as a business method, the claim to the machine is considered non-statutory.

Regarding the "technological" requirement, the Board held that "subject matter that is not technological is not statutory subject matter, and cannot fit under one of the categories of invention". Again, this proposition is tied in with the "form and substance" approach: "the substance of the claimed invention ... must not be directed towards ... non-technological subject matter."



Applying this new analytical approach, the Board characterized the substance of the invention by stating that "what has actually been discovered ... is limited to streamlining the traditional online ordering method, and the benefits and advantages that flow from it. In other words, the essence of the claimed invention is the particular rules for carrying out an online order."

With respect to method claims 1 to 43 and 51 to 75, the Board concluded that these claims did not qualify as an "art" or "process" within the definition of "invention" because they did not satisfy a definition of "art" found in a 1970 Exchequer Court decision, which purported to require a change in the character or condition of a physical object.

With respect to system claims 44 through 50, the Board acknowledged that the **form** of these claims was directed to a "machine," which is one of the categories of statutory subject matter within the definition of "invention." However, the Board nevertheless held that the **substance** of these claims is the same as that of the method claims and concluded that the machine claims were not statutory subject matter because the substance of the invention failed to fall within the separate categories of "art" or "process."

Despite having ruled all 75 claims, including the machine claims, to be non-statutory because they did not constitute an "art," the Board proceeded to address the further questions of excluded subject matter and non-technological subject matter.

Reiterating its view that business methods are unpatentable per se, the Board held that

all 75 claims are directed to excluded subject matter, including the machine claims, on the ground that the substance of the invention was a business method.

Furthermore, although the Board acknowledged that the claimed invention did involve some technical or technological aspects, such as the technological capability of a cookie, this was not sufficient for patentability because that technological aspect was known from the prior art. Again, tying this new technological requirement in with the form-and-substance approach, only the features that are novel and non-obvious over the prior art, constituting the substance of the invention, can be relied upon to qualify as statutory subject matter. The Board viewed the technological features as known and viewed the novel and non-obvious features as non-technological. Therefore, the Board concluded that all 75 claims were also excluded from patentability because "the substance of the claimed invention is not technological in nature."

Commentary. On the issue of obviousness, the newly composed Board was correct in rejecting the Examiners' submissions that "non-technical" features of the claim should be disregarded in assessing obviousness. Although such a dissection or distillation of the claim may be permissible in Europe, it is clearly not permissible in Canada. Canadian jurisprudence has always adopted a claim-as-a-whole approach to obviousness, and it is well-established that inventiveness need not lie in the technical means of implementation of an invention — it is sufficient for inventiveness to be found in the underlying idea. Moreover, at least in respect of patents and applications filed on or after October 1, 1989, obviousness is codified in section 28.3 of the *Patent Act*, which merely requires "the subject matter defined by a claim" to be non-obvious; there is clearly no additional requirement that inventiveness be found in a subset of features of the claim that are deemed "technical" as opposed to "non-technical."

However, it is difficult to understand how the Board's new approach to statutory subject matter could be reconciled with Canadian law. Section 27(4) of the *Patent Act* states that the claim or claims define, distinctly and in explicit terms, the subject matter of the invention. In contrast, the "substance" of the invention is clearly something less than the subject matter that is defined distinctly and in explicit terms by the claim in question.



Therefore, to treat the "invention" for the purpose of section 2 as merely the "substance" of the invention contravenes section 27(4). It is also clear from section 2 of the *Patent Act* that a claimed invention is not required to fall within more than one of the statutory categories of "art, process, machine, manufacture or composition of matter," yet the form-and-substance approach resulted in the rejection of claims that clearly fell within the category of "machine" because the Board felt that they failed to satisfy the additional requirements of a second category, "art." The form-and-substance approach is also inconsistent with numerous Canadian Court decisions on statutory subject matter and claim construction. Regarding excluded subject matter and the proposition that business methods are not patentable, the UK and European authorities relied upon are irrelevant in Canada because those authorities are based upon express statutory exclusions of business methods found in section 1(2)(c) of the UK *Patents Act, 1977* and Article 52(2)(c) of the *European Patent Convention*. In contrast, the Canadian *Patent Act* does not contain any such express statutory exclusion of business methods from patentability. The sole Canadian judicial authority cited for the exclusion of business methods was a dissenting opinion, which is clearly not a source of "law" that the Commissioner would be permitted to rely upon to reject an application under section 40 of the *Patent Act*. The Board's view regarding business methods also contradicts section 12.04.04 of the *Manual of Patent Office Practice*, in which CIPO — after years of careful consideration — adopted the official position that "'business methods' refers to a broad category of subject matter which often relates to financial, marketing and other commercial activities. These methods are not automatically excluded from patentability, since there is no authority in the *Patent Act* or *Rules* or in the jurisprudence to sanction or preclude patentability based on their inclusion in this category." The purported exclusion of non-technological subject matter was similarly based on foreign decisions under foreign statutes that bear no similarity to the Canadian *Patent Act* in respect of statutory subject matter.

Amazon.com now faces a September 4, 2009 deadline to appeal this decision to the Federal Court of Canada. Such an appeal would enable our courts to provide helpful guidance on this issue.

In the meantime, CIPO has recently released new draft chapters 12 and 13 of the *Manual of*



Patent Office Practice to solicit public comments. Draft chapters 12 and 13 outline a new examination framework, including a new approach to statutory subject matter that closely resembles the Board's approach in the *Amazon.com* decision, albeit with greater complexity. The deadline for submission of comments to CIPO has been extended to September 16, 2009. Canadian practitioners and other interested parties are encouraged to submit their comments to CIPO either directly or through professional organizations and associations.

Stephen J. Ferance, Vancouver

Three key differences between U.S. and Canadian patent law that can affect patent filing strategies in Canada

Though there are many similarities between U.S. and Canadian patent law, the following significant differences can affect the key decision of whether to file in Canada.

Grace period time limit. Sections 28.2 and 28.3 of Canada's *Patent Act* provide a grace period for pre-filing disclosures originating from the applicant that would otherwise be citable for anticipation and obviousness. These sections contain common language that should be kept in mind when developing filing strategies. In particular, both sections refer to a disclosure that occurred "more than one year before the filing date." This "filing date" is that of the Canadian application, not the Convention priority date. (In the case of a PCT national phase application, the Canadian filing date is deemed to be the PCT international filing date.).

A typical hypothetical scenario frequently encountered by a Canadian patent practitioner is that an invention was disclosed by the inventor (or someone deriving knowledge from the inventor) on October 1, 2007, and a U.S. provisional (or regular) application claiming that invention was filed on September 1, 2008, within one year of the disclosure. The question often posed is, can an application be filed in Canada on September 1, 2009, which claims priority from the U.S. application? Unfortunately, the answer is no. The fact that the priority application was filed within one year of the disclosure is irrelevant. The Canadian filing date must be no more than one year after the disclosure.

Practically speaking, this means that where there is a pre-filing disclosure, it may be prudent to file concurrently in the U.S. and Canada, since a priority claim does not extend the grace period for filing in Canada.

No on-sale bar. What constitutes a disclosure is also defined by sections 28.2 and 28.3 of the *Patent Act*. In Canada, a disclosure occurs when the subject matter defined by a claim in an application for a patent is disclosed "in such a manner that the subject matter became available to the public in Canada or elsewhere." A leading case on what "available to the public" means where there has been a sale is *Baker Petrolite Corp. v. Canwell Enviro-Industries Ltd.*, 2002 FCA 158. In *Baker Petrolite*, the Federal Court of Appeal laid out

a number of principles governing when an invention has been made available to the public. Among the principles laid out is that a sale to the public alone is not always a disclosure within the meaning of sections 28.2 and 28.3. Thus, there is no absolute "on-sale bar" in Canada. It is possible for an invention to be sold but, due to the nature of the invention, if the product sold cannot be reverse-engineered to reveal the subject matter of the invention, then there is no disclosure.

U.S. practitioners familiar with this methodology should therefore keep in mind that even though the U.S. on-sale bar may operate to prohibit a U.S. patent from being obtained, it may still be possible to obtain a patent in Canada.

No terminal disclaimer. Terminal disclaimers are relevant in the context of double patenting. The Supreme Court of Canada, in *Whirlpool Corp. v. Camco Inc.*, 2000 SCC 67, confirmed that there are two types of double patenting. One is same-invention double patenting, where the two claims are coterminous, and the other is obviousness-type double patenting, where a claim is obvious in view of the other set of claims. Such an objection can be raised against parent and divisional applications. The objection can be raised regardless of whether the applications have a common priority claim.

Where a double-patenting objection is raised in Canada, the question sometimes posed by practitioners familiar with U.S. law is whether a terminal disclaimer can be entered to overcome the double-patenting objection. Unfortunately, Canadian law does not include a terminal disclaimer practice. If a double-patenting objection can not be overcome by argument, the claims will need to be amended to eliminate the overlap.

In practice, where an applicant has new claims that might be filed in a divisional or continuation application in the U.S., it may be prudent in Canada to add those claims to the parent application and wait to see if there is an objection that requires that the claims be divided out, rather than voluntarily filing a divisional application that may be subject to a double-patenting objection.

Summary. Canadian filing strategies to consider include:

- if there has been a pre-filing disclosure of the invention by the inventor, file a patent application in Canada concurrently with filing in the U.S., or no later than one year from the date of disclosure;
- if there has been a sale outside the grace period, consider whether it is enabling; if not, it may still be possible to file a patent application in Canada despite the on-sale bar in the U.S.; and,
- where new claims are being filed in a U.S. continuation or divisional application, add the new claims to the parent application in Canada, rather than voluntarily filing a divisional application because there is no terminal disclaimer to cure a double-patenting objection in Canada.

Christine N. Genge, Ottawa

Notes

Announcements

Brian P. Isaac has been appointed Chair of the Canadian Anti-Counterfeiting Network (CACN). The CACN is a coalition of individuals, companies, firms and associations joined together in the fight against product counterfeiting and copyright piracy in Canada and internationally.

Mark R. Pidkowich has returned after his articles to join our Vancouver office as an associate. Dr. Pidkowich holds a B.Sc. (High Honours) in biology from the University of Saskatchewan, and a Ph.D. in genetics and J.D. from the University of British Columbia.

Tracey L. Stott has returned after her articles to join our Toronto office as an associate. Dr. Stott holds a B.Sc. (First Class Honours) in chemistry from Dalhousie University, and a Ph.D. in chemistry and an LL.B. from the University of British Columbia.

Smart & Biggar wishes to congratulate our professionals who passed the 2009 Canadian Patent Agents Qualification Examinations to become registered patent agents in Canada. In Ottawa: **Jacqueline Chernys** and **Ivan C. Fong**. In Vancouver: **Jonas H. Gifford**.

Seminars and Presentations

Brian P. Isaac was an invited attendee at a meeting with the Department of Foreign Affairs and International Trade discussing the Anti-counterfeiting Trade Agreement (ACTA) on April 6, 2009.

Christian Bolduc spoke on the topic of "Practical Considerations Regarding Trade-marks and Copyrights" at the *École de design industriel* in Montreal on April 7, 2009.

Michael D. Manson gave a presentation titled "Counterfeiting: the Crime of the 21st Century" at the Richmond Night Market on April 5, 2009. Mr. Manson also gave this presentation at Rockridge High School in West Vancouver on April 16th.

L. Catherine Eckenswiller gave a presentation titled "Intellectual Property Risk Management" to the Canadian Capital Chapter of the Risk and Insurance Management Society (RIMS) held in Ottawa on April 8th, 2009.

Michael D. Manson gave a presentation titled "The Inherently Cross-Border Market For New Media: Developments In Canadian Copyright Law Of Importance To Content Owners In The United States: Potential Impact From Major Supreme Court Of Canada Decisions And An Update On Orphan Works In Canada" at the Law Seminars International Copyright Counseling, Management and Litigation Conference held in Seattle, WA, on April 23, 2009.

Sanjay D. Goorachurn and **François Guay** co-presented on the topic of "La contrefaçon et ses impacts sur l'économie et les entreprises canadiennes" at the *Congrès annuel du Barreau du Québec* held in Montreal on May 29, 2009.

Daphne C. Lainson spoke on the topic of "Making contributions visible" at the 2nd annual Women in Leadership Conference which took place in Ottawa on June 2, 2009.

Christian Bolduc spoke on the utility of trade-marks at the *L'Association des juristes pour l'avancement de la vie artistique* conference which was held in Montreal on June 9, 2009.

Brian P. Isaac presented at the Global Enforcement — Fighting Counterfeiting in the U.S., Canada, Europe and China seminar held in New York City on June 16, 2009. Mr. Isaac also hosted and moderated the Canadian edition of the seminar which was held in Mississauga on June 18, 2009.

Sanjay D. Goorachurn presented on the topic of "Les aspects commerciaux et transactionnels de la PI pour aborder le marché nord américain" at the *Chambre de commerce industriel de l'Essonne (France)* which was held in Evry, France, on June 18, 2009.

John R. Morrissey spoke on the topic of "Patents: What's in it for you?" at a Solar Buildings Research Network event held in Toronto on June 24, 2009.

Sanjay D. Goorachurn and Stephan P. Georgiev co-presented on the topic of "Les aspects commerciaux et transactionnels de la PI" at CRIM in Montreal on June 30, 2009.

Marc Gagnon led a workshop titled "Patent Office procedures and responses to Office Actions" at the IPIC "Understanding Patents" workshops held on July 28, 2009. Mr. Gagnon also gave a presentation on "Claims drafting" at the same event on July 29th.

Philip Lapin will present a paper and speak on the subject of "Opposition Proceedings: Overview and Context" and lead a workshop titled "Tips and Strategies in Opposition Proceedings" at the Understanding Trade-marks course at McGill University in Montreal, to be held in August 2009. Christian Bolduc will speak at the same course on the topic of "Preparing a Trade-mark Application, Use and Registrability Opinions" and tutor a workshop on "Trade-mark Filing Strategies" and "Tips and Strategy in Opposition Proceedings."

Geneviève M. Prévost is the Assistant Director of the 2009 IPIC-McGill Advanced Trade-Marks Course titled "The Trade-marks Practitioner" which is being held in Montreal from August 10-14, 2009. Ms. Prévost will be co-presenting an Interactive Comparative Discussion of U.S. and Canadian Trade-mark Prosecution Practice during this course. Sanjay D. Goorachurn will participate in the "Interactive Workshop on Licensing Negotiations" at the same course.

Matthew Zischka will be teaching the fall 2009 section of Patent Law at the Faculty of Law of Queen's University in Kingston, ON.

Alistair G. Simpson will speak on the topic of "Intellectual Property Due Diligence" at the

Ontario Bar Association's Executing Effective Corporate Due Diligence (YLD) program to be held in Toronto on September 23, 2009.

Sanjay D. Goorachurn will co-moderate a session on "Redefining relationships: the evolving role of the key stakeholders in the Canadian technology transfer landscape" at IPIC's 83rd Annual Meeting, to be held in St. John's, NL, from September 23-25, 2009.

J. Christopher Robinson will be an instructor at The Law Society of British Columbia's Continuing Professional Development Patent Agent Training course titled "Module 1 - Drafting and Prosecution." The course will be held in Toronto from September 9th to December 7th, 2009.

Michael D. Manson and Stephen J. Ferance will once again be teaching the Patent Law course at the University of Victoria Faculty of Law from September to December 2009.

Publications

Michael D. Manson and Jonas H. Gifford, "Marketers Beware: Olympic and Paralympic Rights in Canada," *Intellectual Property Journal — Federated Press*, Volume XIV, No. 4, 2009.



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