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ERRATUM

Note that Richard Gold & Michael Shortt, “The Promise of the Patent in Canada and Around the World” (2014) 30:1 CIPR 35-77 has been revised. The corrected article is on the IPIC website.

Veuillez noter que l’article « The Promise of the Patent in Canada and Around the World » (2014) 30:1 RCPI 35-77 de Richard Gold et Michael Shortt a été révisé. La version corrigée est sur le site Web de l’IPIC.

CANADIAN INTELLECTUAL PROPERTY REVIEW
REVUE CANADIENNE DE PROPRIÉTÉ INTELLECTUELLE

ARTICLES

This volume contains five articles submitted to the editor.

Ce volume renferme cinq articles soumis au rédacteur en chef.

MESSAGE FROM THE EDITOR

This is my first real "Letter from the Editor." As I write this, there are already legislative amendments enacted that make major changes to Canada's IP regime in a variety of ways. With implementing regulations still to be drafted, the details of these changes remain to be seen, but it seems clear that they will change our own practices in a variety of ways in the very near future.

With the many changes and proposed changes on the horizon, IPIC committees have been working like demons on various submissions, advocacy projects, and co-operative endeavours. Suffice it to say that change brings both opportunity and risk, for both clients and practitioners. Most of us are already starting to think about changes we have to make in our procedures and the advice that we give. The CIPR is always looking for new submissions, and the pending changes would seem to be fertile ground for fresh ideas and strategies.

In closing, I would like to thank all of you who have submitted articles recently. The CIPR remains the only forum where practitioners in the IP area are not routinely turned down for publication because their work is "not of general interest." It is a vital forum for us all to learn from each other and we hope that this will continue. The CIPR is a standard reference source for those in the IP field and we are exploring strategies to improve the exposure that comes with CIPR publication.

Euan Taylor

MESSAGE DU RÉDACTEUR EN CHEF

Voici mon premier véritable « mot du rédacteur en chef ». Au moment où j'écris ces lignes, de nombreuses modifications législatives majeures ont déjà été adoptées afin de changer le régime canadien de PI. Comme le règlement d'accompagnement n'est pas encore rédigé, les modalités précises d'application demeurent inconnues. Il semble cependant évident que nos pratiques en ressentiront les contrecoups sous de nombreux rapports dans un avenir très rapproché.

Dans le contexte de ces changements, réels et proposés, les comités de l'IPIC se sont employés sans relâche à rédiger divers mémoires, à mettre en œuvre des projets de défense des intérêts et à déployer des efforts de collaboration. Je me bornerai à dire que le changement apporte son lot d'occasions et de risques, tant pour les clients que pour les praticiens. La plupart d'entre nous ont déjà commencé à réfléchir aux changements que nous devons appliquer à nos méthodes de travail et aux avis que nous donnons aux clients. Le Comité de rédaction de la RCPI fait toujours bon accueil aux nouvelles communications, et les changements qui se profilent à l'horizon apparaissent comme des terreaux fertiles pour donner naissance aux idées et stratégies nouvelles.

En terminant, j'aimerais remercier tous ceux et toutes celles qui ont récemment présenté des articles. La RCPI demeure la seule revue où les communications des praticiens du secteur de la PI ne sont pas systématiquement rejetées parce qu'elles ne présentent pas un « intérêt général ». C'est une tribune essentielle pour nous tous qui désirons apprendre les uns des autres, et nous espérons que cette tradition se perpétuera. La RCPI constitue un point de repère pour les personnes œuvrant dans le domaine de la PI, et nous examinons des stratégies visant à accroître le rayonnement de cette publication.

Euan Taylor

Articles

FORM AND FUNCTION IN THE LAW OF UTILITY: A REPLY TO GOLD & SHORTT*

*Norman Siebrasse***

ABSTRACT

The "promise of the patent" is a controversial branch of the Canadian law of utility, under which a patentee who "promises" a specific result may be held to a higher standard for utility than is required by the *Patent Act*. In a recent article, "The Promise of the Patent in Canada and Around the World," Richard Gold and Michael Shortt argue that the promise doctrine is justifiable as a matter of policy, that it is long established in Canadian law, and that functionally equivalent promises are similarly enforced in a number of other jurisdictions. In this article, I provide a functional comparison of the promise doctrine and the traditional "scintilla" branch of the utility requirement, which shows that Gold and Shortt's analysis erroneously conflates these doctrines. I also show that, on a functional analysis, the promise doctrine is not required to police selection patents, because that function is served by the inventive step requirement, and I explore the functional distinction between the promise doctrine and the requirement of sufficient disclosure.

RÉSUMÉ

La « promesse du brevet » est un élément controversé du droit canadien des brevets en matière d'utilité, en vertu duquel un breveté qui « promet » un résultat précis peut être tenu d'atteindre une norme d'utilité plus élevée que celle qui est prévue par la *Loi sur les brevets*. Dans leur récent article, *The Promise of the Patent in Canada and Around the World*, Richard Gold et Michael Shortt soutiennent que la doctrine de la promesse du brevet se justifie d'un point de vue stratégique, qu'elle existe depuis longtemps dans le droit canadien et que des promesses jouant un rôle similaire sont traitées de la même façon dans un certain nombre d'autres juridictions. Dans le présent article, j'effectue une comparaison fonctionnelle de la doctrine de la promesse du brevet et du traditionnel élément de « parcelle » d'utilité, montrant par le fait même que Gold et Shortt confondent ces deux doctrines dans leur analyse. Je démontre également à travers une analyse fonctionnelle que la doctrine de la promesse du brevet n'est pas obligatoire pour contrôler les brevets de sélection, car cette fonction est prise en charge par l'exigence de l'activité inventive, et j'examine la différence fonctionnelle entre la doctrine de la promesse du brevet et l'exigence de divulgation suffisante.

* Submission to the editor, June 17, 2014.

CONTENTS

1.0 INTRODUCTION

It is well established at the Federal Court level that there are now two branches to Canadian utility law:

> Where the specification does not promise a specific result, no particular level of utility is required; a "mere scintilla" of utility will suffice. However, where the specification sets out an explicit "promise," utility will be measured against that promise. The question is whether the invention does what the patent promises it will do.[1]

The promise branch is controversial, and I have argued that it is unsound both as a matter of policy and as a matter of Canadian law.[2] In their recent article, "The

[1] *Eli Lilly Canada Inc v Novopharm Ltd/olanzapine (No 1)*, 2010 FCA 197, 85 CPR (4th) 413 at para 76 (citations omitted), rev'g 2009 FC 1018, 78 CPR (4th) 1 [*Olanzapine (No 1)*], quoted with approval in *Sanofi-Aventis v Apotex Inc/clopidogrel*, 2013 FCA 186 at para 48 [*Plavix* FCA] and affirmed and paraphrased *ibid* at para 49.

[2] Norman Siebrasse, "The False Doctrine of False Promise" (2013) 29:1 CIPR 3 [Siebrasse, "False Promise"]. See also Richard Gold & Michael Shortt, "The Promise of the Patent in Canada and Around the World" (2014) 30:1 CIPR 35 at 37 [Gold & Shortt], noting the controversy over the

Promise of the Patent in Canada and Around the World," Richard Gold and Michael Shortt (Gold & Shortt) take a contrary view.[3] Emphasizing the need for an analysis that looks to function rather than labels,[4] they argue that the law relating to the promise of the patent is justifiable as a matter of policy, that it is long established in Canadian law, and that "under the laws of the United States and Europe patent holders are held to the promises they make in patents, albeit under different names and guises."[5]

This article is in part a reply to Gold & Shortt. I show that despite their emphasis on functional analysis, they fail to appreciate the functional distinction between the two branches of the utility requirement. Consequently, they conflate the two doctrines throughout their article. They point to a number of cases showing that the "scintilla" branch is indeed of long standing in Canadian law, and is essentially similar to US and European law.[6] This does not show that the same is true of the promise doctrine.[7] At other points, Gold & Shortt also conflate the promise doctrine with obviousness, sufficiency, and overbreadth. These doctrines are also of long standing in Canadian, US, and European law, and, again, this tells us nothing about

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doctrine; Andrew Bernstein & Yael Bienenstock, "Unpacking the 'Promise of the Patent'" (2012) 28:2 CIPR 245; Mark Edward Davis, "Holding Patentees to Account: Utility and the Promise of the Patent" (2012) 27:2 CIPR 355; Fiona E Legere, "The Pitfalls of 'The Promise of the Patent'" (2013) 29:1 CIPR 57. An erratum has subsequently been published in respect of Gold & Shortt's article. For convenience, this article cites the corrected version of Gold & Shortt's article, online: Intellectual Property Institute of Canada <http://www.ipic.ca>.

3 Gold & Shortt, *supra* note 2.

4 *Ibid* at 38 and generally section 5.3 at 61ff.

5 *Ibid* at 37.

6 By "European" patent law, I mean the law under the *Convention on the Grant of European Patents*, 5 October 1973, 1065 UNTS 199, subsequently revised in 1991 (*Act revising Article 63 EPC*) and 2000 (*Act revising the EPC*) [EPC], and in particular the law established by the Boards of Appeal of the European Patent Office and by the UK courts interpreting the *Patents Act 1977*, c 37, which implements the EPC.

7 Gold & Shortt, *supra* note 2 at 38, assert that the promise doctrine is not a "doctrine" at all, because the courts do not refer to it as such. This is a peculiar assertion. A doctrine is simply a term for a pattern in judicial decision-making that is sufficiently systematic and regular to be analyzed and applied as a more or less discrete aspect of judicial decision-making. Wikipedia provides an apt definition: "A legal doctrine is a framework, set of rules, procedural steps, or test, often established through precedent in the common law, through which judgments can be determined in a given legal case." There can be no question that the promise of the patent is considered by the courts as a discrete aspect of deciding a patent case. It very often has its own heading and is now subject to a body of case law discussing its various aspects. Gold & Shortt are happy enough to refer to it as a "legal rule" (at 52, 53), and it is not clear how they believe that a "rule" differs from a "doctrine." Referring to it as a "doctrine" is convenient because it avoids the circumlocutions used by Gold & Shortt, such as "[t]he law surrounding a patent's promise" (at 42, 50) and "the promise theory" (at 51, 52, 53). In any event, since their article was published, the Federal Court of Appeal in *Apotex Inc v Pfizer Canada Inc*, 2014 FCA 250 at paras 65, 66, referred to this body of law as the "promise doctrine," and, similarly, Rennie J in *Astrazeneca Canada Inc v Apotex Inc*, 2014 FC 638 at para 130, referred to it as one of the "pivotal doctrines" of patent law.

the promise doctrine. Similarly, the policy arguments that Gold & Shortt advance in support of the promise doctrine are actually justifications for functionally different legal rules.

This article is not only a reply to Gold & Shortt. Although I disagree almost entirely with the specifics of their analysis, I do agree that a functional approach is useful to any comparative or policy analysis. My broader goal is to use their article as a foil to explore the functional nature of the doctrines at issue. In particular, I will argue that the defining functional characteristic of the "scintilla" branch is that it requires an objective standard for utility, which is the same regardless of the wording of the particular patent. This contrasts with the promise doctrine, under which the utility standard depends on the construction of the specific patent at issue. As a corollary, the utility established under the promise doctrine must be higher than that which would otherwise be required by the scintilla standard, or the two doctrines are not functionally distinguishable. The non-obviousness requirement is similarly distinguished from the promise doctrine by its objective nature (among other things). Further, a defining characteristic of the promise doctrine, which distinguishes it from the sufficiency requirement, is that the promise is found in the disclosure, rather than in the claims.

1.1 Defining Functional Characteristics

Before exploring the functional nature of these various legal rules, a preliminary question is what it means to provide a functional analysis of a doctrine. I consider the defining functional characteristics of a doctrine to be those characteristics which are necessary to the doctrine's purpose. This approach is consistent with the modern approach to statutory interpretation, under which a statute should be interpreted consistently with the purpose of the provision.[8] The defining functional characteristics do not fully characterize a doctrine. Defining characteristics capture only those aspects of a doctrine that are so fundamental as to distinguish it from other doctrines. There will typically be many other ancillary characteristics that are necessary to fully describe a doctrine. Nor are the defining characteristics the same as the verbal formulation in which the doctrine is expressed. Both the ancillary characteristics and the verbal formulation will be characteristic of a doctrine in a particular jurisdiction at a particular time, but these may vary without changing the fundamental nature of the doctrine.

To take the inventive step requirement as an example, its function is to ensure that patents are not granted for inventions that do not require the lure of a patent

[8] *Re Rizzo & Rizzo Shoes Ltd*, [1998] 1 SCR 27. See generally Ruth Sullivan, *Sullivan on the Construction of Statutes*, 5th ed (Markham, Ont: LexisNexis, 2008). The promise doctrine in Canada is based on case law rather than a statute, but the same interpretive approach is warranted; the common law, no less than a statute, should be interpreted in light of its purpose: see Lord Hoffmann in *Kirin-Amgen Inc v Hoechst Marion Roussel Ltd*, [2004] UKHL 46 at para 30, remarking that the basic interpretive exercise is the same for any document that is communicating for a "practical *purpose*" (emphasis in original).

monopoly,[9] and the defining functional characteristic that distinguishes it from novelty is that an inventive technical advance is required, so a claim may be invalid even though the invention is not found in the prior art. The specific formulation now current in most jurisdictions is that the invention must not be obvious to a person skilled in the art to which it pertains, but that particular formulation does not define the requirement. The term "obvious" did not become the standard description in English law until many years after the inventive step requirement originally developed, and it was intended as a helpful statement of the existing standard, not as effecting a change in the requisite degree of ingenuity.[10] In Canada, the inventive step requirement was codified in terms of non-obviousness only in 1993; prior to that it was common to refer to the requirement of an "inventive step" or "inventive ingenuity."[11] Again, the Canadian codification changed the specific formulation, but was not intended to, and did not, change the standard itself. By the same token, during the period when "obvious" was the standard English term, and "inventive" was the usual Canadian term, it was not considered that two different concepts were at issue.

The way a doctrine is actually applied may also vary, with or without a change in verbal formulation, without changing the fundamental nature of the doctrine. For example, the standard for obviousness is a very important ancillary characteristic of the inventive step requirement, but it would not be suggested that Canada does not really have an inventive step requirement simply because the Viagra patent was held to be obvious in the United Kingdom but not in Canada.[12] More generally, even if it is true, as is sometimes suggested, that the inventive step requirement is typically more stringently applied in the United Kingdom than in other major jurisdictions,

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[9] *Graham v John Deere Co of Kansas City*, 383 US 1 at 10-11, 86 S Ct 684 (1966).

[10] The seminal inventive step decision was *Harwood v Great Northern Railway* (1865), 11 ER 1488 at 1501, 11 HL Cas 654, though there were hints as early as *Brunton v Hawkes* (1821), 4 B & Ald 541, 106 ER 1034 esp at 1038 (KB), invalidating the patent for what we would now call obviousness, though framing the point as one of novelty. The term "obvious" was first used in the House of Lords in *Thomson v The American Braided Wire Co* (1889), 6 RPC 518 at 528 (HL), and was codified in the UK by the *Patents and Designs Act*, 1932 (UK), 22 & 23 Geo V, c 32, s 3.

[11] In the first Supreme Court decision on inventive step, *Collette v Lasnier* (1886), 13 SCR 563, Henry J at 571 used the term "obvious" a few years before it was similarly used in England, but it was not routinely used thereafter. As late as 1979, in *Farbwerke Hoechst AG Vormals Meister Lucius & Bruning v Halocarbon (Ontario) Ltd*, [1979] 2 SCR 929 at 934 [*Halocarbon*], Martland J in the Supreme Court considered "obviousness" to be the English term, equivalent to "inventive ingenuity" in the Canadian context, though Pigeon J for the majority referred to the issue as "obviousness." The courts were as likely to refer to "inventive step" or "inventive ingenuity" and alternative formulations such as whether the invention would "occur to any ordinary mind": see e.g. *Spun Rock Wools Ltd v Fiberglas Canada Ltd*, [1943] SCR 547 (inventive step); *The King v Uhlemann Optical Co*, [1952] 1 SCR 143 (invention, alternative formulation, obviousness); *Commissioner of Patents v Farbwerke Hoechst Aktiengesellschaft Vormals Meister Lucius & Bruning* (1963), [1964] SCR 49, 41 CPR 9 (inventive ingenuity, obviousness); *Dominion Auto Accessories Ltd v DeFrees*, [1965] SCR 599 (inventiveness, inventive ingenuity); *Halocarbon*, *supra* (inventive ingenuity).

[12] Compare *Pfizer Canada Inc v Novopharm Ltd*, 2009 FC 638, 76 CPR (4th) 83, aff'd 2010 FCA 242, rev'd on other grounds 2012 SCC 60, 106 CPR (4th) 161 with *Lilly Icos LLC v Pfizer Ltd*, [2000] EWHC Patents 49, aff'd [2002] EWCA Civ 1.

this does not mean that those other jurisdictions do not really have an inventive step requirement at all.

Another example of an ancillary characteristic is the relevant evidentiary requirements. When the US Supreme Court in *KSR v Teleflex*[13] rejected the Federal Circuit's "teaching, suggestion, or motivation" test, it relaxed the standard of proof for non-obviousness, without changing either the purpose or the standard. Similarly, there is a debate in Canadian law as to whether evidence of inventiveness based on long-felt need and commercial success is "secondary" to evidence from expert witnesses.[14] How this debate is resolved will not change the basic functional nature of the non-obviousness requirement.

My focus on the defining characteristics of a doctrine is intended to capture this kind of variation. Canada, the United Kingdom, and the United States all have an inventive step requirement, despite variation in specific verbal formulations and ancillary characteristics such as evidentiary tests, and despite differing results on the facts. We can capture this similarity by noting that the defining characteristic—that an advance on the state of the art is required—remains the same despite such variation.[15]

This is not to suggest that what I have called the ancillary characteristics of a doctrine are less important than what I have called the defining functional characteristics. On the contrary, ultimately what is most important is the application and predictability of a doctrine in practice, and this will depend on the entire constellation of characteristics that defines a particular doctrine, including both ancillary and defining characteristics. What I have called the defining characteristics are privileged only in the sense that they define the doctrine, while ancillary characteristics do not. For example, it was long established in Canada that post-filing evidence of commercial success was relevant to both non-obviousness and utility,[16] but that, of course, does not mean that non-obviousness and utility were the same doctrine.

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[13] *KSR International Co v Teleflex Inc*, 550 US 398, 127 S Ct 1727, 167 L Ed 2d 705 (2007), rev'g 119 Fed Appx 282 (Fed Cir 2005).

[14] See Norman Siebrasse, "'Secondary' Evidence of Obviousness Is Not Secondary" (2012) 28:2 CIPR 279 [Siebrasse, "'Secondary' Evidence"].

[15] There are evidently limits, or at least blurred boundaries, in this definition. If, for example, a jurisdiction had an inventive step requirement on the books, but no patent was ever held invalid for lack of an inventive step, we might say that functionally that jurisdiction does not have an inventive step requirement, or we might say that it did have such a doctrine that was being improperly applied. Fortunately, this type of problem does not arise in the context of the promise doctrine.

[16] Regarding utility, see e.g. *Ciba-Geigy AG v Canada (Commissioner of Patents)* (1982), 65 CPR (2d) 73 (FCA); *Ernest Scragg & Sons Ltd v Leesona Corp*, [1964] Ex CR 649, 45 CPR 1 at 40-43, 89; *Jamb Sets Ltd v. Carlton*, [1964] Ex CR 377, 42 CPR 65 at 75; *Unipak Cartons Ltd v Crown Zellerbach Canada Ltd* (1960), [1956-60] Ex CR 396, 33 CPR 1 at 9-10; *McPhar Engineering Co of Canada v Sharpe Instruments Ltd* (1960), [1956-60] Ex CR 467, 35 CPR 105 at 128, 140; *Prentice v Dominion Rubber Co*, [1928] Ex CR 196 at 199. The law on this point was changed by *Apotex Inc v Wellcome Foundation Ltd*, 2002 SCC 77, [2002] 4 SCR 153 at para 46 [*Wellcome/AZT*]. Regarding non-obviousness, see the cases cited in Siebrasse, "'Secondary' Evidence," *supra* note 14 at 282.

1.2 Two Branches of Utility

Turning to utility, we have noted that there are two branches to the utility requirement in Canadian law. When the patent does not contain a promise it is now said that a "mere scintilla" of utility will suffice. I will refer to this branch as the "actual utility" requirement. I will use this term, rather than the "scintilla branch," because the term "scintilla" implies a particular, relatively low, standard for utility, and I wish to avoid any suggestion that the standard itself is a defining functional characteristic of the utility requirement. The best term for the scintilla branch would be simply the "utility" requirement, because, as discussed below, the promise branch is not concerned with whether the claimed invention, in fact, has patentable utility, but the notion that the promise doctrine is an aspect of the utility requirement is now so entrenched in Canadian law that is necessary to distinguish two branches of the law of utility.

It is the second branch, the promise doctrine, which has been controversial. In my article "The False Doctrine of False Promise" ("False Promise"), I argued that the purpose of the promise doctrine is to enforce a specific bargain between the Crown and the patentee. I noted that the mere fact that the court uses the label "promise" in the context of utility does not mean that the case is functionally an example of the promise doctrine, because the term "promise" is used in a variety of ways. I provided the following definition:

> The problematic sense, which is the focus of this article, is when the invention has an evident utility that is sufficient to support a patent, but the patent promises a heightened utility. *Hatmaker* illustrates *two defining features* of the doctrine. *First, the promise was made solely in the disclosure*. … There was no reference in the claims to the [promise in question]. The doctrine might more accurately be called "promise of the disclosure," though the broader term is now entrenched. *Second, the promise of the patent signifies a heightened utility above the minimum necessary to support a valid patent.*[17]

My definition contrasts with that provided by Gold & Shortt:

> We define a promise as a representation contained in a patent specification, whether implicit or explicit, that the patented invention will achieve one or more desirable outcomes, or will avoid one or more undesirable outcomes.[18]

These are both what I have called functional definitions. They are similar in that both require that the utility be measured by a representation made in the specification. This is a defining characteristic of the promise doctrine that is necessary to its purpose—namely, to enforce the specific bargain between the Crown and the particular patent applicant.[19] This characteristic is also necessary (though not sufficient) to distinguish the promise doctrine from the requirement of actual utility, the defining

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[17] Siebrasse, "False Promise," *supra* note 2 at 8 (emphasis added).

[18] Gold & Shortt, *supra* note 2 at 38.

[19] Siebrasse, "False Promise," *supra* note 2 at 17.

characteristic of which is that utility is measured by an objective standard, set out in the Act as interpreted by the courts.[20]

Although we formally agree that a promise is a statement of utility found in the specification against which the utility of the invention is measured, I will show below that Gold & Shortt do not consistently apply this definition in their analysis. Many of the key cases that they rely on as illustrating the promise doctrine do not satisfy even their own definition. I will show that this is because they do not adequately tie their functional definition to the purposes of the doctrine that they identify. They provide a variety of rationales for the doctrine, but I will show that these rationales do not justify the promise doctrine, even as they define it.[21] For example, the first purpose they identify is the need to ensure that the patent delivers "a concrete and tangible benefit to the public."[22] I will show that this purpose requires an objectively defined standard for utility, and consequently it cannot justify a promise doctrine in which the utility is defined by the specification of the particular patent at issue. So, although Gold & Shortt provide a functional definition of the promise of the patent and also identify several worthy goals of patent law, they do not show how the promise of the patent, as they define it, is necessary to advance the goals that they identify. Consequently, their analysis is superficially appealing, because their definition of the promise of the patent does capture an important functional aspect of that doctrine, and several of the policy goals they identify are desirable in themselves, but the cases and policy rationales they invoke do not support the promise doctrine as they define it; instead, they support functionally distinct doctrines.

Moreover, although our definitions are similar in one respect, they are different in two other respects. The first is that, in my definition, a hallmark of the doctrine is that the promise is found in the disclosure,[23] not in the claims. I will show that this feature of my definition is necessary to functionally distinguish the promise doctrine from sufficiency.[24] In contrast, under Gold & Shortt's definition, the promise may

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[20] See discussion below, section 4.

[21] Note that Gold & Shortt, *supra* note 2 at 50, largely accept my argument that enforcing the specific bargain between the Crown and the applicant was the original purpose of the promise doctrine, but they do not consider this to be the modern justification for the doctrine.

[22] Gold & Shortt, *supra* note 2 at 39.

[23] Prior to 1996 "the part of a specification other than the claims," was defined to be the "disclosure" under s 2 of the *Patent Rules*. In 1996, the term was changed to "description" (although the definition itself was unchanged) in the overhaul of the Rules consequent to the 1989 amendments to the *Patent Act*: *Patent Rules*, SOR/96-423. The term "description" is therefore now the formal name for what I have referred to as the "disclosure." The new terminology is more accurate, because in principle the claims may contribute to the disclosure function, although that is not their purpose and they are rarely so used: see *Baldwin Int'l Radio Co of Canada, Ltd v Western Electric Co, Inc*, [1934] SCR 94 at 100. Nonetheless, the older term "disclosure" is still more commonly used, which is why I have referred to it as such in Siebrasse, "False Promise," *supra* note 2. For consistency, I will continue to use "disclosure" in this article.

[24] See below, section 5.

be found anywhere in the specification, including the claims. They say that "the disclosure will furnish most promises,"[25] but the definitional difference is nonetheless crucial because, in many of the specific cases they cite as illustrating the pervasive nature of the promise doctrine, the promise is found in the claims.[26] I will show that functionally, these cases are simply examples of insufficient disclosure.

The second difference is that, under my definition, in a true promise case the promised utility is higher than the utility that would otherwise be required to support a valid patent. This is a defining characteristic that is necessary to distinguish the promise doctrine from actual utility, in addition to the requirement that the utility be defined by the patent, rather than objectively. If the utility of an invention, such as a chemical compound, would not be obvious to a person skilled in the art, that utility must be disclosed in the patent. The utility will necessarily be measured by that disclosed utility or "promise" (using that term loosely), but if the disclosed utility is the same as the minimum required to support a patent, or is the only known utility, there is no functional difference between measuring the utility by the disclosed utility and by an objective standard. Thus the promise of the patent is functionally distinct from the disclosure of actual utility only if the promised utility is higher than the minimum utility required to support a patent. It is this feature that makes the promise doctrine controversial, both conceptually and in practice.[27] It is no wonder that Gold & Shortt find the promise doctrine, as they define it, to be pervasive and anodyne; they have defined away the very feature that is at the heart of the controversy.

Finally, I repeat that this article is not concerned to resolve questions related to ancillary characteristics of the utility requirement. For example, one very important aspect of the actual utility requirement is the exact degree of utility required to support a valid patent. I will show that Gold & Short are wrong to suppose that the degree of utility is a defining characteristic of the utility requirement,[28] but I do not attempt to explore exactly how much utility is required, precisely because that is not a defining characteristic. Nor do I explore other ancillary questions, such as the burden of proof, the disclosure requirements, or the use of post-filing evidence in establishing utility. All these questions are important, but they are simply beyond the scope of this article. Indeed, I hesitated to use the term "ancillary" to describe such aspects of a doctrine because it has connotations of secondary importance, but the more descriptive term "non-defining characteristics" is too awkward. Again, I consider the defining functional characteristics of a doctrine to be those which are necessary to its purpose, and my focus in this article on the defining characteristics is intended to ultimately facilitate a holistic comparative analysis, by ensuring that we are comparing doctrines that are actually aimed at the same purpose, as opposed

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[25] Gold & Shortt, *supra* note 2 at 45.

[26] See below, section 5.

[27] See below, section 6.

[28] See below, section 4.

to a engaging in a misguided comparison of doctrines that happen to have superficial verbal similarities. Whether an apple is sweet or tart may be crucial to the success of a pie, but the first step to deciding whether one variety of apple is sweeter than another is to make sure that we are actually comparing apples with apples.

2.0 ACTUAL UTILITY

As just outlined, "False Promise" provided a functional definition of the promise doctrine and discussed its purpose at length, but I did not do the same for the actual utility requirement. In order to contrast the two doctrines, it is necessary to remedy this omission. In this section, I will argue that the purpose of the requirement of actual utility is to prevent patents from being granted prematurely, and the defining functional characteristic necessary to serve this purpose is that utility is measured objectively, against the standard determined by the Act. In contrast, the purpose of the promise doctrine is to enforce a specific bargain between the Crown and the patentee, and the defining characteristic necessary for this purpose is that utility of the invention is measured against representations made by the patentee in the patent itself. Gold & Shortt assert that "the promise of the patent is a key element in ensuring that patentees actually deliver a concrete and tangible benefit to the public in exchange for their 20-year exclusivity."[29] In fact, that is the purpose of the requirement of actual utility. It cannot be served by the promise doctrine, even as Gold & Shortt define it.

The function of the requirement of utility was explained by the Supreme Court of the United States in a famous phrase in *Brenner v Manson*: "[A] patent is not a hunting license. It is not a reward for the search, but compensation for its successful conclusion."[30] The fear is that a patent that is granted too soon could block research by others, without delivering a commensurate benefit:

> Until the process claim has been reduced to production of a product shown to be useful, the metes and bounds of that monopoly are not capable of precise delineation. It may engross a vast, unknown, and perhaps unknowable area. Such a patent may confer power to block off whole areas of scientific development, without compensating benefit to the public. The basic *quid pro quo* contemplated by the Constitution and the Congress for granting a patent monopoly is the benefit derived by the public from an invention with substantial utility. Unless and until a process is refined and developed to this point—where specific benefit exists in currently available form—there is insufficient justification for permitting an applicant to engross what may prove to be a broad field.[31]

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[29] Gold & Shortt, *supra* note 2 at 39.

[30] *Brenner v Manson*, 383 US 519 at 536 (1966) [*Brenner*], quoted by Gold & Shortt, *supra* note 2 at 39.

[31] *Brenner*, *supra* note 30 at 534-35 (footnotes omitted).

Exactly the same rationale was provided by the Supreme Court of Canada in *Wellcome/AZT*, in which the court explained that the utility requirement ensures that "[t]he public is entitled to obtain a solid teaching in exchange for the patent rights," and so a patent may not be granted for "mere speculation."[32]

> [I]f [the patentee] had not established such utility by tests or sound prediction at the time it applied for its patent, then it was offering nothing to the public but wishful thinking in exchange for locking up potentially valuable research turf.
>
> [T]here is good reason to reject the proposition that bare speculation, even if it afterwards turns out to be correct, is sufficient [to justify a patent]. An applicant does not merit a patent on an almost-invention, where the public receives only a promise that a hypothesis might later prove useful; this would permit, and encourage, applicants to put placeholders on intriguing ideas to wait for the science to catch up and make it so. The patentee would enjoy the property right of excluding others from making, selling, using or improving that idea without the public's having derived anything useful in return.[33]

The same rationale has also been provided for the requirement of industrial applicability by the EPO and the UK Supreme Court. In T 0870/04 *BDP1 Phosphatase/Max-Plank*, the EPO Board of Appeal stated:

> [A] vague and speculative indication of possible objectives that might or might not be achievable by carrying out further research with the tool as described is not sufficient for fulfilment of the requirement of industrial applicability. The purpose of granting a patent is not to reserve an unexplored field of research for an applicant.
>
> [In this case] the only practicable use suggested is to use what is claimed to find out more about the natural functions of what is claimed itself. This is not in itself an industrial application, but rather research undertaken either for its own sake or with the mere hope that some useful application will be identified.[34]

And in T 0898/05 *Hematopoietic cytokine receptor/Zymogenetics*, the board noted that if a patent is granted for a compound with an unknown function

> it might prevent further research in that area, and/or give the patentee unjustified control over others who are actively investigating in that area and who might eventually find actual ways to exploit it.[35]

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[32] *Wellcome/AZT*, *supra* note 16 at para 69.

[33] *Ibid* at paras 52, 84. *Wellcome/AZT* concerned the doctrine of sound prediction, but at para 84 the court noted that this rationale applies equally "[i]n the broader context of the *Patent Act*."

[34] T 0870/04 *BDP1 Phosphatase/Max-Plank* at paras 21-22.

[35] T 0898/05 *Hematopoietic cytokine receptor/Zymogenetics* at para 7.

Consequently, an invention will be considered industrially applicable if it delivers "immediate concrete benefits."[36] In *HGS v Lilly*,[37] these statements by the EPO boards were accepted as good law by the UK Supreme Court, and indeed by all levels of court;[38] the disagreement between the Supreme Court and the courts below was not as to the applicable principles, but as to where exactly to draw the line in the context of the particular case.[39]

Thus it is well established that the function of the utility requirement is to ensure that patents are not granted prematurely, thereby stifling further research without having delivered a commensurate benefit.[40] The defining characteristic of this requirement necessary for it to serve that function is that the requisite degree of utility be set objectively by the Act as interpreted by the courts. When I say the degree of utility is "objective," I mean that it does not vary with the particular patent. If there is no promise in the specification, a patent need only have a "scintilla" of utility, and the height of that bar does not vary with the particular patent. The objective nature of the test does not depend on the precise threshold. So, if the law required a higher standard, such as clinical efficacy for pharmaceutical inventions, that standard would nonetheless be objective so long as it applied to any pharmaceutical, regardless of what was said in the particular patent. I say that the objective standard is set by the Act as interpreted by the courts, because the Act itself requires that the invention be "useful," but it does not provide any specific standard, which is consequently supplied by the courts in interpreting the word "useful." There is a precise parallel with the inventive step requirement. The applicable standard for inventiveness is objective in the sense that it is the same for every invention. The patentee is not held to a higher or lower standard depending on whether the specification says that the invention is a work of genius or a trivial advance on the prior art. The specific standard for the inventive step is now codified as being whether the invention would have been obvious to a person skilled in the art or science to which

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[36] *Ibid* at paras 7, 8.

[37] *Human Genome Sciences Inc v Eli Lilly & Co*, [2011] UKSC 51 [*HGS*], rev'g [2010] EWCA Civ 33, [2010] RPC 14 [*HGS* (EWCA)], rev'g [2008] EWHC 1903 (Pat) [*HGS* (Pat)].

[38] *HGS*, *supra* note 37 at para 91 (expressly accepting the principles set out by the board); at para 107 summarizing those principles with approval; and at paras 102, 130 quoting and adopting a similar statement made by the intervenor BioIndustry Association; *HGS* (EWCA) *supra* note 37 at paras 66-67, 103; *HGS* (Pat), *supra* note 37 at paras 225-27.

[39] *HGS* (EWCA), *supra* note 37 at para 70; *HGS*, *supra* note 37 at para 130.

[40] See also Norman Siebrasse, "HGS v. Lilly: How Soon Is Too Soon to Patent?" (2011) 24 IPJ 41 at 42-44, discussing the conceptual convergence between these jurisdictions on this point. This rationale emerges most clearly in the modern cases, but it is also foreshadowed in some of the early cases: see in particular *Morgan v Seaward* (1836), 1 WPC 187 at 197 (Ex Ct); *Lane Fox v Kensington and Knightsbridge Electric Lighting Co Ltd* (1892), 9 RPC 413 (CA) [*Lane Fox*], discussed below at note 238 and accompanying text; *Ward Bros v James Hill & Son* (1903), 20 RPC 189 at 200 (CA), per Vaughan Williams LJ; and Webster's 1844 note to his report of *Darcy v Allin*, 1 WPC 1 (in Thomas Webster, *Reports and Notes of Cases on Letters Patent for Inventions* (London: A Sweeting, Bartlett's Buildings, 1844) at 8, quoted below in text accompanying note 141).

it pertains, but prior to codification that objective standard was developed by the courts. Even now, the courts interpret the standard in determining exactly how much ingenuity a skilled person is taken to possess; but whether the skilled person is a dullard or top of her class, she has the same degree of ingenuity when faced with any problem.

The objective nature of the actual utility requirement contrasts with the promise doctrine, under which the utility is measured against the promise set out in the specification. This means that the standard for utility varies with the wording of the particular patent. Depending on the wording of the disclosure, a pharmaceutical compound might be held to a high standard of clinical efficacy in humans or a lower standard, such as being a member of a class of physiologically active compounds. That the standard can vary according to the specific wording of the particular patent is clear in principle and evident in practice. To reflect this point, I will refer to the promise doctrine as using a "subjective" standard. In using this term, I am not suggesting that the promise of the patent turns on the subjective intent of the patentee. The promise of the patent is construed by reading the specification as it would be understood by a person skilled in the art.[41] The key distinction is that under the actual utility requirement the same standard for utility applies in respect of any patent, no matter what the patent itself might say, while under the promise doctrine the standard for utility varies according to the terms of the particular patent at issue.

The promise doctrine, under which utility is determined by the patentee's promise, cannot serve to ensure delivery of "immediate concrete benefits," or "a solid teaching," because the patentee could secure a patent for "mere speculation" merely by specifying an appropriately modest promise. This point is illustrated by *Brenner v Manson*,[42] in which the claimed invention did in fact satisfy the promises made in the disclosure. The patent at issue was for a new process for producing known steroids. The specification disclosed how to make steroids using that process, but it did not disclose any use for the steroids themselves. The US Court of Customs and Patent Appeals (CCPA) held that the invention was useful on the basis that

> a process is "useful," as a matter of law, if it operates as disclosed to produce its intended result or perform its intended function and if it is not, in operation or result, detrimental to the public interest.[43]

To frame this in explicitly promissory language, the CCPA held that the patent promised only a method of making known steroids, and the promise was fulfilled, and therefore the patent was useful. The US Supreme Court reversed, specifically disapproving this test and holding that merely fulfilling the "intended purpose" is

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[41] *Plavix* FCA, *supra* note 1 at para 55.

[42] *Brenner*, *supra* note 30, rev'g *In re Manson*, 333 F 2d 234 (CCPA 1964) [*In re Manson*].

[43] *Ibid* at 238-39.

not sufficient.[44] Although the Supreme Court did not dispute that the invention fulfilled that purpose, it nonetheless held the patent invalid for lacking the utility set out in the Act, as determined by the court itself.[45] Thus *Brenner v Manson* is not an example of the promise doctrine under any definition, because, on the facts, the compounds were indeed useful as asserted—what we might loosely call the "promises" were indeed satisfied. The patent was held to be invalid not for failure to satisfy the promised utility, but because the asserted utility, though achieved, was inadequate when measured against the objective criterion set out in the Act.[46]

In summary, it is well established that the central purpose of the utility requirement is to prevent premature patenting. This purpose requires an objectively defined standard for utility, and cannot be achieved by the promise doctrine, in which the standard for utility is determined by the patent itself. Thus the utility requirement, as defined in *Wellcome/AZT* and the leading cases from other jurisdictions discussed in this section, is functionally distinct from the promise doctrine. I will show below that the function of preventing premature patents is and long has been served by the actual utility requirement.[47] The "scintilla" label itself indicates the functional nature of the requirement, in that a scintilla of utility is an objective standard that applies independently of anything said in a particular patent. The term "scintilla" also indicates the standard itself—namely, that very little utility is required. This standard, although very important, is not a defining characteristic. There is a separate debate as to exactly how soon is too soon, and a utility standard with a higher or lower threshold could also aim to serve the same purpose, so long as the standard is objective.[48]

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[44] *Brenner*, *supra* note 30 at 530-31.

[45] The need for an objective standard is made explicit in *In re Kirk*, 376 F 2d 936 (CCPA 1967) and *In re Joly*, 376 F 2d 906 (CCPA 1967), the subsequent leading companion cases from the US CCPA interpreting *Brenner*, in which the CCPA stated that "we are concerned with … the legal adequacy of assertions of usefulness in the original specification" (*Kirk* at 937-38) and "the adequacy in law of the … assertions of usefulness in appellants' original application" (*Joly* at 907). Explicitly, the question is not whether the asserted uses were met, but whether they were adequate in law. See also *In re Fisher*, 421 F 3d 1365 (Fed Cir 2005) as another example in which more than a *de minimis* degree of utility was required.

[46] See both decisions generally and see e.g. the discussion of use as intermediates in *Kirk*, *supra* note 45 at 942ff.

[47] See section 4.

[48] This is not to suggest that any standard is equally good in preventing premature patents, so long as it is objective. To repeat, ancillary characteristics may be very important. A standard that is too low will allow premature patenting, while a threshold that is too high increases the risk to the inventor by increasing the sunk costs at risk before protection can be obtained. A relatively low threshold, similar to that indicated by the word "scintilla," is widely accepted in other jurisdictions, and can be supported by a variety of policy justifications. But for the purposes of this article it is not necessary to resolve or even engage with this debate.

3.0 THE PROMISE OF THE PATENT

3.1 Purpose of the Promise Doctrine

In this section I will briefly review the purpose of the promise doctrine and then address two doctrinal points raised by Gold & Shortt.

As I explain in "False Promise," the function of the promise doctrine is to enforce the specific bargain between the Crown and the inventor.[49] In UK law, the grant of letters patent of any kind, including letters patent for invention, was a discretionary exercise of the Crown prerogative.[50] The role of the courts was to ensure that the Crown did not overreach and grant a patent right that was illegal under the *Statute of Monopolies*, but so long as the granted monopoly was lawful, the decision to grant the patent in the first place and the terms on which it was granted were within the discretion of the Crown. Consequently, the fact that a patent was lawful if granted did not mean the patentee had a right to the patent in the first place, because the Crown might properly refuse to grant a patent that would be valid if granted. It was the particular consideration set out in the patent that was conceived to be the basis for the grant, and consequently, to enforce this specific bargain, the court would invalidate any patent in which a material representation was untrue.[51]

This function is entirely distinct from ensuring that patents are not granted prematurely. Indeed, the two doctrines serve contrary purposes. The purpose of the requirement of actual utility is to restrict the exercise of the Crown prerogative by prohibiting the grant of patents for inventions that are not useful, while the purpose of the promise doctrine is to enforce the exercise of the prerogative by striking down patents that the Crown might have chosen not to grant.

Because the purpose of the promise doctrine was to enforce the specific bargain, it is necessary that the utility of the invention be measured against the representations made in the patent itself rather than by an objective standard, which might be higher or lower than what was represented in the patent. Indeed, the promise of the patent doctrine was not originally conceived of as an aspect of the utility requirement at all. The real objection was to the falsity of a material representation, which is why it was said that "the Crown has been deceived" in the grant, or that the patent

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[49] Siebrasse, "False Promise," *supra* note 2 at 6; I refer to this as the "specific consideration" rationale for the false promise doctrine (*ibid* at 16).

[50] Gold & Shortt, *supra* note 2 at 52, dispute this, but see the discussion in section 3.2, below.

[51] Although this was the theory, by the late 18th century, the grant of patents for inventions was an entirely routine administrative matter and patents were not granted in actual reliance on the basis of the specific representations made therein. Nonetheless, the grant remained discretionary in principle, and the false promise doctrine survived this change in practice: see Siebrasse, "False Promise," *supra* note 2 at 17-18. None of this is to say that the promise doctrine is sound as a matter of policy or in Canadian law. That is a separate question, discussed in "False Promise," *ibid* at 47-55.

was invalid for a "false suggestion."[52] As it happens, the representations at issue in patent cases typically involved the utility of the invention, which is how it came to be considered part of the utility requirement,[53] but there is nothing in the original doctrine requiring that the misrepresentation relate to utility. Patents are only one type of letters patent, and the law relating to false representations originated in the broader context of letters patent granting privileges such as land or offices, in which utility of an invention was entirely irrelevant.[54] While the representations at issue in patent law relate primarily to representations regarding utility of the invention, the distinct nature of the law relating to false suggestions was recognized by separate codification in the English patent act.[55]

Gold & Shortt do not seem to appreciate that enforcing a specific bargain between the Crown and the patentee is functionally distinct from ensuring that patents are not granted prematurely. After citing the "hunting licence" passage from *Brenner v Manson*, they go on to assert that the House of Lords made a "similar" statement in *Hatmaker*,[56] the leading promise case, when it said: "In other words, [patent] protection is purchased by the promise of results. It does not, and ought not to, survive the proved failure of the promise."[57] Despite their assertion, these statements are not at all similar. In *Hatmaker*, the inventors were not merely speculating or searching; they had arrived at an invention that delivered a tangible and concrete result that was undoubtedly sufficient to support a patent. The inventors had sought to develop a new process for producing dried milk, and they had succeeded.[58] The trial judge held that this use was sufficient to support a patent, "but if the Patentee has gone further and stated that it answers a severer test, he must be judged by the

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[52] *Re Alsop's Patent* (1907), 24 RPC 733 at 753 (Ch) [*Alsop's Patent*]; *Arthur Legat's Case* (1612), 10 Co 109a, 77 ER 1093 at 1100 (KB); and see generally Siebrasse, "False Promise," *supra* note 2 at 10-17 and 49. Note also that the codification of the doctrine was that a patent could be revoked if "the patent was obtained on a false suggestion or representation": *Patents Act*, 1949 (UK), 12, 13 & 14 Geo VI, c 87, s 32(1)(j) [1949 Act]. Despite the terminology of "deceiving" the Crown, intentional deceit has never had an element of the promise doctrine: see "False Promise," *ibid* at 11.

[53] See *Raleigh Cycle Co Ltd v H Miller & Co Ltd* (1946), 63 RPC 113 at 140 (CA), Lord Greene MR, noting the inconsistent treatment of the pleas of false promise, rev'd (1948), 65 RPC 141 at 148-49 (HL), but with this remark approved.

[54] This is illustrated by the early cases dealing with other kinds of patents, such as *The Earl of Devonshire's Case* (1606), 11 Co Rep 89a, 77 ER 1266, in which the false suggestion was that the Earl's predecessors in the office of the Master of Ordnance General had the privilege of selling unserviceable ordnance for their own account: see generally Siebrasse, "False Promise," *supra* note 2 at 11-12.

[55] *Patents Act, 1949*, *supra* note 52, s 32(1)(j); see Siebrasse, "False Promise," *supra* note 2 at 49. The parallel provision in the Canadian Act is s 53(1): see Siebrasse, "False Promise," *ibid* at 49-50.

[56] *Hatmaker v Joseph Nathan & Co Ltd* (1919), 36 RPC 231 (HL) [*Hatmaker* HL], aff'g 35 RPC 61 (CA) [*Hatmaker* CA], aff'g 34 RPC 317 (Ch) [*Hatmaker* Ch].

[57] Gold & Shortt, *supra* note 2 at 39.

[58] *Hatmaker* Ch, *supra* note 56 at 327; *Hatmaker* HL, *supra* note 56 at 238.

test which he himself imposed."[59] It is this "severer test," which is not imposed objectively by the court, but rather by the patentee himself, that the House of Lords referred to in saying that patent protection "is purchased by the promise of results."[60] In *Hatmaker*, the invention had sufficient objective utility to support a patent, but the representations made in the patent were not true, while in *Brenner v Manson* the representations made in the patent were all true, but the invention did not have sufficient objective utility to support a patent. Far from being similar, these two leading cases exemplify the functional difference between the promise of the patent and actual utility.

3.2 British Origin of the Promise Doctrine

Gold & Shortt largely accept that the promise doctrine originated as a corollary of the discretionary nature of the patent grants in British law, so that an invention that did not live up to all the material representations would be considered to have deceived the Crown in the exercise of its discretion.[61] However, they argue that this was not the basis for the House of Lords decision in *Hatmaker*, which, they say, treated the promise doctrine as a "free-standing and self-justifying legal rule."[62] It is not entirely clear what they mean by this phrase, but in any event, in the passage they cite in support of this proposition, Lord Birkenhead states that "[t]he law which is applicable in matters of this kind is well settled and has never been more clearly stated than by Mr. Justice Parker in the often-quoted case of *Alsop's Patent*."[63] This statement does not support the proposition that the promise doctrine is a "freestanding legal rule." It explicitly says exactly the opposite—namely, that the doctrine is based on well-settled law as set out in *Alsop's Patent* and, as Gold & Shortt acknowledge, *Alsop's Patent* directly relied on jurisprudence that relies on the discretionary nature of the grant.[64] The House of Lords in *Hatmaker* did not review the history of the doctrine, but this does not mean that it has no history, but only that the authorities were sufficiently reviewed in *Alsop's Patent*.

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[59] *Hatmaker* Ch, *supra* note 56 at 329.

[60] *Hatmaker* HL, *supra* note 56 at 237.

[61] Gold & Shortt, *supra* note 2 at 50, 52. Gold & Shortt, *ibid* at 50, also argue that there is a broader legal-policy justification for the doctrine—namely, "avoidance of restraint of trade and deception of the *public*, rather than simply deception of the *Crown*" (emphasis in the original), citing *Turner v Winter* (1787), 1 WPC 77, 99 ER 1274 (KB). This is a distinction without a difference. It has been understood, at least since the *Statute of Monopolies*, that the Crown only has the authority to grant patents for the benefit of the public and, as the Supreme Court explained in *Consolboard Inc v MacMillan Bloedel (Sask) Ltd*, [1981] 1 SCR 504 at 517 [*Consolboard*], "the grant of a patent is in the nature of a bargain between the inventor on the one hand and *the Crown, representing the public*, on the other hand" (emphasis added), citing Harold G Fox, *Canadian Patent Law and Practice*, 4th ed (Toronto: Carswell, 1969) at 163, who uses the same "representing the public" language.

[62] Gold & Shortt, *supra* note 2 at 53; and similarly at 52, referring to a "freestanding" legal rule.

[63] *Hatmaker* HL, *supra* note 56 at 237, cited by Gold & Shortt, *supra* note 2 at 52, n 81.

[64] Gold & Shortt, *supra* note 2 at 52; and see my discussion in Siebrasse, "False Promise," *supra* note 2 at 17.

Gold & Shortt also say that "Lord Parmoor's concurrence explicitly stated that there had been no deception of the Crown, but he nonetheless invalidated the patent for failure to fulfill its promise."[65] This assertion is based on nothing more than a careless reading of Lord Parmoor's opinion. Even under the promise doctrine not every statement in a patent is considered to be a promise that must be fulfilled; only a misrepresentation that is material to the grant will invalidate the patent. This point was made by Parker J in *Alsop's Patent* when he noted "[t]he importance of drawing a distinction between what the patentee claims to have effected by the invention for which he claims protection, and a statement of the additional purposes to which the invention can be applied."[66] In the passage cited by Gold & Shortt, Lord Parmoor had just quoted Parker J on this point, and what Lord Parmoor was actually saying was that *if* the promise at issue was not material, *then* there would have been no deception of the Crown. This is highlighted by the conditional language of his discussion in his first paragraph: "*If* this had been the right construction … I *should* have doubted whether … it could be said that the Crown had been deceived"; "I *should* have come to the conclusion that the patent was not invalidated." The second paragraph begins "I have, *however*, come to" a different conclusion regarding the materiality of the representation of unaltered quality.[67] The logical relationship between the two passages is not simply "X and Y," as Gold & Shortt suppose, but rather "if Z then X, but not Z, therefore Y." Lord Parmoor's opinion is stylistically convoluted, but when read with due care it is quite clear that he was saying that *if* there had been no material misrepresentation, then the patent would be valid; *but* because there *was* a material deception of the Crown, it was invalid.

Apart from their misreading of the decision itself, Gold & Shortt argue that the House of Lords in *Hatmaker* did not rely on deception of the Crown as a justification for the promise doctrine because

> the United Kingdom had switched to a non-discretionary patent system decades before *Hatmaker* was decided. After the adoption of the *Patent Law Amendment Act, 1852* and the *Patents, Designs, and Trade Marks Act, 1883*, patents became available as of right.[68]

Before considering this argument, it should be emphasized that whether the grant of a patent was discretionary when *Hatmaker* was decided is not the central question. *Hatmaker* is the leading UK authority for the promise doctrine and, as we have just seen, it is clear that the House of Lords justified the doctrine on the traditional

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[65] Gold & Shortt, *supra* note 2 at 52, citing at n 82 *Hatmaker* HL, *supra* note 56 at 239 lines 27-34 (no deception of the Crown) and lines 35-47 (patent invalid for false promise).

[66] *Alsop's Patent*, *supra* note 52 at 753, quoted by Lord Parmoor in *Hatmaker* HL, *supra* note 56 at 239.

[67] *Hatmaker* HL, *supra* note 56 at 239.

[68] Gold & Shortt, *supra* note 2 at 52, referring to the *Patent Law Amendment Act, 1852* (UK), 15 & 16 Vict, c 83 [1852 Act]; *Patents, Designs, and Trade Marks Act, 1883* (UK), 46 & 47 Vict, c 57 [1883 Act].

theory that a false suggestion in the patent might deceive the Crown in the exercise of its discretion.[69]

With that said, whether the grant was discretionary in fact in English law at the time might shed light on the House of Lords' reasoning. If it had been clear law that patents were available as of right, then we might well wonder whether the House of Lords would have adopted a doctrine that was ultimately based on a discretionary grant. We should not read too much into this; any decision turns to a large extent on the way the case was argued before the court, rather than on the purest statement of the law. But the state of the law is certainly worth considering.

Turning then to the substantive question, the main problem faced by Gold & Shortt's assertion that patents were available as of right under the 1883 Act, is section 116 of that Act:

> Nothing in this Act shall take away abridge or prejudicially affect the prerogative of the Crown in relation to the granting of any letters patent or to the withholding of a grant thereof.[70]

On its face, this expressly preserves the prerogative. Remarkably, it is this section, and only this section, which Gold & Shortt cite as authority for the entirely contrary proposition that the Act of 1883 made patents available as of right.[71] They explain this on the basis that the preservation of the prerogative

> applied to the grant of letters patent *outside* the field of patent law. This was made most explicit in the 1907 Act, where the saving provision in s 97 related to "letters patent," but the remainder of the Act spoke only of "patents," defined in s 93 as "letters patent for an invention." Letters patent have applications, of course, far beyond patent law.[72]

Section 97 of the 1907 Act is substantively identical to section 116 of the 1883 Act,[73] and the definition of "patents" in section 93 was no doubt implicit in the 1883 Act. But none of this helps Gold & Shortt's position. Their argument, so far as I understand it, is that because "patents" means only "letters patent for an invention," the phrase "any letters patent" means "any letters patent except letters patent for an invention." This is a perverse interpretation. Although it is true that letters patent are broader than letters patent for invention, it is also true that letters patent

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[69] How the doctrine came to be part of Canadian law is a separate question, discussed in Siebrasse, "False Promise," *supra* note 2, section 4.1, "Emergence in Canadian Law," especially at 23-26, and in this article, below, section 7.

[70] 1883 Act, *supra* note 68, s 116.

[71] Gold & Shortt, *supra* note 2 at 52.

[72] Gold & Shortt, *supra* note 2 at 52, n 84 (emphasis in the original, citation omitted), referring to the *Patents and Designs Act, 1907* (UK), 7 Edw VII, c 29.

[73] The only change was the addition of the two commas missing from s 116 of the 1883 Act.

for invention are a type of letters patent, so the straightforward interpretation of the provision is that "any" letters patent means exactly what it says—namely, any letters patent including, *not excluding*, letters patent for invention. The obvious reason why the saving provision refers to "any" letters patent, while the rest of the Act refers only to letters patent for an invention, is that the saving provision in fact applies to any letters patent—nothing in the *Patents Act* of 1883 restricts the exercise of the prerogative in respect of any letters patent, whether for invention or otherwise—while the rest of the Act is only concerned with letters patent for invention. Thus, textual and purposive interpretations of the provision are in harmony in indicating that the legislature intended to preserve the prerogative in respect of letters patent for invention. To overcome such a natural reading, a strong purposive or contextual analysis must be provided. No such analysis is provided by Gold & Shortt.

Gold & Shortt also cite section 16 of the Act of 1852, which, like section 116 of the 1883 Act, expressly preserved the prerogative,[74] in conjunction with sections 8 and 9 of the 1852 Act, as authority for the proposition that the 1852 Act made patents available as of right. They say:

> Although s 16 preserved the prerogative power of the Crown to grant or deny letters patent, this power was no longer the source of patent rights; the Crown could merely use its prerogative in reaction to administrative decisions by the patent commissioners to issue or not issue patents.[75]

This explanation does not support their assertion that patents were available as of right. Even if it were true that the prerogative was not the source of patent rights, but was used only "in reaction to administrative decisions," as Gold & Shortt put it, the point remains that the prerogative could be so used, with the consequence that the grant remained discretionary in principle. Certainly the general understanding, both contemporaneous and modern, is that the prerogative remained the basis for the grant.[76]

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[74] Section 16 of the 1852 Act, *supra* note 68 begins by providing "[t]hat nothing herein contain shall extend to abridge or affect the prerogative of the Crown in relation to the granting or withholding the grant of any letters patent." See also the remainder of s 16, discussed below, note 86 and accompanying text, which elaborates on this discretion.

[75] Gold & Shortt, *supra* note 2 at 52, n 83.

[76] See Thomas Terrell, *The Law and Practice Relating to Letters Patent for Inventions* (London: Henry Sweet, 1884) [*Terrell on Patents*, 1st ed] at 3 stating, on the basis of s 116 of the 1883 Act, that the exercise of the prerogative remains the basis of the patent grant. As Terrell also pointed out, *ibid* at 106, the language of the formal grant itself also reflected its basis in the prerogative: "Know ye, therefore, that we of our especial grace, certain knowledge, and mere motion, do by these presents, for us, &c., give and grant unto the said patentee our especial licence." The form of the grant remained unchanged until the 1977 Act, and s 97 of the Act of 1907 is identical to s 116 of the 1883 Act, as is s 102(1) of the Act of 1949. Terrell's explanation of the basis of the grant remained substantially unchanged through subsequent editions prior to the 1977 Act. The historical note in the 17th edition of *Terrell on the Law of Patents* (London: Sweet & Maxwell, 2011) points out that "[t]he language of the grant itself preserved the royal prerogative to grant or withhold a patent" (§ 1-04), and it is only with the 1977 Act that the grant of a patent in the UK became a statute-based right, rather than an exercise of the prerogative (§ 1-05). See also *Apotex Pty Ltd v*

In any event, sections 8 and 9 of the 1852 Act do not even purport to abolish the prerogative.[77] Prior to that Act, an applicant had no rights whatsoever before the patent was granted and actually sealed.[78] In particular, any disclosure of the invention by the applicant after filing, but prior to grant, would destroy the novelty of the invention and preclude the grant.[79] Section 8 of the 1852 Act responded by providing what the provision itself termed "provisional protection," through filing a provisional specification that allowed the invention to "be used and published without prejudice to any letters patent to be granted for the same."[80] That is, section 8 was a priority provision, which granted the patentee no rights except protection against disclosure. The provisional protection extended for a maximum of six months, which allowed the inventor to pursue the application. Section 9 allowed the applicant to file a "complete specification." This filing also protected the applicant against post-filing disclosure, but it additionally conferred on the applicant "the like power, rights, and privileges as might have been conferred upon him by letters patent for

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Sanofi-Aventis Australia Pty Ltd, [2013] HCA 50 at paras 11-13, French CJ, explaining that the prerogative remained the basis of the grant at least through the Act of 1949. On the other hand, H Fletcher Moulton, *The Present Law and Practice Relating to Letters Patent for Inventions* (London: Butterworths, 1918) at 3 argues that, notwithstanding the provision of the Act preserving the prerogative, the fact that the law officers are required to carry out each step in the complete administrative machinery provided by the Act for the granting of patents implied that an inventor "has a right to a patent under certain circumstances," and he subsequently considers the extent to which this right might be enforced by mandamus (*ibid* at 290). It seems right to say that the law officers could not of their own accord exercise a discretion that properly lay with the Crown; we might say that, at least as against a decision of a law officer, the inventor had a right to patent. Moreover, after the 1883 Act, there was no longer any specific opportunity in the process for the Crown to exercise its discretion (in contrast with the 1852 Act, as discussed in the text). But in light of the saving provision, it is doubtful whether the patentee had a right to a patent as against a deliberate exercise of the Crown prerogative. Of course, the question did not arise in practice because the Crown had not actively exercised its discretion for a century.

77 For a contemporaneous explanation of the effect of these provisions, see generally Thomas Webster, *The New Patent Law*, 4th ed (London: A Sweeting, Bartlett's Buildings, 1854) at 21-24 [Webster, *The New Patent Law*]; FW Campin, *Law of Patents for Inventions with Explanatory Notes on the Law as to the Protection of Designs and Trade Marks* (London: Virtue and Co, 1869), ch V, 63-67 [*Campin on Patents*].

78 Webster, *The New Patent Law*, *supra* note 77 at 27.

79 A related concern was that the inventor could not begin to raise the capital necessary for commercialization until the actual grant of the patent, again because disclosure to potential backers would defeat the application. Moreover, in an opposition proceeding, the applicant and the opponent would be heard separately and in private, so that the novelty of the invention would not be destroyed by disclosure to the opponent during the opposition process; in effect, the opponent would be obliged to object in ignorance of what the invention actually was. See the remarks of the attorney general regarding the objects of the earlier Bill of 1851, reproduced in Webster, *The New Patent Law*, *ibid* at 42-44; *Campin on Patents*, *supra* note 77 at 50, explaining opposition practice under prior law; and the testimony of William Carpmael, a leading practitioner, before the Select Committee of 1851 at 55, Q313-314, explaining that an opposition would proceed in ignorance of the contents of the specification.

80 1852 Act, *supra* note 68, s 8. This provisional protection was subject to a purely administrative certification of the provisional specification.

such invention."[81] Again, however, the protection was strictly temporary, for a term of six months, which would allow the applicant to pursue the application, and it might be cancelled at any time in the exercise of the Crown's discretion.[82]

It is abundantly clear that neither of these provisions entitled the applicant to ultimately be granted a patent. After either a provisional or complete specification was filed, the applicant could request that application proceed, in which case the application would be advertised to allow for opposition.[83] The law officer to whom the application was referred would then make a determination as to whether the patent should be granted. If he refused, there was no appeal.[84] If he determined the application should be granted, the law officer would prepare a warrant authorizing the patent to be sealed,

> [p]rovided always, that the Lord Chancellor shall and may have and exercise such powers, authority, and discretion in respect to the said warrant, and the letters patent therein directed to be made under this act, as he now has and might now exercise with respect to the warrant for the issue under the Great Seal of letters patent for any invention.[85]

The remainder of section 16 elaborated:

> it shall be lawful for her Majesty … to direct such law officer to withhold such warrant as aforesaid, or that any letters patent for the issuing whereof he may have issued a warrant as aforesaid shall not issue.[86]

That is, despite the increasingly administrative nature of examination and grant, the discretion of the Crown in granting of the patent, exercised through the Lord Chancellor, was left unchanged by the Act, which, in addition to expressly preserving the prerogative, specified that Her Majesty might direct the law officer to withhold a

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[81] *Ibid*, s 9. As with provisional protection, administrative certification was required. It appears that s 9 of the 1852 Act, *supra* note 68 even gave the applicant the right to sue a third party during the six-month period of temporary protection, even prior to grant, but this right was removed by the Act of 1883, *supra* note 68, s 15.

[82] 1852 Act, *supra* note 68, s 16.

[83] *Ibid*, s 12. Section 11 provided for the commissioners to advertise the fact of the temporary protection under s 8 or 9, to give notice to third parties who might be interested in the progress of the application: see Webster, *The New Patent Law*, *supra* note 77 at 25. Despite the broader protection offered by filing of a complete specification under s 9, that provision was apparently little used because the complete specification became public immediately, which was to the advantage of a third party seeking to oppose the patent, and, in contrast to the provisional application, the applicant had no further opportunity to perfect the specification in light of further improvements to the invention: see William Carpmael, *The Law of Patents*, 5th ed (London: Simpkin, Marshall, and Co, 1852) at 49 [*Carpmael on Patents*], advising strongly against the filing of a complete specification under s 9.

[84] Webster, *The New Patent Law*, *supra* note 77 at 29-30.

[85] 1852 Act, *supra* note 68, s 15.

[86] *Ibid*, s 16. The remainder of the provision goes on to state that Her Majesty might also direct conditions or restrictions to be inserted prior to grant. This power was not purely formal. *Carpmael on Patents*, *supra* note 83 at 50-51, indicates that the grant might be opposed and refused at the Great Seal, though this was rare.

warrant, or to refuse to issue a patent notwithstanding that the law office had already issued a warrant, or to add additional conditions that she might think fit, or to cancel with immediate effect the temporary protection provided by section 9. Consequently, it is difficult to understand how Gold & Shortt could have read the 1852 Act as a whole, or sections 8 and 9 in particular, as making patents available as of right. The most that might be said is that section 9 granted temporary protection that was equivalent to patent protection by an administrative process, but even this temporary protection was open to being cancelled at the Crown's discretion, and, in any event, it clearly was not the grant of a patent.

Gold & Shortt were perhaps relying on a superficial reading of Sherman & Bently, *The Making of Modern Intellectual Property Law*, whom they cite on this point.[87] Citing the testimony of Thomas Webster before the 1871 Select Committee on Letters Patent, Sherman & Bently explain that under the 1852 Act "the property in the invention arose from the date of application rather than grant by the Crown (that is, it created bureaucratic property in inventions)."[88] Webster referred to section 8 of the 1852 Act, in particular, as "creating a property in inventions,"[89] But by "property" he meant no more than that "you have protection against publication, or against its introduction into another patent"[90]—that is, he was referring to the priority right as a property right. There is nothing inherently wrong with this terminology, because an interest may be described as "property" for some purposes but not others,[91] but we must not read more into the term than was intended.[92]

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87 Brad Sherman & Lionel Bently, *The Making of Modern Intellectual Property Law* (Cambridge: Cambridge University Press, 2002) at 13 [Sherman & Bently], cited by Gold & Shortt, *supra* note 2 at 52, n 83.

88 Sherman & Bently, *supra* note 87 at 134, citing the UK HC, "Report from the Select Committee on Letters Patent; Together with the Proceedings of the Committee, Minutes of Evidence, Appendix, and Index" (1871) at 44, Q544 [1871 Select Committee Report]. Webster was a leading patent lawyer of the day, and one of the drafters of the Bill of 1851, on which the Act of 1852 was largely based: see the 1871 Select Committee Report at 44, Q537-541 regarding Webster's role in the 1852 legislation.

89 1871 Select Committee Report, *supra* note 88 at 44, Q543; and see also Webster, *The New Patent Law*, *supra* note 77 at 40, making similar statements.

90 1871 Select Committee Report, *supra* note 88 at 45, Q548; and see also *ibid* Q547.

91 See *Saulnier v Royal Bank of Canada*, 2008 SCC 58, [2008] 3 SCR 166.

92 It is clear that Webster did not mean that this "property" in patents entailed all the traditional indicia of property. For example, he stated expressly that the rights could not be enforced against third parties during this provisional period: 1871 Select Committee Report, *supra* note 88 at 45, Q548, and a right that cannot be enforced against third parties is evidently "property" only in a very limited sense. He also stated explicitly that these sections in themselves do not entitle the applicant to a grant of the patent, because the specification must be examined for compliance with the statute before it could be granted (*ibid* at 44-45, Q544-546).

Sherman & Bently, *supra* note 87 at 134, n 23, also cite the testimony of William Carpmael before the 1851 Select Committee of the House of Lords Appointed to Consider the Bills for the Amendment of the Law Touching Letters Patent for Inventions [1851 Select Committee] as saying that the Bill of 1851, which was the basis for the Act of 1852, "gave the Commissioners of Patents the power 'for determining what conditions such letters patent shall be granted subject to' took

To conclude this detailed discussion, we should step back and consider the broader picture. As I explained in "False Promise," the actual exercise of the Crown's discretion disappeared long before *Hatmaker*, and indeed long before the 1852 Act.[93] It is true that grant of the patent had increasingly become a "creature of administration,"[94] and it is true that the 1852 and 1883 acts reflected and reinforced this trend.[95] Nor is it unreasonable to describe the effect of those sections, as did Webster, as granting a kind of property interest from the date of application. Certainly, these acts marked important developments in the century-long conceptual transformation of the law leading to intellectual property being understood as property and as a distinct area of law, which is the subject of Sherman & Bently's book. But *prima facie* the grant of a patent remained subject to the Crown prerogative, as expressly stated in both acts, as well as in the 1907 Act that was in effect at the time of *Hatmaker*,[96] and, most important, the line of authority accepted by *Hatmaker* as the basis for the promise doctrine was clearly premised on the discretionary nature of the grant.

3.3 Alternative Justifications

Earlier in this section, I showed that the original basis for the promise doctrine, which was accepted in *Hatmaker*, was the courts' refusal to second-guess the Crown in the exercise of its prerogative. But the justification for a doctrine may evolve over time, and it is consequently necessary to consider alternative possible justifications. In section 2.0, I showed that the main alternative justification offered by Gold & Shortt—namely, that it is necessary to ensure that the patent delivers a concrete benefit—is in fact the justification for the doctrine of actual utility. In the remainder of this section, I consider the further proposed alternative justifications.

'away a portion of the prerogative of the Crown' leaving it with the task of merely signing documents over which it had no control." (Although Sherman & Bently cite Carpmeal's response to Q311, the correct reference is evidently to Q300 at 53). Sherman & Bently say that this was "despite" s 16 of the 1852 Act, thereby apparently suggesting that the preservation of the prerogative in that section was somehow not fully effective. But what Carpmael actually said in his answer to Q300 was not that the Crown had no "control," as Sherman & Bently paraphrase it, but rather that the documents would be prepared "without any direction" from the Crown. This is quite different, at least with respect to the specific point as to whether the Crown prerogative was preserved; while the Crown did not direct the drafting of the patent documents, it did retain control over the ultimate grant of the patent.

93 Siebrasse, "False Promise," *supra* note 2 at 18.

94 Sherman & Bently, *supra* note 87 at 134.

95 Indeed, a further step was taken by the Act of 1883. Rather than preparing a warrant for seal by the chancellor, as under s 12(2) of the 1852 Act, the law officer's seal itself had the effect of Great Seal, so that the grant of a patent had become entirely administrative. But, as discussed above, the fact that the grant was administrative does not mean it was in principle available as of right, or that the prerogative was no longer the source of the patent rights.

96 See s 97 of the Act of 1907, *supra* note 72, which is identical to s 116 of the 1883 Act, *supra* note 68.

3.3.1 Selection Patents

It has been said that enforcing the promise of the patent is necessary to prevent evergreening by selection patents.[97] This is indeed a goal of patent law, but it is not a goal that requires or justifies the promise doctrine; the inventive step requirement is both necessary and sufficient for that purpose.

The term "selection patent" is a label attached to a certain type of patent, though it is now well established that selection patents do not differ in their nature from any other type of patent, and the applicable law is the same as for any other patent.[98] Selection patents typically arise in the context of chemical or pharmaceutical patents when a large class of known compounds (the genus) has previously been disclosed as having a particular property, and one compound (the species) or a small group of compounds, which had not previously been specifically disclosed, is selected from that class as having special qualities, such as improved efficacy or fewer side effects, which are not common to the genus as a whole.[99] Selection patents are common and important. When a new class of compounds is discovered, it is rare that the compound that happens to have been pursued in the initial research is actually the best out of the thousands or millions of structurally related compounds that are likely to have similar properties. Exploring the vast new field that has been opened to research by a pioneer patent may require exactly the kind of ingenuity and investment that requires the lure of a patent.[100]

Although selection patents are necessary, they would be open to abuse if it were enough to simply pick any previously unclaimed compound out of the genus. Suppose the genus patent claims a class consisting of 100 compounds, as well as a single compound that is the only one that the inventors had tested and demonstrated to be effective in treating a particular disease. From the structural relationship between the tested compound and the other compounds of the class, it can be confidently predicted that all members of the class will also be effective in treating that disease. If there were no restriction on subsequent patenting of the remaining 99 untested compounds, then the monopoly over the class could be extended beyond the expiry of the initial patent, simply by filing claims to each of those 99 compounds individually. The law therefore requires that in order to obtain a valid patent

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97 Gold & Shortt, *supra* note 2 at 40.

98 *Apotex Inc v Sanofi-Synthelabo Canada Inc*, 2008 SCC 61, [2008] 3 SCR 265 at para 9 [*Sanofi*]; *Olanzapine (No 1)*, *supra* note 1 at paras 4, 27-33.

99 In the paradigmatic case, the genus is itself subject to a patent (see *Sanofi*, *supra* note 98), but that is not essential (*ibid* at para 29). Selection patents are not confined to the chemical or pharmaceutical context, and the genus is not necessarily a large class, but may be as small as two (for example, in the case of isolation of enantiomers from a racemate).

100 The initial legal question relating to selection patents was whether they are necessarily invalid on the basis that disclosure of the genus discloses all the individual species composing the genus, so that any claim to a species will lack novelty. It is now established in UK, EPO, Canadian, and US law that selection patents are acceptable in principle, and are not necessarily invalid for this reason.

for an individual member of a previously disclosed class, the selection patent must provide some technical contribution above that provided by the prior art. Typically, this contribution lies in showing that the selected compound has some unexpected property, such as greater efficacy or fewer side effects, that could not have been predicted from the simple fact that it is a member of the class.

The question then is what doctrinal mechanism is or should be used to enforce this requirement of an additional technical contribution? It is incorrect to say that the promise doctrine is required to impose this requirement. The United Kingdom and the EPO, which recognize selection patents as a distinct category, both require an additional technical contribution, such as unexpected properties, as a matter of the inventive step (non-obviousness) requirement.[101] US law does not recognize selection patents as a distinct type of patent, but cases that in Canada or the United Kingdom would be called selection patents are similarly dealt with by the non-obviousness requirement.[102]

The logic behind treating selection patents in terms of non-obviousness is that it is already known that all of the members of the genus have certain properties, so there is no inventive step in selecting a species from that genus that possesses those properties—that is, if the compounds of the genus are known to be antibiotics, it is not inventive to select one species from that genus and point out that it is an antibiotic.[103] Such a selection is "arbitrary."[104] The invention lies in selecting a member of the class that has unexpected properties. If the known members of the genus were antibiotics, but with serious side effects, it may well be inventive to discover that a particular species is an antibiotic without side effects.

Thus it is clear that a selection patent in which the claimed species has exactly the properties that were known to be common to all members of the genus must be invalid as lacking an inventive step. Indeed, Canadian law also uses the non-obviousness requirement to require a valid selection patent to have unexpected advantages over the genus, in exactly the same way and for exactly the same reasons

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[101] In UK law see e.g. *Beecham v Bristol*, [1978] RPC 521 at 579 (HL); *Pharmacia Corp v Merck & Co Inc*, [2001] EWCA Civ 1610 at para 60 [*Pharmacia*]; *Dr Reddy's Laboratories (UK) Ltd v Eli Lilly & Company Ltd*, [2009] EWCA Civ 1362 at paras 50-55, 109 [*Dr Reddy's*]. In the EPO see e.g. T 0939/92 *Triazole/AgrEvo*; T 133/01 *Dopamine agonists/WYETH*; EPO Guidelines for Examination, (2013) Part G.VII.12 "Selection Inventions," online: European Patent Office <http://www.epo.org/law-practice/legal-texts/html/guidelines/e/g_vii_12.htm>.

[102] For recent examples, see e.g. *Galderma Laboratories, LP v Tolmar, Inc*, 737 F 3d 731 (Fed Cir 2013), and especially the discussion of "Unexpected Results" at 739 (holding the selection patent invalid for obviousness); and *Institut Pasteur & Universite Pierre et Marie Curie v Focarino*, 738 F 3d 1337 (Fed Cir 2013) especially at 1344 (reversing a US PTO holding that a selection invention was invalid for obviousness). Note that these decisions differ in who bears the burden of showing non-obviousness, but the important point is that they both deal with the selection issue as a matter of the inventive step.

[103] If the genus patent is invalid, in that not all members of the class have the useful properties in question, then to discover a species that does have those properties may be inventive.

[104] *Dr Reddy's*, *supra* note 101 at para 52.

as the non-obviousness (inventive step) requirement is used in the United States, United Kingdom, and EPO; so, in *Olanzapine (No 1)*, the FCA stated that "[i]n the context of a selection patent, the obviousness analysis considers the special properties of the compound, along with its alleged advantages, as described in the selection patent disclosure, for it is there that the inventiveness of the selection lies."[105]

Canadian law is different in additionally invoking the utility requirement. For example, in *Plavix*, the Federal Court of Appeal stated: "The element of utility is usually satisfied by the presence of a special property of an unexpected character, consisting in the advantage secured or the disadvantage avoided by the selection and which is at the heart of the inventive steps. Were it not so, no selection would meet the statutory criteria for patentability."[106] The suggestion that unexpected properties are required to meet the utility requirement is wrong, at least if we understand "utility" as meaning actual utility. Utility (industrial applicability) is never raised in UK and EPO selection patent cases because, if the genus is useful the species must necessarily be useful. This point was made by Maugham J in *IG Farbenindustrie* itself: "Strictly speaking, utility has no application to a selection Patent, since you start with the assumption that the combinations from which the selection is made do work."[107] The Court of Appeal in *Plavix* must have been referring to "utility" in the sense of the promise doctrine, rather than in the sense of actual utility. This, presumably, is the basis for the suggestion that the promise doctrine is necessary to police selection patents.

Given the prominence of the promise doctrine in recent Canadian law, it is not surprising that the Court of Appeal interpreted a statement of unexpected advantages as being a promise of utility. However, the promise doctrine is not necessary to police selection patents; as we have seen, that function is already served by the inventive step requirement, both in Canada and elsewhere. The promise doctrine is at best redundant, as is evident from the Court of Appeal's statement that the advantage underpinning utility is the same as that which is "at the heart of the inventive steps." A valid selection patent must have an unexpected utility that is sufficient to establish an inventive step, and imposing the same requirement as a matter of the utility requirement serves no additional purpose.

It might be suggested that even if the promise doctrine is redundant as a mechanism for policing selection patents in light of the non-obviousness requirement, perhaps the two are alternatives; even if it is necessary to have both, perhaps we could

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105 *Olanzapine (No 1)*, *supra* note 1 at para 57; although note that in *Plavix* FCA, *supra* note 1 the court did not mention obviousness, and rested the selection analysis entirely on utility, as discussed immediately below. The point remains that the obviousness requirement is part of the Canadian law of selection patents, and is functionally sufficient to control selection patents, notwithstanding that Canadian courts, unlike courts in other jurisdictions, also use utility law for this purpose.

106 *Plavix* FCA, *supra* note 1 at para 44, citing *Sanofi*, *supra* note 98 at paras 8-9; and see similarly *Olanzapine (No 1)*, *supra* note 1 at paras 57, 78.

107 *In re IG Farbenindustrie AG's Patents* (1930), 47 RPC 289 at 309 (Ch).

jettison the inventive step requirement and rely on the promise doctrine. This suggestion would be misplaced. It is not possible to police selection patents using the promise doctrine alone. This is for the familiar reason that under the promise doctrine the requisite utility is set by the patent itself, and if it were the only basis for policing selection patents, a patentee could obtain a patent for an improper selection merely by being careful to make only a modest promise, to the effect that the species has the same utility that was already known for the genus. It might be said that some minimum "promise" must be imposed by the law; but if the law imposes a minimum objective promise, then it is no longer the promise doctrine we are dealing with, but some other doctrine. It cannot be the actual utility requirement, because, as noted, the objective minimum utility required for actual utility is automatically satisfied in the case of selection patents. If selection patents are to be policed by means of the utility requirement, it must be some special objective form of utility that is applicable only to selection patents; and this runs squarely against the principle that selection patents are not different in their nature from any other patent.[108]

Thus the inventive step requirement is both necessary and sufficient to serve the function of policing selection patents. The promise doctrine is both unnecessary and inadequate for that purpose. This does not mean that the promise doctrine has no impact on selection patents, but when it does, it raises the same difficulty as the promise of the patent doctrine generally—namely, that it may result in a selection patent being struck down even though it makes an important technical contribution over the genus. For example, suppose the genus patent discloses and claims a revolutionary cure for Alzheimer's, but all the individually disclosed compounds have severe side effects in the form of permanent neurological impairment affecting motor skills. In effect, patients must choose between being able to think and being able to walk. If, as a result of intensive research, the selection patent discloses a particular member of the genus that achieves the same cure, but without any side effects at all, that will be a sufficient inventive step to support a patent. But if the specification also "promises" that the cure will require half the dose, when in fact the only advantage delivered is the complete absence of side effects, the patent will be invalid under the promise doctrine. Any argument that such a patent should be held invalid has nothing to do with the need to police selection patents.

In summary, selection patents are policed by the inventive step requirement in Canada, the United Kingdom, the United States, and the EPO. The promise doctrine is unnecessary for that purpose, as is demonstrated by the law in the latter three jurisdictions, and indeed by Canadian law as well. Because the Canadian courts additionally use the promise doctrine to police selection patents, it might be supposed that it is necessary for this purpose. A proper functional and comparative analysis shows that this is incorrect.

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[108] *Sanofi*, *supra* note 98 at paras 4, 108; *Olanzapine (No 1)*, *supra* note 1 at paras 4, 27, 33.

3.3.2 Other Arguments

As the Supreme Court has pointed out, "[t]he patent system is based on a 'bargain,' or quid pro quo: the inventor is granted exclusive rights in a new and useful invention for a limited period in exchange for disclosure of the invention so that society can benefit from this knowledge."[109] Gold & Shortt gloss this as meaning that "an inventor who has not provided sufficient disclosure to justify the award of a patent—including its promise—is not entitled to a patent."[110] The addition of the phrase "including its promise" is purely tendentious. Although it is true that some form of utility requirement is part of the bargain, there is nothing in the bargain theory, either inherently or as expressed by the Supreme Court, that requires that utility to be defined by the promise of the patent rather than by the actual utility. Whether the bargain is the specific bargain struck by the terms of the specification or the bargain set out by the patentability requirements in the *Patent Act*[111] is the very question at issue in the debate over the promise doctrine. Again, suppose the patent is for a new drug that in fact cures Alzheimer's. A patent for that disclosure is surely a good bargain. Does it become a bad bargain because the patent also asserts that the cure is entirely free of side effects, when in fact the patient suffers mild nausea during the week-long treatment?[112] The mere assertion that the bargain necessarily includes any promises made in the specification is no answer to this question. Indeed, the better view is that the patent bargain requires that the patentee deliver an invention with an objectively determined degree of utility, and not merely an invention with whatever utility the patentee might choose to patent; otherwise, the patentee could unilaterally drive an excessively favourable bargain, simply by promising an unduly modest utility. Gold & Shortt's argument on this point simply conflates the promised utility with the actual utility, indicating again that they do not fully appreciate the distinction between the two branches of the law of utility.

Gold & Shortt also assert that enforcing the promise serves to strike down claims that are overly broad and ensures that patentees do not claim subject matter that goes beyond results that are known or soundly predicted.[113] Although they do not elaborate or provide a specific example, it seems they have in mind claims to a class of chemical compounds where not all of the compounds of the class have the same patentable utility as the members of the class that were individually tested and

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[109] *Teva Canada Ltd v Pfizer Canada Inc*, 2012 SCC 60 at para 32, quoted by Gold & Shortt, *supra* note 2 at 41; see also *Consolboard*, *supra* note 61 at 517.

[110] Gold & Shortt, *supra* note 2 at 41.

[111] *Patent Act*, RSC 1985, c P-4.

[112] Similarly, Gold & Shortt, *supra* note 2 at 51, argue that a disclosure "that contains false promises will negate the benefit to the public." But again, if the claimed invention in fact cures Alzheimer's, the benefit to the public is hardly "negated" if it turns out that the drug causes mild nausea, even though it was promised to be free of side effects.

[113] Gold & Shortt, *supra* note 2 at 40.

claimed.[114] While the utility requirement is indeed one of the main mechanisms for striking down such overly broad claims,[115] it is the actual utility requirement, not the promise doctrine, that serves this purpose. Since utility must be established across the full scope of the claim in order for the claim to be valid, conceptually the situation is exactly the same as when a single new compound has been claimed. That the compound is claimed as a member of a class rather than individually makes no difference to the analysis. As discussed above, the promise doctrine is inadequate to police such claims, while the actual utility requirement is both necessary and sufficient.

As another putative justification for the doctrine, Gold & Shortt assert in their introduction that "the promise of the patent is not, strictly speaking, an independent legal rule but rather a corollary of the method of purposive construction for interpreting patent claims."[116] However, they never actually make this argument. They do discuss how a promise is and should be identified on a purposive interpretation,[117] but even if a promise is to be identified using a purposive construction, this does not mean that the promise doctrine is justified by purposive interpretation. Claims are construed using a purposive interpretation, but claims define the scope of the monopoly because that is a rule of law set out in the Act, not because a skilled reader would understand from reading the patent that the claims are intended to define the scope of the monopoly. Similarly, the fact that the promise is construed using a purposive interpretation does not mean that the doctrine is justified by purposive interpretation.[118]

4.0 OBJECTIVE VERSUS SUBJECTIVE DEFINITION OF UTILITY: ACTUAL UTILITY AND PROMISE OF THE PATENT

4.1 Introduction

In the previous sections we have seen that the promise doctrine and the requirement of actual utility serve very different purposes. The fundamental defining characteristic that flows from these purposes is that actual utility is measured by an objective

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[114] See e.g. *CH Boehringer Sohn v Bell-Craig Ltd*, [1963] SCR 410, 41 CPR 1, aff'g [1962] Ex CR 201, 39 CPR 201 [*Boehringer*].

[115] Other doctrines are also used to strike down overly broad claims. Gold & Shortt, *supra* note 2 at 40, n 13 note that sufficiency is also relevant; depending on the facts of the case, novelty, overbreadth (as an independent doctrine), lack of fair basis (under pre-1977 UK law) and, in the United States, written description may also be used.

[116] Gold & Shortt, *supra* note 2 at 37.

[117] *Ibid* at 42-43, section 3.1.1.

[118] Gold & Shortt, *ibid* at 40, also argue that promises should be upheld "because an impressive promise of utility is likely to persuade the examiner that the patent is non-obvious." I fully consider and reject this argument in "False Promise," *supra* note 2 at 42-43, and their brief assertions do not address my critiques.

standard, while the promise doctrine measures the invention against the utility promised in the specification. In this section, I will explore how this difference in the defining characteristics allows us to distinguish actual utility cases from promise cases, considering examples drawn from Canadian, US, and European law.

4.2 Wandscheer

We must begin with the 1948 Supreme Court of Canada decision in *Wandscheer v Sicard Ltd*.[119] Certainly, it would be very important if the promise doctrine had been established as a part of Canadian law by the Supreme Court of Canada over 60 years ago. However, *Wandscheer* is actually an illustration of the requirement of actual utility.

The invention concerned a snowblower, of a now familiar design, in which "the rotating ejector pipe is the main feature" of the patent in question.[120] The Supreme Court of Canada held the patent invalid for lack of utility. Tashereau J (for himself and the chief justice) said:

> The informations given by Curtis [the patentee] in his specifications, as to the operativeness of his rotating ejector are more than meagre. *He has merely disclosed the bare idea* of a chimney throwing the snow in various directions. We find no explanation as to how it will function and it is, as it has been said before "*obviously suggestive of experimental or research work*." As McLean J. said in *Christiani v. Rice* "*The patentee is not to tell a man to make an experiment*, but to tell him how to do the thing."
>
> The reason for this absence of information in the specifications is that the rotating ejector had no usefulness and was not workable. It could not do what it was intended to do, and could not serve the purposes mentioned in the patent. Curtis admits himself that it was not successful, and that he did not like the operation of it. This type of chimney was never used by Curtis or by anyone else, and other means had to be devised after considerable work and ingenuity, to secure a practical outlet for the snow projected by the fan.[121]

Similarly, Rand J stated:

> On what is before us, I must hold *that at best what Curtis presented to the public was both the idea and the task of working it out*. In the language of Lindley L.J. in *Lane-Fox v. Kensington and Knightsbridge Electric Lighting Co.*:

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[119] *Wandscheer v Sicard Ltd*, [1948] SCR 1, 8 CPR 35, aff'g [1946] Ex CR 112, (1944) 4 Fox Pat C 43, 4 CPR 5 [*Wandscheer* cited to SCR]. Gold & Shortt, *supra* note 2 at 54, cite *Wandscheer* as a promise case.

[120] *Wandscheer*, *supra* note 119 at 4. There were two patents at issue, the Wandscheer patent and the Curtis patent ("Snow Remover," Can Patent No 253159). The court briefly affirmed that the Wandscheer patent was invalid for obviousness; the court's decision, and this discussion, focuses on the Curtis patent.

[121] *Wandscheer*, *supra* note 119 at 5 (emphasis added, citations omitted).

> An invention may be useful as indicating the direction in which further progress is to be expected, and yet that same invention may be useless for any other purpose; useless, that is, as an invention without further developments and improvements which have not occurred to the patentee.[122]

Thus *Wandscheer* is explicitly a case refusing to grant a patent prematurely. This exactly reflects the standard justification for the requirement of actual utility set out in *Brenner v Manson* and *Wellcome/AZT*, as discussed above; the similarity of language is striking. Indeed, we have seen that the concern with granting a patent prematurely is that it might lock up valuable research turf, thereby impeding subsequent innovators from independently improving on that speculation and developing it to the point where it delivers a real benefit to the public. That is exactly what happened in *Wandscheer*. The patentee was asserting a patent for an invention that had never been used in the form disclosed, against a defendant, Sicard, who had developed a practical machine by independent work and ingenuity.[123]

There is no suggestion in *Wandscheer* that the patent was struck down because it did not satisfy a representation made in the specification, notwithstanding that it would otherwise have had patentable utility. It was struck down because it did not have the minimum degree of objective utility necessary to support a patent. This is a paradigmatic example of the function and application of the actual utility requirement.

Gold & Shortt take a contrary view. They argue that *Wandscheer* was a promise case on the basis that Taschereau J, for the majority, "explicitly defined 'utility' from a promissory perspective,"[124] quoting his statement that "the [invention] had no usefulness and was not workable. It could not do what it was intended to do, and *could not serve the purposes mentioned in the patent*."[125] Further, they say:

> The promissory approach was crucial in the court's determination of invalidity, because some evidence showed that the machine was useful in light snow conditions even though it did not meet its promise of working in all winter conditions. Indeed, Justice Estey's dissent was based primarily on the machine's operability in light, dry snow conditions—in other words, that it possessed a scintilla of utility despite failure to fulfill its promise.[126]

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[122] *Ibid* at 10 (emphasis added, citations omitted).

[123] *Ibid* at 5. This is not to suggest that a pioneer patent should never be enforceable against an improver; certainly, if the initial inventor has made a sufficient contribution toward the final goal, she should, and can, obtain a patent, and subsequent improvers building on her contribution will have to take a licence. As discussed below, where exactly to set the bar for utility is a difficult problem, and that problem is at the heart of the disagreement between the majority and Estey J in dissent.

[124] Gold & Shortt, *supra* note 2 at 54.

[125] *Wandscheer*, *supra* note 119 at 5, quoted by Gold & Shortt, *supra* note 2 at 54 (emphasis added by Gold & Shortt).

[126] Gold & Shortt, *supra* note 2 at 54.

There are two distinct arguments here. One is that this was a promise case because there was a promise, which was not met, that the invention would work in "all winter conditions." The second is that because the invention would work to some degree, it therefore had the "scintilla" of invention necessary to support a patent. Both these arguments are wrong.

First, notwithstanding their assertion, there is no suggestion in any of the decisions at either level of court that the patent promised that the invention would work in all winter conditions. There is certainly no explicit discussion of what the patent promised. Nor is there any suggestion anywhere that the patent would have been held to have utility but for a higher promise of utility in the disclosure. The majority did not say that it is enough to support a patent that the invention will work on light snow, but the patent is nonetheless invalid because it promised falsely that the invention would work in all winter conditions. The patent was invalid because the utility actually achieved by the snowblower was insufficient to support a patent, not because it had sufficient utility but promised even more.

Estey J's dissent does not help their argument: if, as they say, the patent promised that it would work in all winter conditions, and Estey J, in dissent, recognized that it would only blow light snow, why did he hold the patent to be valid when it evidently did not satisfy this promise? Why did he not even mention this promise in his discussion? The answer is straightforward: this was not a promise case at all. The point of dispute between the majority and the dissent was as to the level of objective utility required to support a patent under the actual utility requirement. That is, the question was not whether the invention failed to deliver on a promise of blowing snow in all winter conditions; it was whether blowing only light snow was sufficient utility to support a patent, regardless of what the patentee might have promised. It is important to focus on function, not language. While Taschereau J used some promissory language, functionally, *Wandscheer* is simply an application of the actual utility requirement.

4.3 "Scintilla"

The more interesting error in Gold & Shortt's analysis is their assumption that because the invention would work to some degree, it therefore had a "scintilla" of invention and consequently cannot fall within the scintilla branch of the utility requirement, so that, by default, it must be a promise case. It is true that the invention would work to some degree,[127] but to conclude that *Wandscheer* is therefore not an actual utility case makes the error of supposing that the verbal formulation defines the functional nature of the requirement of actual utility. This is wrong; as discussed in section 2.0, the defining characteristic of the actual utility requirement is its objective nature, not the precise degree of utility that is required.

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[127] *Wandscheer*, *supra* note 119, Estey J at 24-25; Rand J at 7.

As Lord Neuberger noted in *HGS v Lilly*, "[q]uite where the line should be drawn in the light of commercial reality and the public interest can no doubt be a matter of different opinions and debate."[128] The patent at issue in *HGS* claimed the compound Neutrokine-α. All that was really known about it was that it was a member of the TNF superfamily of cytokines, which were known to play a role in the activity of white blood cells. The UK Supreme Court and the English Court of Appeal disagreed on whether this was enough to satisfy the requirement of industrial applicability—whether it would be premature to grant a patent before more was known about Neutrokine-α's properties—but we do not say for that reason that one court was not applying the requirement of industrial applicability at all. *HGS v Lilly* may also be compared with *Brenner v Manson*. In both cases, the compound at issue was known to be a member of a class that was biologically active, but little more was known.[129] The US Supreme Court held that a patent would be premature, while the UK Supreme Court held that it was not too soon. We do not say for that reason that UK law does not have a functional equivalent to the US utility requirement; on the contrary, the similarity in the reasoning illustrates that both countries have functionally the same doctrine, even though there may be some difference as to where exactly the line is drawn.[130] *Wandscheer* is functionally an actual utility case because the standard for utility was set objectively, regardless of what the particular standard might be.

It is in any event wrong to suppose that the invention had the necessary "scintilla" of utility simply because it would work in light snow. That mistakes the verbal formulation for the rule itself. As Lord Justice Diplock has cautioned, "[p]atent law can too easily be bedevilled by linguistics," and "[t]he correctness of a decision upon an issue of obviousness does not depend upon whether or not the decider has paraphrased the words of the Act in some particular verbal formula."[131] The same is true of the utility requirement. The term "scintilla" is only a verbal formulation for the standard of utility required by the actual utility requirement, and a very recent formulation at that.[132] More traditionally, it was often said that "very little will

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[128] *HGS*, *supra* note 37 at para 130.

[129] Of course, in *Brenner*, *supra* note 30, the claim was to a process for producing the steroid, but patentability of the process turned on the utility of the steroid.

[130] Indeed, that *Brenner*, *ibid*, is a leading case and the disagreement between levels of court in *HGS*, *supra* note 37, suggest that a compound that is known to be a member of a class that is known to be useful lies on the cusp of utility in both jurisdictions. This indicates that both countries draw the line in a very similar place, which is quite far upstream in the R&D process.

[131] *Johns-Manville Corp's Patent*, [1967] RPC 479 at 495 (CA).

[132] The phrase appears to have originated with Harold Fox, *Canadian Law and Practice Relating to Letters Patent for Invention*, who first used it in his 3rd edition (Toronto: Carswell, 1948) at 309, and then in his 4th edition (Toronto: Carswell, 1969) at 153. The first judicial use appears to have been in 2005, in *Aventis Pharma Inc v Apotex Inc*, 2005 FC 1283, 43 CPR (4th) 161 at para 271, citing the 4th edition of Fox.

do."[133] There is a useful parallel here with the law of obviousness. At one time it was common to say that a "mere scintilla of invention" was all that was required to support a patent,[134] but it was never considered that a "scintilla" meant no degree of inventiveness at all. The same applies to the phrase "a scintilla of utility," which was likely coined as a parallel with a "scintilla of invention."[135] In either context, "scintilla" is merely a verbal formulation. Verbal formulae can be extremely useful in summarizing the case law, and the "scintilla" formulation is accurate to the extent it indicates that the patents are available for inventions quite far upstream. But we must not mistake the label for the substance. It is *Wandscheer* that tells us what a "scintilla" means, not the word "scintilla" that tells us what *Wandscheer* means.

4.4 Inoperability

Apart from the potentially misleading term "scintilla," it is tempting to think that an invention has patentable utility if it is useful to any degree at all because the utility requirement is often described in terms of "operability." However, we must distinguish the negative statement from the positive: although it is quite correct to say that an invention lacks utility "if it will not operate at all,"[136] this does not imply that, conversely, it will possess utility if it is operable in any degree. Inoperability as a bar to patentability, and operability as a sufficient requirement, are two very different things. Inoperability is simply the clearest example of an invention that has not progressed beyond mere speculation. Despite occasional loose language, this distinction is respected by the cases.

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[133] See e.g. *Otto v Linford* (1882), 46 LT (NS) 35 at 41 (CA), Jessel MR. The patent was to Nikolaus Otto for the four-stroke gasoline engine. Three models were described and claimed. The comment of Jessel MR is directed to the first, which was never produced because it was made obsolete by Otto's subsequent improvements.

[134] See *Samuel Parkes & Coy Ltd v Cocker Bros, Ltd* (1929), 46 RPC 241 at 248 (CA) [*Parkes*], quoted with approval in *Non-Drip Measure Co Ltd v Stranger's Ltd* (1943), 60 RPC 135 (HL). This passage from *Parkes* was quoted with approval in *R v Uhlemann Optical Co*, [1952] 1 SCR 143 at 152, and the passage from *Non-Drop Measure* was quoted with approval in *Wandscheer*, *supra* note 119 at 13, as well as in numerous lower court decisions. The phrase "scintilla of invention" has been displaced to a considerable degree now that the test of obviousness to a person skilled in the art has been codified, but it still makes an occasional appearance in modern cases: see e.g. *Diversified Products Corp v Tye-Sil Corp* (1991), 35 CPR (3d) 350 at 365 (FCA).

[135] As noted above, note 132, "scintilla of utility" was first used by Fox in his 3rd edition at 309, where he stated that "a mere scintilla of utility is sufficient for validity." In the same edition, in dealing with the requirement of an inventive step, he stated at 171 that "a mere scintilla of invention will be quite sufficient for its validity," citing *Parkes*, *supra* note 134 and similar cases. The striking similarity of language suggests that in Fox the phrase relating to utility was derived from that relating to invention, which was already established in the case law.

[136] *Consolboard*, *supra* note 61 at 525.

This point is made in a well-known passage in *Northern Electric Co v Brown's Theatres Ltd*. In the course of holding that the patent at issue "lacks utility, because it is inoperable for the purpose for which it was designed,"[137] Maclean J explained:

> The utility of the invention is distinctly recognized in all of them, as part of the motive or consideration; but this condition would appear to differ from the others, in admitting of degrees. If an invention be totally useless, the purposes and objects of the grant would fail, and such grant would consequently be void, not only on the ground of false suggestion and failure of consideration, but also on the ground of its being prejudicial, as having a tendency to stop improvement.[138]

This illustrates two points: first, the rule is that the invention lacks utility if it is inoperable, not that it has utility if it is operable; and second, that the inoperability bar is directly aimed at the same purpose as the requirement of actual utility, which is to prevent blocking patents that would stop further improvement.

It is easy to fall into the trap of supposing that inoperability defines the requirement of actual utility, as wholly inoperable inventions have played a surprisingly important role in patent litigation. Sometimes this is in the context of patent applications for impossible inventions, such as a perpetual motion machine;[139] sometimes because the specification does not disclose how to implement the claimed invention;[140] and sometimes because a broad claim arguably encompasses embodiments that are conceded to be wholly inoperable.[141] Consequently, the adage that an inoperable invention lacks utility is quite commonly applied. But that does not mean that operability defines actual utility; in all these cases, it is applied to strike down a claim to an invention that is wholly inoperable, not to uphold a claim to an invention that takes one step, no matter how minuscule, beyond inoperability.

4.5 US and European Law

As has been pointed out, "American patent law is replete with promissory language."[142] Although this is true, it is necessary to look beyond labels to determine whether a case is actually an example of the promise doctrine. As discussed in more

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[137] *Northern Electric Co v Brown's Theatres Ltd* (1940), 1 CPR 180 at 202 (Ex Ct), aff'd [1941] SCR 224 [*Northern Electric*].

[138] *Ibid* at 203, quoting with approval Webster's note to *Darcy v Allin* (1602), 1 WPC 1, in Thomas Webster, *Reports and Notes of Cases on Letters Patent for Inventions* (London: A Sweeting, Bartlett's Buildings, 1844) at 8.

[139] See e.g. *X v Commissioner of Patents* (1981), 59 CPR (2d) 7 at 9 (FCA); *Otta v Commissioner of Patents* (1979), 51 CPR (2d) 134 (PAB), aff'd 51 CPR (2d) 139 (FCA) [*Otta*].

[140] See generally section 5.

[141] See e.g. *Olin Mathieson Chemical Corp v Biorex Laboratories Ltd*, [1970] RPC 157 at 192 (Ch); *Monsanto Co v Commissioner of Patents*, [1979] 2 SCR 1108 at 1115, quoting *Olin Mathieson* with approval, though on the facts the patent was valid; *Société des Usines Chimiques Rhone-Poulenc v Jules R Gilbert Ltd*, [1968] SCR 950.

[142] Gold & Shortt, *supra* note 2 at 69.

detail below, the utility of an invention must be disclosed if it is not obvious. It is common to refer to the disclosed utility as being the intended or promised utility. But the use of promissory language in referring to the disclosed utility does not in itself mean that a case is a functional example of the promise doctrine.[143]

One case that has been cited as an example of promissory reasoning, not merely promissory language, is *In re Hartop*.[144] Functionally, *Hartop* is actually an example of a debate over an important ancillary characteristic of the requirement of actual utility. In particular, the question was whether the minimum standard objective utility for a patentable invention should be elevated in respect of inventions intended for human use to include safety for such use.[145] The court did indeed examine the specification, but this was in order to determine the intended use,[146] because if the invention was not intended for human use, safety for that purpose would not need to be shown. But the intended use is not the same as the promised utility. The question was not whether the patentee had promised an elevated utility, even though a lesser utility would do. The question was whether the invention was intended for human use; if it was, the minimum objective utility required would be determined, and elevated, if necessary, by the court.[147] The majority in *Hartop* held that the objective degree of utility required was relatively low, essentially on the basis that regulating pharmaceutical safety is the function of other bodies, such as the Food and Drug Administration.[148] But even if the dissent had prevailed, so that a

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143 See below, section 6.0, for further discussion of this point. Of the cases Gold & Shortt refer to as using promissory language, two use promissory language in this innocuous sense: see *Conner v Joris*, 241 F 2d 944 at 947 (CCPA 1957) (cited by Gold & Shortt, *supra* note 2 at 69, n 169), which in turn relies on *Landon v Ginzton*, 214 F 2d 160 at 163 (CCPA 1954) and *Wesley Jessen Corp v Bausch & Lomb Inc*, 209 F Supp 2d 348 at 398 (D Del 2002) (cited by Gold & Shortt, *supra* note 2 at 69, n 171). Two more are classical cases of inoperable inventions: see *In re Perrigo*, 48 F 2d 965 (CCPA 1931) (accumulation of "ether waves") and *In re Oberwerger*, 115 F 2d 826 (CCPA 1940) (growing hair on a bald man by treatment with herbs), both cited by Gold & Shortt, *supra* note 2 at 69, n 168. (Note that until the development of finasteride, growing hair on a bald man was considered to be an obviously impossible invention, permitting the Patent Office to reject the application absent proof of utility by the inventor.) Finally, one is a straightforward example of insufficiency: *Harris Corp v Ixys Corp*, 114 F 3d 1149 (Fed Cir 1997) [*Harris*], discussed below, cited by Gold & Shortt, *supra* note 2 at 69, n 170. None are functionally promise cases.

144 *In re Hartop*, 311 F 2d 249 (CCPA 1962) [*Hartop*], cited by Gold & Shortt, *supra* note 2 at 69 as an examples of "promissory reasoning."

145 See Donald S Chisum, *Chisum on Patents* (New York: M Bender, 1978) (loose-leaf 1997 supplement) § 4.04, treating *Hartop* under the general heading "[3] Proof of Safety," in the context of "[a] Safety as an Element of Utility," and particularly in "[b] Drugs and Therapeutic Inventions"; and see also the discussion of *Hartop* in *In re Anthony* 414, F 2d 1383 at 1394-95 (CCPA 1969).

146 See *Hartop*, *supra* note 144 at 252; and see also the dissent at 265-66. It is this inquiry that Gold & Shortt mistake for a promissory analysis.

147 The majority in *Anthony*, *supra* note 145 at 1397, considered and applied *Brenner v Manson*'s famous adage that "a patent is not a hunting licence," which confirms that the decision is functionally an example of the requirement of actual utility, in that the central policy concern was not what the patentee had promised, but whether what was in fact delivered was sufficient to warrant a patent.

148 See the extensive discussion in *Hartop*, *supra* note 144 at 257-60.

higher degree of utility would be required, it is abundantly clear that once it was established that the invention was in fact intended for use in humans, the patentee would not be able to avoid its obligation to demonstrate safety in humans simply by not promising that its drug was safe.[149] Far from being a promise case, *Hartop* illustrates that the function of the actual utility requirement can only be served by an objective utility standard. *Hartop* also illustrates that the actual utility requirement is not defined by the particular degree of utility that is required. If the courts had in the end required a higher degree of utility for medicines intended for humans, as opposed to those intended for animals, this would not mean that two different functions were at issue. Rather, the same requirement of actual utility would be in issue, with the same purpose, of preventing premature patents, but the specific degree of utility would vary between the two categories.[150] The requisite degree of utility is certainly a very important characteristic of the utility requirement and there is a real debate to be had over exactly where the line should be drawn in order to best promote innovation,[151] but it is nonetheless an ancillary characteristic, in the sense that it is the objective nature of the actual utility requirement, and not the specific degree of utility demanded, that defines the difference between actual utility and the promise of the patent.

Moving away from US law, it has been said that European patent law "deals with promises under two headings: 'industrial applicability' and the definition of 'invention.'"[152] This is correct, but only if we understand the term "promises" to mean actual utility. It is true that an invention will lack industrial applicability "if a patent's proposed industrial application is merely 'speculative' at the date of patent filing, or if it would require the skilled person to undertake a 'research programme,'"[153] but, as discussed above, these concerns are the functional hallmark of the actual utility requirement.

It has also been suggested that the EPC's definition of invention implicitly recognizes promises in the requirement that an invention must be a plausible solution to the technical problem revealed by the specification.[154] It is correct to say that the European requirement of a plausible technical contribution, which is most often applied in the context of the inventive step requirement, functionally overlaps with the

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149 The position of the Patent Office, which would have been upheld by the dissent, was that the patent was invalid because safety for human use had to be addressed by clinical trials in humans (*Hartop*, *supra* note 144 at 251), and the patent only discussed animal tests (*ibid* at 253 and 266).

150 Gold & Shortt also cite *Harris*, *supra* note 143, and *In re Harwood*, 390 F 2d 985 (CCPA 1968) [*Harwood*] as illustrating "promissory results." These cases are discussed below in section 5.0.

151 For an overview of the debate, see Norman Siebrasse, "HGS v. Lilly: How Soon Is Too Soon to Patent?," *supra* note 40.

152 Gold & Shortt, *supra* note 2 at 72.

153 *Ibid* at 73-74.

154 *Ibid* at 77, 74.

Canadian utility requirement.[155] However, it overlaps with the actual utility requirement, not the promise doctrine. This is illustrated by the important and influential decision of the Technical Board of Appeal in *AgrEvo*,[156] which concerned a product claim for a class of chemical compounds useful as herbicides. Although the patent sufficiently described how to make the claimed compounds, the board held that there was nothing inventive in doing so and, consequently, if there was any inventive step it must lie in the discovery that the compounds had herbicidal properties.[157] Under the problem-and-solution approach to obviousness normally used by the EPO, the technical problem facing the inventor was to find new herbicidal compounds, and the question was whether it was obvious that the claimed compounds were the solution to this problem.[158] But, the board reasoned, the claimed compounds could only be an inventive solution to the problem if they were actually a solution to the problem.[159] It is not obvious, in a literal sense, to say that a potion of cat hair and chocolate is a cure for cancer, but that claim is fanciful, rather than inventive, unless it is true. Consequently, the board held that it had to be "fairly assumed" or "credible" that the compounds were herbicides and, moreover, this had to be true of "substantially all" the compounds falling within the claim.[160] Because this could not be established, the claims were held to be invalid as lacking an inventive step.

This does correspond functionally to the use of the Canadian utility requirement in policing overbreadth. A Canadian court faced with the same facts would say, equivalently, that it must be possible to demonstrate or soundly predict that the claimed invention would be useful across the full scope of the claims.[161] But this is simply actual utility, and has nothing to do with the promise doctrine. The key holding of *AgrEvo* is indeed that the claimed invention must go "beyond mere informed speculation,"[162] which is the hallmark of the actual utility requirement.

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155 Gold & Shortt appear to view the requirement of a plausible technical contribution as springing from the definition of patentable invention (EPC, art 52, *supra* note 6): see Gold & Shortt, *supra* note 2 at 74, n 199, citing T 0931/95, *Controlling pension benefits system*. Although that article is sometimes invoked, the more usual basis for the technical character requirement is inventive step (obviousness), and it is also sometimes raised as a matter of sufficiency: see generally Paul England, "Patents and Plausibility" (2014) 9 JIPLP 22. I say that it "overlaps" with Canadian utility law because the law relating to the technical contribution is complex, and I do not wish to suggest that it corresponds to the Canadian law of actual utility in all respects; certainly ancillary characteristics, such as the evidentiary requirements, may be different in important respects.

156 T 0939/92 *Triazole/AgrEvo*, discussed by Gold & Shortt, *supra* note 2 at 75-76. The decision is referred to by Gold & Shortt as *Triazole*, but it is more commonly referred to as *AgrEvo*.

157 *AgrEvo*, *ibid* at para 2.5.3.

158 *Ibid* at para 2.6.

159 *Ibid*.

160 *Ibid* at paras 2.5.4, 2.6.

161 See e.g. *Boehringer*, *supra* note 114.

162 Gold & Shortt, *supra* note 2 at 74.

AgrEvo would have been a promise case if, for example, the specification stated that the compounds were herbicides with a pleasant vanilla scent, and the claim was held invalid on the basis that, although they were in fact herbicides, they smelled of ammonia rather than vanilla. But there is nothing remotely to this effect in *AgrEvo*.[163]

5.0 PROMISE IN THE DISCLOSURE: UTILITY AND SUFFICIENCY

Although Gold & Shortt formally acknowledge that the promise doctrine is characterized by promises made in the specification, in the previous section I have argued that they fail to distinguish cases in which utility is measured objectively from those in which the requisite utility is set out in the patent. Moving past this point, under my definition of the promise doctrine, it is not enough that the utility against which the patent is measured is set out in the specification; it must be set out in the disclosure. This contrasts with Gold & Shortt's definition, which does not distinguish between promises made in the disclosure and promises made in the claims. In this section I will argue that the difference between a promise in the claims and a promise in the disclosure is an important functional distinction, which is reflected in the doctrinal distinction between utility and sufficiency.

That the promise must be found in the disclosure and not in the claims is a functional distinction, and not merely a formalistic label. To summarize the explanation I provided in "False Promise," the "root of the difficulty" with the promise doctrine is that it blurs a crucial separation between the function of the claims and the function of the disclosure.[164] The patent must both define the scope of the monopoly and provide directions as to how to make and use the invention. These functions "are in

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[163] Indeed, Gold & Shortt, *supra* note 2, barely even make an argument that *AgrEvo* is functionally a promise case. The closest is their statement at 75 that "[h]aving identified this promise, the board concluded that the patent applicant had failed to demonstrate that the compounds achieved this purpose." If we switch the word "promise" to "use," this is nothing more than a statement that the claims were held invalid for lack of utility. That is quite true, and it has nothing at all to do with the promise doctrine. T 1329/04 *Factor-9/Johns Hopkins*, also relied on by Gold & Shortt, is to the same effect: see Gold & Shortt, *supra* note 2 at 75. The application at issue in *Johns Hopkins* claimed growth differentiating factor-9 (GDF-9). The technical problem was the identification of a further member of the TGF-β superfamily, a group of polypeptide factors that regulate differentiation processes: *Johns Hopkins* at para 6. It seems to have been accepted that all members of the TGF-β superfamily were useful, and so if GDF-9 was a member of this family, its identification would make a technical contribution. The argument that GDF-9 was a member of the TGF-β superfamily was based on amino acid sequence homology, but the board held there was sufficient sequence divergence that a similar function could not be established on that basis alone (para 7), and there was no other evidence of the function of GDF-9 (para 9). Consequently, it could not be established that the compound was a plausible solution to the problem of finding a new member of the TGF-β superfamily; or, in Canadian terms, the patent was invalid because the claimed compound in fact had no known utility. It is no more a promise case than *AgrEvo*. In addition to confirming the *AgrEvo* reasoning, its main contribution was to gloss *AgrEvo* as requiring a "plausible" solution to the technical problem, and this terminology is now standard.

[164] Siebrasse, "False Promise," *supra* note 2 at 41; and see generally *ibid* at 41-46.

their nature almost antagonistic."[165] Precision is required in defining the scope of the monopoly, because a patent that is too broad will be invalid, while one that is too narrow will not adequately protect the invention.[166] Disclosure, on the other hand, requires a full description that does not stint on detail to allow others to make use of the invention at the end of the term and build on the knowledge disclosed even during the term. So, if the patentee knows that a new compound is effective in treating acute heart disease, and believes that it may also be effective in treating hypertension, we want to encourage the patentee to disclose the potential for treating hypertension.[167] The patentee should not be discouraged from making such a disclosure for fear that its speculation would be treated as a promise.

Claims originated to resolve this tension. Patents were originally granted on the basis of a general description that served to "describe and ascertain" the invention—that is, it both disclosed the invention and defined the scope of the monopoly. This was a problem for the public, which was not given clear notice of the scope of the monopoly, but it was also a problem for the patentee. The specification will normally describe the state of the art, as part of that disclosure, so that the reader will appreciate the problem addressed by the invention. If a court construed this description of the prior art as being part of the ascertainment of the scope of the monopoly, the patent would be held invalid for claiming a monopoly over old subject matter. This problem is different in its details from the problem of disclosing speculative uses, but both implicate the tension between broad disclosure and precise definition of the invention. Claims were originally introduced "for the security of the patentee, that he may not be supposed to claim more than what he can support as an invention" in his efforts to make full disclosure.[168] If we substitute the word "promise" for "claim," this statement, made almost 200 years ago, describes almost exactly the dilemma facing a patentee under the promise doctrine.

Claims resolved the tension between "describing" and "ascertaining" the invention, because the need for exactitude in defining the invention was allocated to the claims, allowing the inventor to provide a full disclosure of the invention without fear that some stray phrase would lead to invalidity. As I explained in "False Promise," the functional problem with the false promise doctrine is that "[b]y making the disclosure serve the function of defining the utility of the invention, the false promise doctrine re-creates the dilemma that gave rise to claims in the first place."[169] In

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[165] *British United Shoe Machinery Company Ld v A Fussell & Sons Ld* (1908), 25 RPC 631 at 650 (CA), quoted in Siebrasse, "False Promise," *supra* note 2 at 45.

[166] See *Burton Parsons Chemicals Inc v Hewlett-Packard (Canada) Ltd*, [1976] 1 SCR 555 at 565.

[167] This is not to say that in such circumstances the patentee either is or should be required to disclose its belief regarding speculative uses. The precise scope of the disclosure requirement is a difficult question that is beyond the scope of this article. My point is that, at the very least, such disclosure should not be discouraged.

[168] *Kay v Marshall* (1836), 2 WPC 36, 40 ER 418 at 423; quoted in Siebrasse, "False Promise," *supra* note 2 at 45.

[169] Siebrasse, "False Promise," *supra* note 2 at 46.

contrast, it is not controversial that statements regarding utility that are made in the claims must be satisfied or the patent will be invalid. The functional reason for this is that claims define the scope of the monopoly, and applicants consequently know that statements in the claims must be precise and supported by the disclosure. In its *Plavix* decision, the Federal Court of Appeal responded to this point by saying that if a patent is invalid for promising too much, "so be it; it is a self-inflicted wound," citing the Supreme Court in *Free World*.[170] However, in *Free World* the Supreme Court was expressly referring to "an unnecessary or troublesome limitation *in the claims*."[171] This is an important functional distinction, not a technical quibble. As just discussed, the emergence of claims was precisely the effort by patentees to avoid such self-inflicted wounds.

That the promise is found in the disclosure, not in the claims, is a defining functional characteristic of the promise doctrine, and was explicitly identified as such in "False Promise."[172] To be sure, "promises" found in the claims must be enforced, but this is a function of the actual utility and sufficiency requirements, not the promise doctrine.

To understand the relationship between the promise doctrine, actual utility, and sufficiency, we must distinguish between the invention defined by the claims ("the invention as claimed") and the invention disclosed in the specification ("the invention as disclosed"). The function of the claims is to define the scope of the monopoly,[173] and, consequently, it is the invention as claimed that must define new, useful, and non-obvious subject matter.[174] For example, if the patent discloses an invention that is in fact new, but claims an invention that encompasses known subject matter,

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[170] *Plavix* FCA, *supra* note 1 at para 54, citing *Free World Trust v Électro Santé Inc*, 2000 SCC 66, [2000] 2 SCR 1024 at para 51 [*Free World*].

[171] *Free World*, *ibid* (emphasis added).

[172] The distinction between a promise found in the claims and one found in the disclosure may, in principle, be blurred when the claim is to a use or other functional language. Recourse to the disclosure is permissible to assist in understanding the terms of the claim, and in some circumstances it might be suggested that a promise set out in the disclosure could become part of the claim as a matter of interpretation of the claim language. However, in practice it is not usually difficult to draw the distinction. Although the disclosure may be used to understand the claims, it may not be used to vary the scope of the claims: see *Dableh v Ontario Hydro*, [1996] 3 FC 751, 68 CPR (3d) 129, 144 (FCA); and see *Janssen-Ortho Inc v Novopharm Ltd*, 2010 FC 42 at para 111ff for a recent review of the authorities. Consequently, the courts are normally very clear when using the disclosure to interpret the claims, and they are reluctant to do so expansively. In contrast, in promise cases, the focus is on the disclosure itself, because an explicit promise made in the disclosure will be enforced under the promise doctrine, whether or not it is in the claim. In any event, this distinction is not important for any of the cases discussed in this article.

[173] *Patent Act*, *supra* note 111, s 27(4); EPC, *supra* note 6, art 84.

[174] This is explicit in respect of novelty (*Patent Act*, *supra* note 111, s 28.2) and non-obviousness (*ibid*, s 28.3), both of which refer to "the subject-matter defined by a claim," and implicit with respect to utility.

it will be invalid for lack of novelty.[175] It is not enough that the invention as claimed is new, useful, and non-obvious. The patent must also disclose how to make and use the invention as claimed. In order to claim a cure for cancer, it is not enough that the inventor has developed and actually possesses a cure for cancer; the inventor must also tell the world, in the patent specification, what a skilled person would need to know in order to work that cure. This function is served by the requirement of sufficient disclosure, or sufficiency.[176]

Now consider the relationship between utility and sufficiency. Suppose the patent claims "a cure for cancer," and the invention discloses that cancer can be cured by the administration of echinacea, which is in fact not true. It would be logical to say that the invention as claimed is useful—a cure for cancer would undoubtedly have patentable utility—but the patent is invalid for insufficiency because the disclosure does not enable a skilled person to cure cancer. However, the law is not quite so logical. If the invention as disclosed is inoperable, the patent will normally be invalid both for insufficiency and for lack of utility, the latter on the basis that it is "is inoperable for the purpose for which it was designed."[177]

Moreover, depending on how the claims are framed, a patent may straddle the border between insufficiency and lack of utility for the invention as claimed. Suppose that a patent with the same disclosure claims "a cure for cancer, consisting of the administration of echinacea." As just discussed, the patent is invalid for insufficiency, because it does not in fact disclose how to cure cancer by the administration of echinacea. But is it also strictly invalid on the basis that the invention as claimed is lacking in utility, given that the claim itself specifies a cure that does not in fact work? Or should we say that it is useful as claimed, because curing cancer by the administration of echinacea would be very useful, if it could be done, and it is only invalid as lacking sufficiency, because the patent does not disclose how to do what is claimed? Regardless of what the conceptually pure answer to this question might be, it is clear that the Canadian courts will reject such a claim for both insufficiency and lack of utility.[178]

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175 See e.g. *BVD Co v Canadian Celanese Ltd*, [1937] SCR 221 [*BVD*].

176 *Consolboard*, *supra* note 61 at 517; EPC, *supra* note 6, art 83.

177 *X v Commissioner of Patents*, *supra* note 139 at 9 (FCA), explicitly holding a patent for a "death ray" invalid for both lack of utility and insufficiency; see also, similarly, *Otta*, *supra* note 139, holding a patent for a perpetual motion machine invalid for both insufficiency (*ibid* at 136) and lack of utility (*ibid* at 138). The seminal case is *Northern Electric*, *supra* note 137.

178 In *Northern Electric*, *supra* note 137, and *X v Commissioner of Patents*, *supra* note 139, it appears the invention was useful as claimed. *Otta*, *supra* note 139, is similar to the claim for "a cure for cancer, consisting of the administration of echinacea," because the claim, to a perpetual motion machine, did not simply claim a machine with higher input than output, but specifically described using a boiler to drive a turbine to operate an alternator that would in turn heat the boiler, so that the invention as claimed would be useless.

Now consider another variant. As well as disclosing that echinacea is a cure for cancer, which is false, the patent also discloses that echinacea is a cure for the common cold, which is true. However, the only claim in the patent is "a cure for cancer, consisting of the administration of echinacea." This claim is invalid, for exactly the same reasons as in the previous example. Despite the fact that the patent discloses the true and useful fact that echinacea is a cure for the common cold, it claims a cure for cancer by the administration of echinacea, and the invention as claimed is neither useful nor sufficiently enabled by the disclosure.

For present purposes, the key point is that none of these are promise cases. Speaking loosely, we could say that the patent is invalid because it "promises" a cure for cancer, which it did not deliver, but that kind of labelling obscures the functional nature of the objection. In a promise case, the invention as claimed has the necessary utility to support a patent, and the specification discloses how to make the invention as claimed, but the patent is nonetheless held invalid because the specification is said to promise an even greater degree of utility. In contrast, the claim to "a cure for cancer, consisting of the administration of echinacea" is not invalid because the patent disclosed and claimed an invention with sufficient utility to support a patent, but the patent promised even greater utility. It is invalid because the specification does not disclose how to make what is claimed. This is the real objection, whether or not the patent also discloses an invention that is, in fact, useful. Any case in which the disclosure does not enable a person skilled in the art to make and use the invention as claimed is functionally a sufficiency case, whether or not the disclosure happens to enable a skilled person to do something else, not claimed, that might support a valid claim. In contrast, suppose the patent claimed "a cure for cancer," and promised in the disclosure, but not the claims, that the cure would be effected without side effects. If the specification did disclose how to cure cancer, but in fact the cure as disclosed had side effects, and the patent was held invalid for that reason, this would be a promise case, not a sufficiency case: the invention as claimed was useful and fully disclosed, but some additional promise set out in the disclosure, and not necessary to support a patent, was not satisfied.

5.1 New Process Screw

With this in mind, we may turn to *New Process Screw*,[179] which Gold & Shortt cite as an example of the promise doctrine. As they describe it,

> the patent promised that the process it disclosed could manufacture many sizes of screw depending on the "pitch angle" used in the machine, ranging from a no 2 double-threaded screw at 12 degrees, to a no 18 double-threaded screw at 22 degrees.
>
> However, cross-examinations revealed that the plaintiff's employees never actually used the angles disclosed in the patent. … For President Thorson, the admission was conclusive: "This statement was enough in itself to destroy the patent … . *[T]here was*

[179] *New Process Screw Corporation v PL Robertson Mfg Co Ltd* (1961), 39 CPR 31, 22 Fox Pat C 71 (Ex Ct), Thorson P [*New Process Screw* cited to CPR].

> *a failure of the promise of the patent which was fatal to it*." But the admission was not the only evidence before President Thorson: more damning still was an experiment by the defendant showing that a 12-degree pitch would roll a *single*-threaded screw, and that a 22-degree pitch would roll a *triple*-threaded screw, rather than the promised double-threaded screw in each case. Thus even though the machine was capable of producing minimally workable screws, it failed to create the types of screws promised in the patent.[180]

This description is accurate, except that Gold & Shortt fail to mention that the promise in question is found in the claims. The claim at issue was:

> A pair of relatively movable screw thread rolling dies *capable of only rolling double threads* … the face of each die having similar continuous thread forming groove means each terminating in a sharp intaglio ridge, extending obliquely thereof at a pitch angle varying from substantially 12° for a No. 2 screw to substantially 22° for a No. 18 screw.[181]

Functionally, this is not an example of the promise doctrine, because the promise is made in the claims, not in the disclosure. Although Thorson P did use promise language, as I point out in "False Promise," this is simply an example of the use of "promise" to mean the utility of the invention.[182] The importance of the fact that the "promise" was made in the claims themselves is evident throughout his decision.[183] Gold & Shortt argue that the invention was useful because it could make single- or triple-threaded screws. But this is beside the point, since the patent *claimed* dies capable of rolling double threads. The case was essentially of the nature of "a cure for cancer, consisting of the administration of echinacea." The patent claimed dies "capable of only rolling double threads" (the "cure for cancer"), using "substantially 12° for a No. 2 screw" (the "administration of echinacea"). That the invention as disclosed may have rolled single or triple threads is irrelevant, just as it is irrelevant that echinacea may cure the common cold. If the claim had omitted the reference to "double-threaded screws," and Thorson P had held that the claims were invalid because the disclosure promised that the dies could roll double threads, and in fact they could only roll single threads, then it would have been an example of the promise doctrine.[184] But that is not what Thorson P held.

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180 Gold & Shortt, *supra* note 2 at 55 (Gold & Shortt's emphasis).

181 "Apparatus for Rolling Double Threaded Screws," Can Patent No 477665, claim quoted in *New Process Screw*, *supra* note 179 at 42 (emphasis added).

182 Siebrasse, "False Promise," *supra* note 2 at 8.

183 See generally *New Process Screw*, *supra* note 179 at 44-47.

184 This also assumes that the ability to roll imperfect single threads produced by the disclosed invention satisfied the minimum objective utility necessary under the actual utility requirement. Gold & Shortt, *supra* note 2 at 56, assume that the utility requirement would have been satisfied, apart from the promise of double threads, on the basis that "commercial utility is not the required standard in patent law." Although commercial utility is not the standard, we have seen above that this does not mean that any degree of operability at all is sufficient; the standard for utility is greater than zero.

5.2 US Cases

The same analysis applies in respect of the two US cases, *In re Harwood*[185] and *Harris Corp v Ixys Corp*.[186] The "promise" in both these cases was found in the claims; or, to use more standard language, the disclosure did not enable a person skilled in the art to perform the claimed invention. So, in *Harwood* the patent *claimed* a method of sterilizing "insects" using a specified method.[187] The evidence showed that the method was entirely inoperative in a large proportion of insects.[188] *Harris* is essentially the same. The invention concerned a type of semiconductor device used to control the flow of electric power. An undesirable feature of devices of this type generally was what was known as the "latching" effect. Gold & Shortt say that "[t]he patent contained a statement that the circuit would avoid latching 'at all times' when, in fact, it was prone to latching under normal operating conditions."[189] In fact, it was the *claim* that contained that statement.[190] Consequently, this was a straightforward enablement (sufficiency) case: the patent claimed X, and the disclosure did not say how to do X.[191]

In their discussion of US cases, Gold & Shortt acknowledge that the promises that they rely on in illustrating the promise doctrine are found in the claims, but they imply that this is not a functional difference "given the emphasis placed on the claims in American patent law."[192] They say that

> the United States does not follow the Anglo-Canadian approach of purposive construction (in which the nature of the invention and scope of the claims are determined by how a skilled reader would understand the whole of the patent specification). Rather,

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Consequently, it is not clear whether the very limited utility of the invention as disclosed would satisfy the objective utility standard. The point is irrelevant because the claims specified double-threaded screws.

185 *Supra* note 150.

186 *Supra* note 143. Gold & Shortt, *supra* note 2 at 70, cite both these cases as examples of "promissory results," in which "a patent for an invention that clearly possessed *some* utility was invalidated because the invention failed to achieve a promise set out in the patent itself" (emphasis in original).

187 See the representative claim quoted by the court in *Harwood*, *supra* note 150 at 987.

188 Some insects rely on symbionts for reproduction, and the inventor identified a means of killing the symbionts. The method did not work on insects that do rely on symbionts for reproduction: see *Harwood*, *ibid* at 989.

189 Gold & Shortt, *supra* note 2 at 70.

190 See the emphasized portion of Claim 1, quoted in *Harris*, *supra* note 143 at 1151; as noted in the opinion, *ibid*, "thyristor action" and "latching" are synonyms in this context.

191 Indeed, Gold & Shortt, *supra* note 2 at 70, say that "the patent's failure to teach how to avoid latching behaviour was a fatal lack of enablement." That is quite true; it appears that Gold & Shortt cast the net of "promissory results" so wide as to encompass any case in which an invention that works is held invalid. But the promise doctrine is not so expansive. An invention may be useful and yet lack novelty or be obvious, without being an example of the promise doctrine. Similarly, both *Harris* and *Harwood* are cases in which the specification did not enable the invention to be practised as claimed.

192 Gold & Shortt, *supra* note 2 at 69.

> US law relies on a complex and sometimes contradictory set of rules of construction that places attention squarely on the claims and on the file wrapper, according much less significance to the description than would a purposive construction.[193]

This seems to be saying that the claims in US law are the functional equivalent of the disclosure in Canadian law. This is simply wrong. Although there are indeed differences between US and Canadian approaches to claims construction, that is not one of them. Purposive construction in Anglo-Canadian law is purposive construction *of the claims*. As the Supreme Court emphasized in *Free World Trust*, "the primacy of the claims language was already rooted deeply in our jurisprudence and should, I think, be affirmed again on this appeal."[194] This principle is regularly reflected in the trial courts.[195] It is true that the claims are construed in light of the disclosure, and, in particular, purposive construction looks to the disclosure to identify the essential elements of the claims; but it is still the essential elements *of the claims* that are at issue. Conversely, US law is by no means fixated exclusively on the claims. One of the key aspects of US claim construction is the so-called "doctrine of equivalents," under which "a product or process that does not literally infringe upon the express terms of a patent claim may nonetheless be found to infringe if there is 'equivalence' between the elements of the accused product or process and the claimed elements of the patented invention."[196] Indeed, both the US Supreme Court decisions cited by Gold & Shortt in support of the proposition that US law "places attention squarely on the claims," in fact, concern and reaffirm the doctrine of equivalents, under which the attention is expressly *not* squarely on the claims.[197]

6.0 PROMISE OF THE PATENT AND ACTUAL UTILITY REDUX: THE ROLE OF HEIGHTENED UTILITY

A second difference between my definition of the promise of the patent and Gold & Shortt's is that I require that the promised utility must be higher than that which would otherwise be required to support a patent, while they do not. This additional criterion is important, both practically and conceptually, in distinguishing between the promise of the patent and actual utility.

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193 *Ibid* at 68.

194 *Free World*, *supra* note 170 at para 40; see also *ibid* at para 50, and see *Whirlpool Corp v Camco Inc*, 2000 SCC 67, [2000] 2 SCR 1067 especially at para 43. Similarly, in *Catnic Components Ltd v Hill & Smith Ltd*, [1982] RPC 183 (HL), the seminal case on purposive construction, the central question was the construction of the word "vertical" *in the claim*.

195 See e.g. *Distrimedic Inc v Dispill Inc*, 2013 FC 1043 at paras 195, 196, 251, which, as I write, happens to be the most recent decision of the Federal Court construing the claims of a patent. This principle is so well entrenched that further citations are otiose.

196 *Warner-Jenkinson Co v Hilton Davis Chemical Co*, 520 US 17 at 21 (1997).

197 *Ibid*, and *Festo Corporation v Shoketsu Kinzoku Kogyo Kabushiki Ltd*, 535 US 722 (2002), cited by Gold & Shortt, *supra* note 2 at 68, n 166.

As I pointed out at the outset of "False Promise," the promise doctrine means that "a claimed invention may have sufficient utility to support a patent and yet be held invalid for lack of utility because the disclosure is construed to promise a greater degree of utility—in some cases a much greater degree—than the required minimum."[198] This consequence has been specifically affirmed by the Federal Court of Appeal.[199] The practical concern is that because of the promise doctrine, patentees in Canada are being held to a higher utility standard than they had come to expect, by virtue of stray statements in the specification that were intended to disclose the invention, not to define it.[200] The same point is also crucial conceptually. As we have seen, the basis for the promise doctrine is the discretionary nature of the grant of a patent in UK law. Under the Canadian *Patent Act*, in contrast, there is "*no* discretion to refuse a patent … if the statutory criteria are met."[201] I have argued that because of this difference, the promise doctrine is contrary to the Canadian Act.[202] If the promised utility, specified in the disclosure, is exactly the same as the minimum objective utility required to support a patent, these difficulties do not arise. In such a case, if the grant is refused, or the patent is held invalid, it is an academic question in the pejorative sense as to whether it was refused because the promise utility was not delivered or because it did not satisfy the minimum statutory criteria; however it is conceptualized, functionally the result is that a patent that meets the statutory requirements will not be invalidated and patentees will not be surprised by the utility standard applied to their invention.

In short, the fact that the promise doctrine can result in an elevated utility standard is what makes the doctrine controversial. An adequate functional definition of the promise doctrine must capture this feature or it will fail to engage the controversy.

Cases in which the minimum objective utility is set out in the patent itself are very common, particularly with respect to chemical and pharmaceutical inventions. This is because the patent must disclose the utility of the invention if none would be obvious to a skilled person. This is true in Canadian, US, and European law.[203] The reason for this requirement is that an invention that has no publicly known utility is

198 Siebrasse, "False Promise," *supra* note 2 at 4-5.

199 *Plavix* FCA, *supra* note 1 at para 54.

200 See Siebrasse, "False Promise," *supra* note 2 at 6.

201 *Harvard College v Canada (Commissioner of Patents)*, 2002 SCC 76 at para 11, [2002] 4 SCR 45 (emphasis in original), Binnie J (dissenting), accord at para 119 (majority), quoted in "False Promise," *supra* note 2 at 48. See also *Harvard College v Commissioner of Patents* at para 11; *Monsanto Co v Commissioner of Patents*, [1979] 2 SCR 1108 at 1119-20, quoting Duff CJ in *Vanity Fair Silk Mills v Commissioner of Patents,* [1939] SCR 245 at 246.

202 Siebrasse, "False Promise," *supra* note 2 at 51-52, 55-56.

203 See Norman Siebrasse, "Must the Factual Basis for Sound Prediction Be Disclosed in the Patent?" (2012) 28:1 CIPR 39 at 56-59, section 5.0, "Disclosure of Utility" [Siebrasse, "Factual Basis"].

just as lacking in utility to the public as one that has no utility at all.[204] In the case of mechanical inventions, the utility of the invention is often obvious; for example, if the invention is a new kind of wood board, it is obvious that it can be used for construction.[205] But the utility of a new chemical or pharmaceutical compound is typically not obvious to a skilled person from the identity of the compound alone. The patent must therefore disclose the utility for the patent to be valid.[206]

Gold & Shortt assert that the requirement in US law to disclose the utility of the invention when it would not be self-evident is "functionally equivalent to a mandatory promise for pharmaceutical and chemical inventions because … enablement and utility are measured against the asserted utility of the patent."[207] This statement is false, because it omits a crucial detail. In US law, utility is not measured against the asserted utility of the patent, but rather against the *minimum* utility that is either asserted in the patent or that would be readily apparently to a person skilled in the art. If the invention does not actually have the minimum utility that is either asserted or apparent, it does not have the minimum objective utility necessary to support a patent, because, as just discussed, any utility that is neither disclosed nor apparent is irrelevant for the purposes of the utility analysis. Consequently, despite the "mandatory promise," a patent will never be invalidated if it meets that objective minimum standard. Gold & Shortt recognize this point, although without recognizing its significance. They correctly explain:

> It is well settled in American law that if a patent makes multiple promises, only one needs to be fulfilled in order for the patent to have utility. For example, a chemical patent that asserts that the disclosed compound can be used as a fungicide for crops, an anti-fungal skin cream for humans, and an abortion-inducing chemical for cows, will have utility upon proof of any one of the three uses. It need not fulfill all three. This approach to multiple promises is far more generous than the traditional English approach, which required all promises made in a patent to be met. The American position flows from the American definition of utility as "having a use," because as long as at least one promise is fulfilled, the invention does indeed have a use.[208]

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[204] See *In re Brana*, 51 F 3d 1560 at 1564 (Fed Cir 1995), and generally the discussion in Siebrasse, "Factual Basis," *supra* note 203.

[205] See *Consolboard*, *supra* note 61.

[206] Moreover, it will have to disclose this utility in the disclosure rather than the claim. The reason is that a new chemical compound can be claimed as such, so long as it is in fact useful, and such a claim would be infringed by any subsequent use, but if the claim itself specifies the use, then it will only be infringed by that particular use. The use is therefore specified in the claims only when the invention is a new use of a known compound.

[207] Gold & Shortt, *supra* note 2 at 71; and see, similarly, *ibid* at 64, 68.

[208] *Ibid* at 72, citing *Conner v Joris*, 241 F 2d 944 at 947 (CCPA 1957); *In re Gottlieb*, 328 F 2d 1016 (CCPA 1964); *Standard Oil Co (Indiana) v Montedison SpA*, 664 F 2d 356 at 375 (3d Cir 1981); *Wesley Jessen Corp v Bausch & Lomb Inc*, 209 F Supp 2d 348 at 398 (D Del 2002), aff'd 56 Fed Appx 503 (Fed Cir 2003) (non-precedential). See also the US Department of Commerce, US Patent and Trademark Office, *Manual of Patent Examining Procedure*, 9th ed (March 2014), § 2107.

This US approach is not only "more generous" than the traditional English approach (represented by *Hatmaker*), it is fundamentally different. If the patent discloses one use that is equal to the minimum objective utility required to satisfy a patent, and one use that is greater, and the lesser use but not the higher use is satisfied, then the patent will be valid under US law and invalid under *Hatmaker*.[209] That a patent that actually possesses a known utility that suffices to support a patent may nonetheless be invalidated because of a statement of higher utility made in the disclosure is exactly the heart of the controversy over the promise doctrine. Because US law looks only to the minimum known utility, that problem does not arise. Under the US approach, the tension between the disclosure function and the claiming function, discussed in the previous section, does not arise, even in those cases where a patentee is obliged to disclose the utility in the disclosure. The patentee can still disclose more speculative uses, without fear of being held to a heightened utility requirement, because only one disclosed utility need be satisfied, so long as it satisfies the minimum necessary to support a patent. In short, the US approach to multiple promises directly implies that US law does *not* have a functional equivalent to the promise doctrine.

It has also been asserted that European law requires a mandatory promise,[210] while, in fact, European law deals with assertions of utility in essentially the same way as US law. A good example is found in the decision of the EPO Board of Appeals in its opposition decision in *Neutrokine/HGS*, and the decision of the UK Supreme Court in *HGS v Lilly*, both dealing with the same patent. As discussed above, all that was known about the claimed compound, Neutrokine-α,[211] is that it was a member of a family of compounds that were known to play a role in the activity of white blood cells. It was on the basis of this information that both the UK Supreme Court and the board held that the invention was industrially applicable.[212] The patent

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[209] *In re Gottlieb*, *supra* note 208, cited by Gold & Shortt, *supra* note 2, and summarized in the example that they provide at 72, and which I quote in the excerpt accompanying the previous footnote, provides an excellent example of the contrast. In current Canadian law, there would have been an inquiry as to which of the assertions of utility constituted promises, and if, for example, the allegation that the compound was useful as an anti-fungal skin cream in humans was found to be a promise, then the patent would be invalid for failure to satisfy the promise if that utility could not be established. In *Gottlieb*, *supra* note 208, in contrast, the court held at 1117-18 that "[h]aving found that the antibiotic is useful for some purpose, it becomes unnecessary to decide whether it is in fact useful for the other purposes 'indicated' in the specification as possibly useful." This is contrary to Canadian law, under which all the promised uses must be satisfied.

[210] Gold & Shortt, *supra* note 2 at 73.

[211] "Neutrokine alpha," European Patent No 0939804 (25 October 1996).

[212] *HGS*, *supra* note 37 at paras 108-111; T 0018/09 *Neutrokine/Human Genome Sciences* at paras 27, 29. Exactly what information the courts held sufficient to establish industrial applicability is not the point here; as Lord Neuberger noted in *HGS*, *supra* note 37 at para 123, where exactly the line is drawn can be difficult to discern, and tribunals often differ. This case in particular is no doubt close to the line, as evidenced by the fact that very experienced patent judges in the Court of Appeal and at first instance held that industrial applicability was lacking.

also had numerous statements of a broad range of conditions and diseases that might be treated with the invention, such as:

> The present invention is useful for diagnosis or treatment of various immune system-related disorders in mammals, preferably humans. Such disorders include but are not limited to tumors and tumor metastasis, infections by bacteria, viruses and other parasites, immunodeficiencies, inflammatory diseases, lymphadenopathy, autoimmune diseases, and graft versus host disease.[213]

In a Canadian court, this would undoubtedly spark an extended discussion as to whether such statements should be considered promises against which the utility of the patent would be measured. Very probably, this statement at least, with the "is useful" language, would have been found to constitute a promise of the listed uses. There was nothing of the kind in the European litigation. The question of the plethora of uses was raised most directly in the EPO opposition. Because this was a claim to a compound with no obvious use, the utility had to be disclosed by the patent, and Lilly, the opponent, argued that the wide range of speculative uses would lead a skilled person to dismiss even the well-founded uses as also being purely hypothetical, so that the actual utility was not sufficiently disclosed. There was a real issue as to whether a skilled person would be misled by the disclosure, but this is very different from whether the statements of utility were promises that must be respected.[214] Both the board and the UK Supreme Court concluded that the specification, although poorly worded, would not mislead a skilled person, who would be able to distinguish the technical information provided by the patent, and the real question was whether the actual utility was sufficient to support a patent.[215] The board noted that "none of these specific conditions and/or activities is actually claimed,"[216] and "the description of the patent delivers sufficient technical information … to satisfy the requirement of disclosing the nature and purpose of the invention and how it can be used in industrial practice."[217] There was no inquiry as to whether the statements of utility in the disclosure that went beyond the minimum necessary to support a patent were actually true. Consequently, this is not functionally

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213 "Neutrokine alpha," European Patent No 0939804, (25 October 1996) at para 108. This is only an example: see *HGS* (Pat), *supra* note 37 at paras 115-116, 123, 125, 127, 129-131, describing the extensive range of conditions that the patent explains may be treated by the invention; see also *HGS*, *supra* note 37 at paras 8, 103 and T 0018/09, *Neutrokine/Human Genome Sciences* at para 26 to the same effect.

214 In Canada, the question of whether the statements of utility are so misleading as to result in invalidity would be treated under s 53 of the Act: see Siebrasse, "False Promise," *supra* note 2 at 49-52.

215 T 0018/09 *Neutrokine/Human Genome Sciences* at para 26; *HGS*, *supra* note 37 at para 116; and see *HGS* (Pat), *supra* note 37 at paras 134, 231.

216 T 0018/09 *Neutrokine/Human Genome Sciences* at para 26.

217 *Ibid* at para 27.

equivalent to the promise doctrine; the patentee need not be concerned to restrict its disclosure for fear of being held to a higher standard of utility.[218]

7.0 COMPARATIVE UTILITY

There is a third, functionally distinct, aspect of the utility doctrine that must be considered. Although it is not part of the law, it—or rather, its rejection—is often expressed in promissory language and so is often conflated with the promise doctrine. This is what I have called a requirement of "comparative utility."[219]

When the utility requirement first emerged in the case law, there was initially some suggestion that to be useful an invention had to be better than what went before, as evidenced by commercial success.[220] Comparative utility serves the same purpose as the actual utility requirement; if an invention is actually superior to what went before, it must have passed well beyond mere speculation to the delivery of a substantial benefit. But it serves this purpose with functionally different criteria. Like the requirement of actual utility, the requirement of comparative utility is objective; as we have seen, an objective standard is necessary to prevent premature patents. But in comparative utility the requisite degree of utility is relative to the prior art, rather than an absolute measure set by the Act as interpreted by the court. Thus actual utility and comparative utility are both aimed at preventing patents for mere speculation, but they strike very different balances between that goal and the goal of permitting inventors to patent early enough to secure the real benefit of their inventions. Although comparative utility would serve to prevent premature patents, it was soon rejected by the courts, which recognized that commercial success might depend as much on the whims of fashion as on the technical merits of the invention.[221] The market, not the court, is the appropriate judge of whether an invention is superior to what went before.

But if utility is not to be measured by commercial success, what is the measure? As discussed above, the specification will often set out an intended use for the invention as a matter of the disclosure requirement, and consequently the rejection of comparative utility was normally accompanied by a reference to the utility disclosed in the patent. So, in *Fawcett v Homan*, the English Court of Appeal stated,

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[218] There was some basis for the speculation in the Neutrokine-α patent, because the disorders listed implicated the immune system and it was known that Neutrokine-α was implicated in immune function. There was therefore some reason to believe that Neutrokine-α might have the listed uses (see T 0018/09 *Neutrokine/Human Genome Sciences*, *supra* note 215 at para 26); although on the available evidence, it did not go beyond speculation, the speculation was not entirely unfounded.

[219] Siebrasse, "False Promise," *supra* note 2 at 25.

[220] See generally Siebrasse, "False Promise," *supra* note 2 at 25-26.

[221] See *Badische Anilin und Soda Fabrik AG v Levinstein* (1887), LR 12 App Cas 710, 4 RPC 449 (HL) and related cases, discussed in Siebrasse "False Promise," *supra* note 2 at 25-26. Comparative utility is also objectionable as setting too high a standard. If that criterion were applied today, no pharmaceutical could be patented until after it had demonstrated clinical superiority to existing treatments, which would stultify research: *Wellcome/AZT*, *supra* note 16 at para 77.

"[i]f an invention does what it is intended by the patentee to do, and the end attained is itself useful, the invention is a useful invention," explaining that "[a] patent for such an invention cannot be held bad for want of utility by comparing it with other known methods or things which may be preferred to it."[222]

This brings us to the *Consolboard* decision, in which the Supreme Court of Canada quoted with approval Halsbury's definition of "not useful" in patent law as meaning that "that the invention will not work, either in the sense that it will not operate at all or, more broadly, that it will not do what the specification promises that it will do."[223] This is a very important passage, because it is the only pre-2005 Canadian authority that is cited for the promise doctrine, and Halsbury's did quote true promise cases, in particular *Hatmaker* and *Alsop's Patent*, along with cases rejecting comparative utility, such as *Fawcett v Homan*.[224] There would be nothing inconsistent with rejecting comparative utility and at the same time accepting the promise doctrine. But there is a puzzle. As we have seen, to measure the utility *solely* by the object set out in the specification is not consistent with the purpose of the actual utility requirement, which is to prevent premature patents. Consequently, despite its pedigree in *Consolboard*, the statement that an invention is useful if it "does what the patent promises it will do"[225] cannot be a complete statement of the utility requirement. There is a second related puzzle. As discussed above, the purpose of the comparative utility requirement was to prevent premature patents, and this requires an objective standard. The particular standard used by comparative utility is fatally flawed, but it would be surprising if the courts rejected an objective standard and replaced it with an entirely subjective standard based solely on the promise of the patent. This is particularly puzzling because, at the time, the objection of false promise or false suggestion was not conceived of as being a matter of utility.[226] A third puzzle is that the promise doctrine was no longer part of UK law at the time *Consolboard* was decided.[227] It would be very curious if the Supreme Court had, without comment or analysis, accepted a defunct UK doctrine into Canadian law.

The solution to these puzzles is to recognize that Halsbury's conflated two distinct lines of authority, and consequently misstated the law. The early decisions rejecting comparative utility did not say that an invention was useful if it would do what the specification promises. To return to *Fawcett v Homan*, an invention is useful if it "does what it is intended by the patentee to do, *and the end attained is itself*

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222 *Fawcett v Homan* (1896), 13 RPC 398 at 405 (CA), Lindley LJ [*Fawcett*].

223 *Consolboard*, *supra* note 61 at 525, quoting *Halsbury's Laws of England*, vol 29, 3rd ed (London: Butterworths, 1964) at 59.

224 See Siebrasse, "False Promise," *supra* note 2 at 25-26.

225 *Olanzapine (No 1)*, *supra* note 1.

226 See *supra* note 52 and accompanying text.

227 See *Pharmacia Corp*, *supra* note 101 at para 54, stating that the doctrine is not part of English law under the *Patents Act, 1977*.

useful."[228] The point is made even more explicitly by *Lane Fox*, another of the cases cited by Halsbury's, in which Lindley LJ said, "[u]tility is often a question of degree, and always has reference to some object. Useful for what? is a question that must be always asked, and the answer must be, Useful for the purposes indicated by the patentee."[229] This statement could be read as supporting a purely subjective standard for utility, but the preceding discussion provides context:

> The *utility* of the alleged invention *depends not on* whether by following the directions in the complete specification all the results now necessary for *commercial success* can be obtained, but on whether by such directions the effects which the patentee professed to produce could be produced, *and on the practical utility of those effects*. Can it be said that the invention as described in the amended specification was in 1878 *a practically useful addition* to the then stock of inventions? To judge of utility the directions in the amended specification must be followed, and, *if the result is that the object sought to be attained by the patentee can be attained and is practically useful* at the time when the patent is granted, the test of utility is satisfied.[230]

The first phrase of the first sentence rejects comparative utility, and the second introduces the purposes professed by the patentee as an alternative. The sentence goes on to specify that this is not a sufficient criterion for utility, which also depends on "the practical utility" of those effects. The "practical utility" requirement is equivalent to what I have called "actual" utility:

> An invention may be useful as indicating the direction in which further progress is to be expected, and yet that same invention may be useless for any other purpose; useless that is, as an invention without further developments and improvements which have not occurred to the patentee. That is, in my opinion, the real truth with respect to the Plaintiff's invention as now claimed by him. He made a distinct and important step in advance. The Plaintiff was the pioneer; he shewed others the road to be followed, but he did not give the traveller the information necessary to enable him to travel on it.[231]

The concern here is exactly the same as in *Brenner v Manson*, *Wellcome/AZT*, and *HGS v Lilly*. The Court of Appeal in *Lane Fox* held the patent to be invalid not because it had sufficient utility to support a patent but promised even more; rather, it held that utility actually delivered was objectively insufficient to support a patent. Taken out of context, the statement that an invention is useful if it is "useful for the purposes indicated by the patentee" could be taken as an endorsement of the promise

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[228] *Fawcett*, *supra* note 222 at 405 (emphasis added).

[229] *Lane Fox*, *supra* note 40.

[230] *Ibid*; and see the remainder of the paragraph, *ibid*, to the same effect: "Can it be said that the invention as described in the amended specification was in 1878 a practically useful addition to the then stock of inventions? To judge of utility the directions in the amended specification must be followed, and, if the result is that the object sought to be attained by the patentee can be attained and is practically useful at the time when the patent is granted, the test of utility is satisfied."

[231] *Ibid* at 431.

doctrine, but taken as a whole *Lane Fox* is a rejection of comparative utility, combined with a statement of the actual utility requirement.[232]

In summary, the statement in Halsbury's that an invention is not useful if "it will not do what the specification promises that it will do" conflates two functionally distinct concepts—namely, the promise doctrine and the requirement of actual utility—and it does not accurately summarize the cases that it cites. If taken as a complete statement of the utility requirement, it is inconsistent both with modern cases such as *Wellcome/AZT* and with seminal cases such as *Fawcett v Homan* and *Lane Fox*, which were cited in Halsbury's itself. It is also inconsistent with the purpose of the actual utility requirement.

Although *Consolboard* is often cited as endorsing the promise doctrine, the two lines of authority cited by Halsbury's are functionally distinct, and it is ambiguous as to which is being approved. In my view, the best interpretation of *Consolboard* is to read it as rejecting comparative utility, and approving *Fawcett v Homan* and *Lane Fox*, because those cases are clearly entirely consistent with the modern utility cases such as *Wellcome/AZT*. It is certainly very weak authority for the promise doctrine because the promise doctrine was not even at issue, and the thrust of the decision as a whole was to set a relatively low standard for utility.[233] As I summarized, "[a] single ambiguous phrase, taken out of context, on a point that is not at issue, is the weakest possible authority."[234]

8.0 PROMISE OF THE PATENT AND OVERBREADTH

The final doctrine that we should compare with the promise of the patent is overbreadth. *Amfac Foods v Irving Pulp and Paper* has been cited as an "important

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[232] Comparative utility was similarly raised and rejected in US law. The defendant in *Lowell v Lewis*, 15 F Cas 1018 (No 8568) (CC Mass 1817) argued that the patentee had to establish that the pump that he had invented "is of general utility; so that in fact, for the ordinary purposes of life, it must supersede the pumps in common use. In short, that it must be, for the public, a better pump than the common pump" (*ibid* at 1019). Justice Story rejected this view, stating: " All that the law requires is, that the invention should not be frivolous or injurious to the well-being, good policy, or sound morals of society" (*ibid*). The view that the law requires nothing more than absence of harm was rejected by the USSC in *Brenner*, *supra* note 30 at 533 (and see *In re Fisher*, *supra* note 45 at 1370, explaining *Brenner* on this point), but the rejection of comparative utility has remained good law.

[233] Siebrasse, "False Promise," *supra* note 2 at 24-25. Gold & Shortt, *supra* note 2 at 57, respond to my analysis by saying that, even so, the Supreme Court has held that "lower courts should apply previous Supreme Court rulings that might technically be considered obiter if they were nonetheless 'obviously intended for guidance,'" citing *R v Henry*, 2005 SCC 76 at para 57, [2005] 3 SCR 609. Although I will not bother to reproduce the Supreme Court's remarks here, I will say that, when read as a whole, they very strongly support my position, not Gold & Shortt's, regarding the significance of *Consolboard*.

[234] Siebrasse, "False Promise," *supra* note 2 at 26.

promise case."[235] This is incorrect. It is an important overbreadth case, both on its face and functionally.

A claim is invalid for overbreadth, or "covetous"[236] claiming, if it claims more than what the patentee has invented and disclosed.[237] The doctrine of overbreadth requires a comparison between the invention as disclosed and the scope of the claims. The usual Canadian approach to overbreadth requires the court to determine the essential features of the invention as set out in the disclosure. If an essential element is omitted from the claims, the patent claims more than was invented and disclosed, and is therefore invalid for overbreadth.[238]

The invention at issue in *Amfac* was a machine that sliced the centre of a potato into french fries, while diverting the outside sections to other uses. In particular, the invention sliced the potatoes by using high-pressure water to force the potato through a pipe and through cutter blades fixed inside the pipe. The result was that the centre section was sliced into long fries, leaving outer slabs that could not usefully be made into french fries. Claim 16 covered the method of using water pressure to slice potatoes, while claims 17 and 18 were further limited to methods that diverted the outside slabs to other uses. The defendant's method did not divert the outside slabs and so did not infringe claims 17 and 18, but it did infringe claim 16.

On its face, *Amfac* is purely an overbreadth case. Validity was only considered in respect of claim 16. Strayer J at trial concluded that the diversion of outside slabs to other uses was an essential part of the invention, and because claim 16 omitted this essential element, it was overbroad. He never used the words "promise," "useful," or "utility" at all, and his decision was replete with references to overbreadth, including a review of the leading cases. Similarly, the Court of Appeal's decision expressly dealt with overbreadth. The only reference to a promise at all is in this concluding passage:

> The device claimed in claim 16 will not produce the promised result since no reference is made to the essential outer slabbing blades and the separation of such outer slabs at the cutter. Therefore, applying the principles derived from the foregoing jurisprudence, it is clear that claim 16 is broader than the invention disclosed and was properly held to be invalid by [the trial judge].[239]

Read in context, the "promised result" simply means the essential element of invention. *Amfac* does not cite any of the historical promise cases, such as *Hatmaker*

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[235] Gold & Shortt, *supra* note 2 at 56, citing *Amfac Foods v Irving Pulp and Paper*, 12 CPR (3d) 193, [1986] FCJ 659 (FCA) [*Amfac* FCA].

[236] *Mullard Radio Valve Co v Philco Radio and Television Corp*, [1936] 2 All ER 920 at 935.

[237] The Canadian cases most commonly cited for this proposition are *Lovell Manufacturing Co and Maxwell Ltd v Beatty Bros Ltd* (1962), 41 CPR 18 at 66 (Ex Ct), in which the attack was rejected on the facts; and *Radio Corp of America v Raytheon Manufacturing Co*, [1956-60] Ex CR 98, 27 CPR 1, in which the doctrine was applied in the context of conflict proceedings.

[238] *BVD*, *supra* note 175 at 230, 233, 237.

[239] *Amfac* FCA, *supra* note 235 at para 33.

or *Alsop's Patent*, and it is not itself cited in any of the modern promise cases. On the other hand, *Amfac* is routinely cited for the proposition that claims are invalid if they are broader than the invention disclosed.[240]

That both levels of court in *Amfac*, and all subsequent courts, have considered *Amfac* to be an overbreadth case is a strong indication that that is exactly what it was. Nonetheless, Gold & Shortt argue:

> The Federal Court of Appeal's reasoning is explicable only via the promissory approach to utility, because the device claimed by Claim 16 could still slice french fries and thus possessed a scintilla of utility. It was the failure of the device to go beyond a mere scintilla of utility and to actually fulfill the promise of the patent that rendered Claim 16 invalid.[241]

It is difficult to understand this terse argument, which is the entirety of their functional analysis. They seem to be saying that any time a patent for an invention that has actual utility is held to be invalid, it must be because of the promise doctrine. This is of course wrong. All the criteria for patentability must be satisfied, not just utility. A claimed invention might be very useful and nonetheless be invalid as anticipated, or for obviousness, or, as in this case, for overbreadth. The mere fact that an invention is useful and yet the patent is invalid says nothing at all as to whether it was a promise case.

Indeed, it is perfectly clear that *Amfac* cannot be explained by the promise doctrine, *because all the promises in the specification were met*. The "promised result" is the separation of outer slabs. It is undisputed that the device as disclosed did in fact separate the outer slabs; this is why claims 17 and 18 were valid. In *Amfac*, the invention did deliver everything that the specification promised; the defect was the entirely separate point that some of the claims went beyond what had been invented.

In summary, *Amfac* deals with overbreadth, both functionally and on its face. It is not a case in which a patent was invalidated for failing to satisfy the promise of the patent, because all assertions of utility were in fact satisfied. The suggestion that *Amfac* is a promise case rests on nothing more than the words "promised result." This is the antithesis of a proper functional analysis.

9.0 CONCLUSION

In this article I have argued that the most basic functional distinction between the two branches of Canadian utility law is that the actual utility requirement measures the utility required to support a patent by an objective standard, set out in the Act as

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[240] See e.g. *Pfizer Canada Inc v Pharmascience Inc*, 2013 FC 120 at paras 83-86; *Bristol-Myers Squibb Canada Co v Mylan Pharmaceuticals ULC*, 2012 FC 1142 at para 71; *MK Plastics Corp v Plasticair Inc*, 2007 FC 574 at para 121; *Visx Inc v Nidek Co* (1999), 3 CPR (4th) 417 at para 145 (FC); *Apotex Inc v Wellcome Foundation Ltd* (1998), 79 CPR (3d) 193 at para 275 (FCTD); *Whirlpool Corp v Camco Inc* (1997), 76 CPR (3d) 150 at para 63 (FC). This list is not exhaustive.

[241] Gold & Shortt, *supra* note 2 at 57.

interpreted by the courts, while the promise of the patent assesses utility against the assertions made by the patentee in the patent itself. Although Gold & Shortt formally accept that the promise of the patent defines the patentable utility by representations made in the patent, I have shown that in many of the cases they rely on as illustrating the promise doctrine, the utility is in fact measured against an objective standard. Similarly, the main policy arguments they advance in support of the promise doctrine, in particular the need to ensure that patents deliver a concrete benefit and the need to police selection patents, in fact require an objective standard, so that those policy considerations justify the actual utility requirement, not the promise doctrine. Gold & Shortt also fail to recognize that a further defining functional characteristic of the promise doctrine is that the promise must be found in the disclosure, not in the claims. Cases in which a patent is invalidated for failure to satisfy assertions of utility made in the claims are functionally instances of insufficient disclosure. They also fail to recognize that the promise of the patent is controversial because it can result in a utility standard that is higher than that which would otherwise be required by the actual utility requirement.

In summary, although Gold & Shortt insist on the need to look to functional characteristics rather than labels,[242] they systematically fail to heed their own advice, to the point that many of the cases they rely on as illustrating the promise doctrine do not even fit their own definition. Although Gold & Shortt assert that their article "has demonstrated that the law of promises is neither new nor uniquely Canadian and is based on policy considerations shared by other mature patent systems,"[243] they systematically conflate the promise of the patent with functionally distinct doctrines, and, consequently, all that they have really shown is that the concepts of actual utility, sufficiency (or enablement), inventive step (or non-obviousness), and overbreadth are of long standing and widely shared. That is true, uncontroversial, and entirely unrelated to the promise of the patent.

My aim in this article has been to advance a truly functional comparative analysis of the law of utility and related doctrines by identifying the defining functional characteristics that distinguish the relevant doctrines in light of their purpose, and to show how these defining characteristics can be used to identify the functional nature of the doctrine at issue in any given case. I do not claim to have undertaken a complete functional analysis of the various legal systems and doctrines that I have discussed. In particular, a thorough analysis of what I have called ancillary requirements is necessary for any complete comparative analysis. But I do I hope that the functional analysis I have provided may serve as a foundation for a rigorous comparative analysis of the law of utility and related doctrines.

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[242] *Ibid* at 61.

[243] *Ibid* at 81.

TIME TO REVISIT EXCLUSION OF THE PROSECUTION HISTORY IN PATENT LITIGATION*

*Nathaniel Lipkus & Matthew Frontini***

ABSTRACT

Canada, like many other countries, makes the entire prosecution history of a patent available to the public. Despite its existence as a certified public document, the patent prosecution history is inadmissible for the purposes of construing the claims of the patent or interpreting the scope of the patent monopoly when such issues arise in litigation. This judge-made rule is inconsistent with how legal documents are generally interpreted and out of step with how the rest of the world treats patent prosecution histories.

Canada's exclusion of the prosecution history from consideration during patent construction is based on questionable doctrinal origins and detrimentally affects the public notice function of patents. The exclusionary doctrine has also insidiously harmed the traditional patent doctrines of obviousness and utility in Canadian law. An approach that allows the consideration of the prosecution history would improve the predictability of these doctrines and enhance the public notice and definitional functions of the patent. We suggest that the exclusionary rule perpetuated in Canadian law be relaxed and harmonized with the practices of other jurisdictions to ensure that patents reflect the bargain actually struck between the patentee and the public.

RÉSUMÉ

Le Canada, comme de nombreux autres pays, met à la disposition du grand public l'historique de poursuite complet de la demande de brevet. Malgré l'existence de ce document public certifié, l'historique de poursuite n'est pas admissible aux fins de l'interprétation des revendications du brevet ou de la portée du monopole du brevet lorsque ces questions sont portées devant un tribunal. Cette règle jurisprudentielle est incompatible avec la façon dont les documents juridiques sont généralement interprétés, et elle est déphasée sous l'angle de la façon dont le reste du monde traite les historiques de poursuite des demandes.

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Le fait que l'historique du traitement d'une demande de brevet ne puisse pas être pris en considération au Canada dans l'interprétation des revendications trouve son fondement dans une doctrine discutable et nuit au rôle d'information du public que jouent les brevets. Cette doctrine d'exclusion a également nui de façon insidieuse aux notions traditionnelles d'évidence et d'utilité en droit canadien. Une méthode autorisant la prise en compte de l'historique du traitement améliorerait la prévisibilité de ces notions et rehausserait les fonctions d'avis public et de définition du brevet. Nous proposons que la règle d'exclusion perpétuée dans le droit canadien soit assouplie et harmonisée avec les pratiques d'autres juridictions pour garantir que les brevets reflètent véritablement le compromis entre le titulaire de brevet et le grand public.

CONTENTS

1.0 INTRODUCTION

Canada, like many other countries, makes the entire prosecution history of a patent available to the public.[1] Despite its existence as a certified public document, the patent prosecution history is inadmissible for the purposes of construing the claims of the patent or interpreting the scope of the patent monopoly when such issues arise in litigation.[2] This judge-made rule is inconsistent with how legal documents are generally interpreted and out of step with how the rest of the world treats patent prosecution histories. The rule is detrimentally affecting patent doctrine in Canada and ought to be relaxed or overruled.

Patents have been likened to both contracts and legislative enactments. The bargain theory of patent law recognizes that an inventor is rewarded with a monopoly

[1] *Patent Act*, RSC 1985, c P-4, s 10 [*Patent Act*].

[2] *Free World Trust v Électro Santé Inc*, 2000 SCC 66, [2000] 2 SCR 1024 at para 66 [*Free World Trust*].

in exchange for disclosure of an invention to the public.[3] Similarly to the terms of any contract, the claims of a patent are negotiated with the Patent Office before achieving their final form in the specification. During this process, communications between the patentee and the Patent Office as to the meaning of a patent's claims are filed and kept in the prosecution history. However, unlike the approach to interpreting a contract, courts may not rely on representations made to the Patent Office to interpret the meaning of the claims.[4] While having some similarity to a contract, a patent has also been considered a regulation for purposes of interpretation.[5] It is common practice in interpreting regulations to make reference to statements and representations made by legislators as to the objective and meaning of a regulation, but, again, the analogous practice does not apply to patents.

Until the mid-20th century, Canadian courts used the patent prosecution history to interpret patent claims when it was considered relevant.[6] The exclusion of the prosecution history was introduced by President Thorson of the Exchequer Court in *Lovell Manufacturing Co and Maxwell Ltd v Beatty Bros Ltd*.[7] As explained below, President Thorson's rule was based on a tenuous rationale and a misperception of American jurisprudence.

Beyond the doubtful doctrinal origins of the rule, a 2003 survey of intellectual property professionals representing 40 countries illustrates that Canada is also an outlier with respect to its exclusion of the prosecution history in interpreting the scope of the patent.[8] Some countries have a formal doctrine of file wrapper estoppel; members of another group of countries indicated that the prosecution history may be relevant in interpreting claims, while members of a third group regularly resort to the prosecution history for interpreting claims. Canada was the sole country

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[3] *Ibid* at para 13.

[4] Contracts induced by misrepresentations, fraudulent representations, or mistakes may be rescinded on the basis that there was no consensus *ad idem* during formation. Furthermore, the courts may assess the factual matrix, including representations surrounding the formation of a contract, to construe the language of the agreement: see *Gilchrist v Western Star Trucks Inc*, 2000 BCCA 70, 133 BCAC 144; *Dumbrell v Regional Group of Cos* (2007), 85 OR (3d) 616 (CA). As one commentator has recently stated: "[A] contract should consist of the terms that a reasonable person with the background knowledge available to the parties at the time of formation would regard as the agreement intended by the parties." See MH Ogilvie, "A Proposal to Replace the Parol Evidence Rule in Contract Law" (2013) 29 BFLR 85 at 99.

[5] *Whirlpool Corp v Camco Inc*, 2000 SCC 67, [2000] 2 SCR 1067 at para 49 [*Whirlpool*]; *Interpretation Act*, RSC 1985, c I-21, s 2(1).

[6] *Foseco Trading AG v Canadian Ferro Hot Metal Specialties, Ltd* (1991), 36 CPR (3d) 35 (FCTD) [*Foseco*]; see also M Rushton, "File Wrapper Estoppel: Solving the Fair Protection-Certainty Conundrum in Canada" (2001) 18:1 CIPR 411 at 411 [*Rushton*].

[7] (1962), 41 CPR 18 at 38 (Ex Ct) [*Lovell*].

[8] "Summary Report Q175: The Role of Equivalents and Prosecution History in Defining the Scope of Patent Protection" (2003 Executive Committee Meeting of the International Association for the Protection of Intellectual Property (AIPPI), Lucerne, Switzerland, 25-29 October 2003) at 5-6, online: AIPPI <https://www.aippi.org/download/commitees/175/SR175English.pdf>.

in which the prosecution history was described as "irrelevant and inadmissible for the purposes of determining the scope of protection granted by a patent."[9]

The purpose of this article is to revisit Canada's exclusion of the prosecution history from patent interpretation, including identifying the insidious harms that the exclusion has had on the traditional patent doctrines of obviousness and utility in Canadian law. An approach that allows the consideration of the prosecution history would improve the predictability of these doctrines and enhance the public notice and definitional functions of the patent. We suggest that the exclusionary rule perpetuated in Canadian law be relaxed and harmonized with the practices of other jurisdictions to ensure that patents reflect the bargain actually struck between the patentee and the public.

2.0 ORIGIN OF THE EXCLUSION OF THE PROSECUTION HISTORY IN CANADIAN LAW

Prior to 1956, patent prosecution histories were filed as evidence when considered relevant in Canadian patent cases. Recourse to the file history provided a countervailing balance to the doctrine of equivalents, a doctrine that enabled patentees to effectively expand the scope of their patent claims to cover allegedly infringing products. Defendants could argue against the application of the doctrine of equivalents by asserting that the patentee had made a statement in the course of prosecution militating toward a narrow interpretation of the claims.

The doctrine of equivalents originated in the United States and operates where "a product or process that does not literally infringe upon the express terms of a patent claim may nonetheless be found to infringe if there is 'equivalence' between the elements of the accused product or process and the claimed elements of the patented invention."[10]

The US Federal Circuit Court of Appeals has said that the doctrine of equivalents "gives the patentee some benefit of the doubt as to what was disclaimed, a benefit that comes at the public's expense."[11] A broadly applied doctrine of equivalents defeats the public notice function of the patent claims. At one extreme, "a complete bar [on the doctrine of equivalents] therefore best serves the notice and definitional function of the claims."[12]

The Supreme Court of Canada has done away with the doctrine of equivalents in favour of a purposive approach to patent construction. The purposive approach to patent construction, which can extend the scope of a patent's claims beyond their

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[9] *Ibid* at 5.

[10] *Warner-Jenkinson Co v Hilton Davis Chemical Co*, 520 US 17 at 22 (1997).

[11] *Festo Corporation v Shoketsu Kinzoku Kabushiki Co, Ltd, a/k/a SMC Corporation, and SMC Pneumatics*, F 3d 558 at 576 (Fed Cir 2000) [*Festo*].

[12] *Ibid*.

literal meaning, much like the doctrine of equivalents, also prohibits the consideration of the prosecution history when interpreting a patent. However, when Canadian law formerly recognized the doctrine of equivalents, its application was tempered by the use of the prosecution history to interpret the claims.[13]

The admissibility of the prosecution history as an interpretive tool changed when President Thorson, in *Lovell*, held that statements made during the prosecution of an inventor's patent are "inadmissible for the purpose of construing the claims in the patent granted to him or limiting the ambit of the invention defined in them."[14]

In supporting this holding, President Thorson made the questionable assertion that the doctrine of equivalents, by virtue of its very name, does not involve any extension of the express terms of the claim (thus it does not negate the public notice function of the patent).[15] This semantic argument does not hold up in light of President Thorson's own application of the doctrine of equivalents. In the same decision, he indicated that resort to the doctrine of equivalents occurs *only after* the alleged infringement is found to fall outside the express terms of the claim.[16] Therefore, the doctrine must involve the extension of the claim's express terms.

Based on the (flawed) reasoning that the doctrine of equivalents does not involve an extension of the express terms of the claim, President Thorson presented his rationale for the exclusion of the file wrapper from evidence:

> The reason for … [excluding the file wrapper] is sound. When the patent has been issued it is a public document. The claims appearing in it define the invention for which the patent was granted and as such define the extent of the patentee's monopoly. It is to the claims alone that the members of the public must look to ascertain the boundaries of the patentee's property on which they must not trespass … . The members of the public have no knowledge of what may have been said to the examiners in the course of the prosecution of the application for the patent in the Canadian Patent Office and, certainly, no knowledge of what may have been said in the court of the prosecution for a patent in another country, and they are not affected by any such statement or concerned with it. They are entitled to know that the forbidden field is defined by the language of the claims of the patent and they need not look elsewhere.[17]

This reasoning has been criticized on the basis that it is "fallacious for the court to emphatically affirm the doctrine of equivalents on one hand, which by its very nature supplants the claim's definitional and public notice aspects, and on the other hand denounce the equitable doctrine of file wrapper estoppel, which by necessity

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[13] *McPhar Engineering Co v Sharpe Instruments* (1960), 35 CPR 105 (Ex Ct).

[14] *Lovell*, *supra* note 7 at 38.

[15] *Ibid* at 71.

[16] *Ibid*.

[17] *Ibid* at 39.

is required to limit [the doctrine of equivalents'] application."[18] Further, it is incorrect to say that the public has no knowledge of the prosecution history, because it is a public document.[19]

President Thorson (incorrectly) supported his position by citing Mr. Justice Learned Hand in *Catalin Corporation of America v Catuluzuli Mfg Co*:[20]

> We have often said that we would not look at the arguments used by solicitors to the examiners; specifications are intended to be the measure of the monopoly and of the contribution to the art. In each aspect they should be self-contained; that is the very purpose of their embodiments in a formal grant, which is all that is accessible to the public without much trouble and vastly more uncertainty. If the doctrine of the "integration" of a written instrument has any basis at all, surely it should apply to such a document, for if a patent can be construed only by threading one's way through all the verbal ingenuities which casuistical solicitors develop to circumvent the objection of examiners, a labyrinth results, from which there is no escape. *For this reason we have steadily refused to look further than to this: whether a patentee who seeks to disavow an element of this claim, was forced to introduce it in order to avoid rejection.*[21]

In claiming that the file wrapper is not used in the United States, President Thorson omitted the italicized sentence from Justice Learned Hand's decision. This omission completely changes the meaning of the passage, as Justice Learned Hand clearly indicates that there is a specific circumstance where the file wrapper is relevant and will be considered—that is, when the patentee has disavowed an element of the claim to avoid rejection. The irony of President Thorson relying on a decision of Justice Learned Hand, who was responsible for developing the doctrine of file wrapper estoppel, has been noted by the Federal Court.[22]

3.0 THE EXCLUSIONARY RULE IN MODERN PATENT CONSTRUCTION

The Supreme Court of Canada's decision in *Free World Trust* remains the leading authority on what evidence may be considered when construing a patent and interpreting the scope of its monopoly.[23] In articulating the meaning of "purposive construction" of a patent, the court indicated that the scope of monopoly granted by the patent will be determined by the "language of the claims … without resort to extrinsic evidence of the inventor's intention."[24]

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[18] *Rushton*, *supra* note 6 at 419.

[19] *Patent Act*, *supra* note 1, s 10.

[20] 79 F 2d 593 (2d Cir 1935).

[21] *Ibid* at 594 (emphasis added).

[22] *Foseco*, *supra* note 6 at para 20.

[23] *Free World Trust*, *supra* note 2 at para 31.

[24] *Ibid* at para 63.

However, purposive construction involves an interpretation of the meaning of the claims through the eyes of the person of ordinary skill in the art (POSITA) to determine which elements of a claim are essential. Purposive construction stretches claims beyond their literal meaning, at the construction stage, to cover some obvious minor variants a skilled person would think have no material effect on the way the invention works. Therefore, purposive construction does import some notion of the doctrine of equivalents into patent claim construction.

The court in *Free World Trust* recognized the availability of the prosecution history in interpreting patents in US law. However, it confirmed the exclusion of the prosecution history for determining the meaning and scope of a patent in Canadian law, citing *Lovell* for the rejection of this doctrine.[25] The Supreme Court then, briefly, explained the policy rationales underlying the exclusion of the prosecution history.

4.0 DISMANTLING FREE WORLD TRUST'S JUSTIFICATIONS FOR EXCLUSION

The primary role of the patent itself is to define the monopoly that properly protects the invention disclosed by the inventor, no more and no less.[26] Accordingly, the stated rationales for the exclusion of the prosecution history in interpreting a patent largely hinge on the public notice function of patents—the patent itself provides the public with notice of where it may not tread without infringing the inventor's rights.

In *Free World Trust*, the court recognized the importance of properly understanding the invention and monopoly defined by the inventor. As stated by Justice Binnie: "The words chosen by the inventor will be read in the sense the inventor is presumed to have intended, and in a way that is sympathetic to the accomplishment of the inventor's purpose expressed or implicit in the text of the claims."[27] On their face, representations made by the patentee to the Patent Office in support of his or her patent application would seem to be highly relevant and reliable in determining the inventor's purpose. Justice Binnie later qualified this statement by indicating that, in his view, the "inventor's intention refer[s] to an objective manifestation of that intent in the patent claims … and do[es] not contemplate extrinsic evidence such as statements or admissions made in the course of patent prosecution."[28]

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[25] *Ibid* at para 64. Recall that in *Lovell*, President Thorson erroneously stated that US law did not allow for the consideration of the prosecution history. It is interesting that the Supreme Court of Canada recognizes the existence of this doctrine in the United States, while relying on *Lovell* for its rejection in Canada, when *Lovell* itself relied on the doctrine's supposed absence in US law to justify its rejection in Canadian law.

[26] *Patent Act*, *supra* note 1, ss 27(3) and (4).

[27] *Free World Trust*, *supra* note 2 at para 51, referring to the companion decision in *Whirlpool*, *supra* note 5.

[28] *Free World Trust*, *supra* note 2 at para 66.

In support of this view, Justice Binnie provided a very brief discussion of the policy goals that support exclusion of the prosecution history, stating that "[t]o allow such extrinsic evidence for the purpose of defining the monopoly would undermine the public notice function of the claims, and increase uncertainty as well as fuelling the already overheated engines of patent litigation."[29]

Like President Thorson, Justice Binnie's primary concern is that reference to the file prosecution history will undermine the public notice function of patents and thereby create uncertainty as to the scope of a patent's monopoly. In contrast, the predominant American view is that use of the prosecution history improves the public notice function of the patent and reduces uncertainty. American jurisprudence and academics have discussed the salutary effects of recourse to the prosecution history.[30] Parties in both the United States and Canada have access to the prosecution history and can easily ascertain the statements made by the patentee in the course of prosecution.

In fact, purposive construction without recourse to the prosecution history creates greater uncertainty, because it results in an assessment of a POSITA's interpretation of the patent at two distinct times: first during prosecution, and later during litigation. A determination of the correct interpretation will only be available after a lay judge has compared duelling, and often contrary, expert opinions as to the POSITA's interpretation. Thus, the public has access to a correct interpretation of the claims, and the accompanying certainty, only once the transaction costs of litigation have been paid.

Justice Binnie's comment regarding "fuelling the already overheated engines of patent litigation" similarly seems at odds with the benefits of recourse to the prosecution history. To the extent that any uncertainty related to the interpretation of the patent can be removed by recourse to the prosecution history, it has the potential to narrow the issues to be argued in litigation. Thus, recourse to the prosecution history may remove sources of disagreement between parties and serve to cool the engines of patent litigation.

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[29] *Ibid*.

[30] See e.g. *Philips v AWH Corp*, 415 F 3d 1303 at 1319 (Fed Cir 2005): ("undue reliance on extrinsic evidence poses the risk that it will be used to change the meaning of claims in derogation of the 'indisputable public records consisting of the claims, the specification and the prosecution history,' thereby undermining the public notice function of patents"; *Festo*, *supra* note 11: one of the principal functions of prosecution history estoppel is "preserving the notice function of claims"); *Charles Greiner & Co v Mari-Med Mfg, Inc*, 962 F 2d 1031 at 1036 (Fed Cir 1992): prosecution history estoppel "promotes certainty and clarity in determining the scope of patent rights"; P Wagner, "Reconsidering Estoppel: Patent Administration and the Failure of Festo" (2002) 159 U Pa L Rev 151 at 165-66: "The dual roles for prosecution history estoppel—providing information and creating incentives—directly support the patent administration system's goal of maintaining the relationship between innovation, disclosure and patent scope"; KD Bassinger, "Allocating Linguistic Uncertainty in Patent Claims: The Proper Role of Prosecution History Estoppel" (2003) 49 Loy L Rev 339 at 367: "Consistent with the public notice function of the patent system, statements made during prosecution may be relied [on] by competitors in ascertaining the scope of the claimed invention."

Finally, Justice Binnie relies on the Patent Office to police representations made by patentees during the application process through amendments.[31] However, this reliance implies that examiners are properly positioned to interpret claims through the eyes of a POSITA. In fact, patent examiners may not best represent the relevant skilled person and may overly rely on the *ex parte* statements of the patentee to understand the claims. The prosecution history serves as a public record and failsafe in the event that the Patent Office does not live up to Justice Binnie's expectations with respect to recognizing when an amendment should be ordered.

Critics of the use of the prosecution history have argued that the representations made by the patentee are extraneous on the basis that "the prosecution history is not integrated with the patent and is not freely available."[32] This is merely a semantic argument—the sole basis for arguing that the prosecution history is not "freely available" is because of a nominal administrative charge. Such a charge does not render the prosecution history unavailable to the public.[33] Further, as indicated above, the prosecution history is considered admissible for certain purposes related to the validity or ownership of the patent. In *Free World Trust*, the Supreme Court recognized that the prosecution history may be relevant "for a purpose other than defining the scope of the grant of the monopoly."[34] The prosecution history cannot be dismissed as some extraneous document for the reason that it is not affixed to the patent itself.

The preceding discussion has illustrated that, while the prosecution history was once integral to interpreting a patent, the questionable reasoning in *Lovell* created a bar to the prosecution estoppel doctrine in Canadian law. Nonetheless, the Supreme Court has endorsed this bar and it has continued in the wake of *Free World Trust*. Rather than supporting the public notice function of a patent, this judge-made exclusion undermines the public notice function by giving the public less certainty as to how to interpret the claims of a patent.

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[31] *Free World Trust*, *supra* note 2 at para 66: "If significant representations are made to the Patent Office touching the scope of the claims, the Patent Office should insist where necessary on an amendment to the claims to reflect the representation."

[32] TW Chandler, "Prosecution History Estoppel, the Doctrine of Equivalents, and the Scope of Patents" (2000) 13 Harv JL & Tech 465 at 485; JR Thomas, "On Preparation Texts and Proprietary Technologies: The Place of Prosecution Histories in Patent Claim Interpretation" (1999) 47 UCLA L Rev 183 at 193.

[33] Access to information requests, a quintessential example of information being made available to the public, requires a nominal administrative charge. One would not argue that the information contained in an access to information request is not available to the public; moreover, prosecution histories are typically made available much more readily than other government records.

[34] *Free World Trust*, *supra* note 2 at para 67; see also *Foseco*, *supra* note 6 at paras 25-29. These purposes include determining the identity of the inventors, joint inventorship, the date of the invention, evidence of what prior art was before the patent examiner, and abandonment.

5.0 UNINTENDED CONSEQUENCES OF THE EXCLUSION RULE: IMPACT ON OBVIOUSNESS AND UTILITY

Lack of certainty increases the costs associated with the patent system. Lack of clarity regarding the meaning of claims fosters unnecessary patent disputes. A patentee may assert a narrowly issued patent in a broad manner, despite statements to the Patent Office that would limit the patent's scope. Conversely, a patentee may assert a broadly issued patent in a narrow manner to overcome prior art that ought to have been before the Patent Office. Lack of certainty can lead to parties having differential beliefs about the likely outcome of litigation, decreasing the probability of efficient resolution of disputes.[35]

Over and above concerns about interpretive clarity, the inadmissibility of the prosecution history has had unintended consequences in the application of the obviousness and utility doctrines. In the case of obviousness, it is possible for a patentee to make representations distinguishing their invention from key prior art to obtain their patent, only later to assert that patent broadly in a manner that would arguably encompass the prior art in litigation. In the case of utility, the inadmissibility of post-filing-date evidence of utility has necessitated an enhanced requirement that patents reference utility data in the patent, to ensure that a patent is not granted for an "almost-invention."

5.1 Gamesmanship to Avoid an Obviousness Attack

A patentee may face an obviousness challenge to its purported invention first during patent prosecution, and later during litigation. When a patent examiner objects to a patent application on obviousness grounds, the patentee may make representations that the scope of the patent is actually narrower than understood by the examiner. These representations may mollify the examiner and allow the patent to issue. Despite the patent issuing on the basis of these representations, the patentee is free to argue that a broader interpretation applies when alleging infringement. The rule against considering the prosecution history renders the patentee immune to the consequences of its prior admissions and representations.

The use of the prosecution to combat this abuse by patentees was featured in the recent UK decision of *Actavis v Eli Lilly & Company*, in which Mr. Justice Arnold held:

> In the real world, however, anyone who is interested in ascertaining the scope of a patent and who is professionally advised will obtain a copy of the prosecution file (most, if not all, of which is generally open to public inspection) and will consider it to see if it sheds light on the matter. In some cases, perhaps not very many, the prosecution

[35] M Risch, "The Failure of Public Notice in Patent Prosecution" (2007) 21:1 Harv JL & Tech 180 at 211; RA Posner, *Economic Analysis of Law*, 4th ed (New York: Little, Brown & Co, 1992) at 554-60.

> history is short, simple and shows clearly why the claims are expressed in the manner in which they are to be found in the granted patent and not in some broader manner. In such a situation, there is no good reason why the court should shut its eyes to the story told by the prosecution file. *On the contrary, consideration of the prosecution file may assist in ensuring that patentees do not abuse the system by accepting narrow claims during prosecution and then arguing for a broad construction of those claims for the purpose of infringement.*[36]

Mr. Justice Arnold was fortified by evidence of experts in the patent law of other European jurisdictions that indicated the prosecution history could be used, in a cautious manner, as an interpretive aid.[37]

The rule requiring the court to "shut its eyes from the story of the prosecution history" has sat uneasily in Canadian jurisprudence at times, particularly where the court has been confronted with a seemingly abusive claim construction. In *Distrimedic Inc v Emballages Richards Inc*,[38] Justice de Montigny relied on an amendment to a claim during prosecution as evidence of the essentiality of the claim element that was added by the amendment.[39] The amendment was made in response to the objection of the patent examiner that the patent application was obvious in light of a prior patent. The determination of essentiality was critical because the allegedly infringing product did not contain the element added by the amendment. Consequently, the defendant was held not to infringe. In justifying a resort to the prosecution history, Justice de Montigny made the narrow distinction that "[a] change in the wording of a claim as a result of an objection from the Patent Office is an objective fact from which an inference may be drawn, and is not the same as representations made to the Patent Office."[40]

Although the holding in *Distrimedic* is reasonable, it is also debatable whether Justice de Montigny's reasoning runs afoul of the settled rule excluding the prosecution history for the purpose of interpreting the scope of a patent. It was only by recourse to the prosecution history that Justice de Montigny could have interpreted the patent in the manner he did. Yet, despite breaching this judge-made rule, the result accords with common sense and supports the public notice function of the patent.

5.2 Utility and Promise

For patents whose utility is based on a prediction, the factual basis and line of reasoning underlying the prediction must be disclosed within the patent (allowing for

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[36] [2014] EWHC 1511 at para 111 (emphasis added).

[37] *Ibid* at paras 157 (Germany), 159-162 (France), 174-175 (Italy), 184 (Spain).

[38] 2013 FC 1043.

[39] *Ibid* at paras 206-210.

[40] *Ibid* at para 210.

some resort to common general knowledge).[41] This disclosure requirement has been criticized as too onerous, and it has been suggested that a patentee should be allowed to attest to the factual basis and line of reasoning underlying the prediction of utility in the course of prosecution before the patent issues. For patents based on a demonstration of utility, the court has said that facts demonstrating the utility must at least be referenced in the specification.[42] These disclosure requirements are necessary so long as one may look only to the four corners of the patent to assess whether an invention satisfies the statutory requirements for a patent.

However, if the prosecution history could be used to determine whether a patent meets the statutory criteria, then it would not be unreasonable to allow patentees to rely on information relevant to either the sound prediction or demonstration of utility in the prosecution file history as long as the information was generated before the filing date. Provided that patentees otherwise complied with statutory disclosure requirements, patent applicants and examiners could adhere to the utility requirement by verifying factual support for the utility of the patent in the course of prosecution.

The current rule against allowing the prosecution history to be considered also undermines the promise doctrine, whereby a claimed invention must achieve the utility set out in the specification. The exclusion of the prosecution history in determining the nature of the invention disclosed by the patent allows the patentee to emphasize statements in the specification to support a truly useful advantage, to overcome an obviousness rejection. However, when it suits the patentee's purpose, during litigation, those aspects of the invention that were raised to overcome the examiner's obviousness rejection can be downplayed.[43] To this end, a patentee may argue these that these aspects do not form part of the invention and do not constitute an explicitly promised utility of the claims.

Because the promise of a patent is normally not found in the claims, representations made to the examiner in respect of the utility of the patent almost never result in amendments to the claim.[44] The patentee is therefore largely free to argue that the very inventive feature of its patent does not form part of the utility against which the invention is measured. Admitting the prosecution history for the purposes of interpreting the patent would serve to discipline patentees.

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[41] *Bell Helicopter Textron Canada Limitée v Eurocopter, société par action simplifiée*, 2013 FCA 219, 449 NR 111 at paras 152-153.

[42] *Novopharm Ltd v Pfizer Canada Inc*, 2010 FCA 242, [2012] 2 FCR 69 at para 90.

[43] The Federal Court has stated that "[a] patent holder cannot read up the invention for obviousness and read it down for utility": *Hoffman-La Roche Limited v Apotex Inc*, 2011 FC 875 at para 22.

[44] Richard Gold & Michael Shortt, "The Promise of the Patent in Canada and Around the World" (2014) 30:1 CIPR 35 at 45, online: Social Science Research Network <http://ssrn.com/abstract=2361146> or <http://dx.doi.org/10.2139/ssrn.2361146>.

6.0 TOWARD ABANDONMENT OF THE EXCLUSIONARY RULE

The rule against considering the prosecution history when construing the patent and scope of monopoly undermines the public notice function of patents and allows gamesmanship during prosecution and litigation. We propose that this exclusionary rule be relaxed to bring Canada in step with other patent systems around the world. Relaxation of the rule could be partial or full, as set out below.

6.1 Partial Relaxation of the Exclusionary Rule

Under a partial relaxation of the exclusionary rule, only those statements made by the patentee to the Patent Office that contradict the patentee's position in litigation would be admissible. Such statements would be akin to statements against interest, an exception to the rule against hearsay evidence. This limited relaxation of the exclusionary rule would or could be guided by the same principles—necessity and reliability—that guide the principled admission of hearsay evidence.[45]

In assessing hearsay evidence, the reliability inquiry seeks to satisfy the court that inability to test the hearsay evidence is sufficiently overcome.[46] In some instances, hearsay evidence can be so reliable that the truth-seeking function of the court would be prejudiced without it, thus rendering the hearsay evidence "necessary" as well as sufficiently reliable.[47] Statements made to the Patent Office are arguably much more reliable than positions taken during litigation because the statements are made in much closer proximity to the filing date and outside the context of strategic litigation where an opportunistic claim construction is more likely to be pursued.

In *Ciba-Geigy v Ote Optics*, the Supreme Court of the Netherlands provided guidance for a cautious approach to referencing the prosecution history to interpret the claims:

> Article 69, paragraph 1 of the EPC as interpreted in accordance with the Protocol relating thereto does indeed purport (among other things) to ensure reasonable certainty for third parties, but it does not follow that the information from the granting files that is available to third parties may never be used in support of the interpretation given by the patentee to his patent. The requirement of reasonable certainty for third parties does, however, call for restraint in using arguments derived from the granting file in favour of the patentee. Consequently, a court will only be justified in using clarifying information from the public part of the granting file, when it holds that even after the average person skilled in the art has considered the description and drawings, it is still

[45] *R v Starr*, 2000 SCC 40, [2000] 2 SCR 144 at para 3.

[46] *R v Khelawon*, 2006 SCC 57, [2006] 2 SCR 787 at para 61.

[47] *Ibid* at para 46.

> open to question how the contents of the claims must be interpreted. In this connection one must also take into consideration that the risk of any ambiguities due to careless wording of the patent specification must in principle lie with the patentee.[48]

This approach was held to be persuasive by the English Court of Appeal in *Rohm & Hass Co v Collag Ltd*.[49] In that case, the Court of Appeal held that the prosecution history provided objective information related to experiments that were of "assistance in resolving some puzzling features of the specification."[50]

The advantages of allowing the limited admission of statements made to the Patent Office that contradict the patentee's position in litigation must be balanced against the potential costs such a change would impose on the judicial system. Litigants will undoubtedly dispute whether a statement is genuinely contradictory to the patentee's position or merely circumstantially inconsistent. Representations made by the patentee regarding its invention will likewise result in protracted arguments as to their meaning that will not assist the court in determining the substantive matters at issue. Despite the virtues of a partial relaxation of the exclusionary rule, one can easily foresee time-consuming disputes about admissibility, distracting the court from the underlying dispute.

6.2 Full Relaxation of the Exclusionary Rule

The potential disadvantages associated with a partial relaxation of the exclusionary rule indicate that a more preferable course of action would be to overrule *Free World Trust* and *Whirlpool* regarding the exclusion of the prosecution history in interpreting the patent. The entire prosecution history is so inherently reliable for the purposes of patent construction that it should be considered relevant, and often necessary, for the accuracy of the court's truth-seeking function in determining how a patent should be construed. As recognized by the United States District Court for the District of Delaware in *Liposome Company Inc v Vestar Inc*,[51] statements made to patent offices by patentees could provide an objective understanding of the claims:

> Vestar's better argument on the significance of Ostro's letter and a statement before the European Patent Office is that they are relevant as evidence of how TLC had in fact read the words of the claim at a time when it was not looking at them as a necessary step in building a claim for relief that moves from complaint to recovery. TLC's prior statements are also relevant as they are some evidence of how one skilled in the art would read the words of the patent.[52]

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48 [1997] 28:5 IIC (SC Netherlands).

49 [2001] EWCA Civ 1589 at paras 40-42.

50 *Ibid* at para 42.

51 36 USPQ 2d 1295, 1313 (D Del 1994).

52 *Ibid* at 14; statements made to the European Patent Office were relevant in construing the claims of the US patent.

This is not to say that a statement in the prosecution history should necessarily be accorded more weight than expert evidence during litigation. Rather, the prosecution history is used cautiously as an aid to construction and interpretation of patents in other jurisdictions, including the United Kingdom. These jurisdictions have recognized the value of the prosecution history in ensuring that the patentee does not abuse the system by taking contradictory positions during prosecution and litigation.[53]

Whether a partial relaxation or a full overruling of the exclusionary rule, the admission of the prosecution history ought to be reasonably constrained. For example, statements made by patentees to ensure compliance with foreign patent laws may lead to claim amendments that would not be necessary under Canadian law. In such circumstances, statements made to broaden or narrow the claims should carry little or no weight in the interpretation of a Canadian patent. Generally speaking, the prosecution histories of related patent applications in foreign patent offices should not normally be admissible unless the statements formed part of the basis for the Canadian patent grant (for example, as a result of a Patent Prosecution Highway filing based on the foreign patent office's review of identical claims). Otherwise, the patentee may be unduly prejudiced.

7.0 CONCLUSION

It has been over a decade since the *Free World Trust* and *Whirlpool* decisions. The foundation provided by the prosecution history exclusion rule has had unintended collateral consequences on the doctrines of obviousness and utility. Now is the time to relax or overrule this requirement, so that these doctrines may work as intended and so that patentees are given neither an unfair advantage nor an unfair burden in prosecuting and enforcing their patents.

[53] *Khelawon*, *supra* note 46 at para 111.

SMALL CHANGE: SMALL CLAIMS COURT AND INTELLECTUAL PROPERTY DISPUTES*

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ABSTRACT

Given the increased damages available at provincial and territorial small claims courts, it is feasible to bring intellectual property matters before these courts for their simplified, relatively inexpensive proceedings, and speedy resolutions. Some issues of jurisdiction and constitutionality remain unresolved; however, a review of the case law confirms that copyright and trade-mark matters are being decided by small claims courts. Limitations of proceeding by way of Small Claims Court are the capped monetary amount that can be claimed and the lack of equitable remedies available in most instances. For a suitable case, the Small Claims Court is an attractive alternative for, at least, copyright and trade-mark infringement actions.

RÉSUMÉ

Au fur et à mesure qu'augmente le montant des dommages-intérêts pouvant être réclamés devant les cours des petites créances des provinces et des territoires, il devient de plus en plus souhaitable de porter les affaires de propriété intellectuelle devant ces tribunaux en raison de leurs procédures simplifiées et relativement peu coûteuses de même que de leur traitement rapide. Bien que certains problèmes de nature juridictionnelle et constitutionnelle demeurent irrésolus, l'examen de la jurisprudence montre que des causes de droit d'auteur et de marques de commerce sont réglées par des cours des petites créances. La limite imposée aux montants pouvant être réclamés et l'absence de recours équitables dans la plupart des cas sont des obstacles à l'utilisation des cours des petites créances. Dans les cas appropriés, la cour des petites créances constitue une solution de rechange intéressante, à tout le moins pour les poursuites en violation de droit d'auteur et de contrefaçon de marque de commerce.

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1.0 INTRODUCTION

Intellectual property litigation is usually commenced in the Federal Court as opposed to a provincial court because the Federal Court has the jurisdiction to provide judgment for all the various grounds of relief that a plaintiff may properly seek. Recently, there has been a move toward bringing applications for trade-mark matters as opposed to actions in the Federal Court, which combats the costs and time involved. Bringing an action in a small claims court is a further alternative to consider when seeking monetary relief and a timely and less costly procedure.

Intellectual property rights holders seeking recourse against alleged infringers should consider small claims court because it provides relief at a fraction of the cost and time associated with traditional litigation. As the quantum of damages available increases throughout the small claims courts of various provinces, it becomes increasingly desirable to bring matters before these courts for their simplified, relatively inexpensive proceedings and speedy resolutions.

This article provides an overview of the applicability of small claims courts across Canada to intellectual property disputes, including how these courts are currently used, the limitations in the types of relief offered, and the benefits and disadvantages.

2.0 SMALL CLAIMS COURTS IN CANADA

Small claims courts in Canada are governed at the provincial or territorial level and all the provinces and territories of Canada have procedures in place to hear small claims matters. Prior to making a claim before such a court, a claimant must analyze whether the court has the jurisdiction to hear and dispose of the matter. To determine whether a small claims court has jurisdiction for an intellectual property

dispute, reference must be had to both the legislation that governs the provincial or territorial small claims court, as well as the legislation governing the intellectual property at issue. Also, will the amount of damages that might be obtained by the rights holder adequately compensate for the harm suffered? Each province and territory has independently legislated the maximum damages that may be obtained through their respective small claims courts.

The maximum monetary claim varies among the provinces and territories as set out in the appendix to this article. For example, at the lower end are Quebec at $7,000, Prince Edward Island at $8,000, Manitoba at $10,000, and New Brunswick at $12,500; at the high end are Alberta at $50,000 and Northwest Territories at $35,000. The rest are at $20,000 or $25,000.

In Ontario, the Small Claims Court has jurisdiction to hear claims for $25,000 or less, excluding interest and costs,[1] which was raised from the previous limit of $10,000 in January 2010. If the amount owed is greater than $25,000, and the claimant is willing to limit the amount recoverable to $25,000, it is possible to bring a small claim. It is not possible to bring multiple small claims actions to recover a sum greater than $25,000 that arose from the same matter. In Ontario, a small claim must be brought in either the location in which the claim occurred, where the defendant lives or carries on business, or the small claims court closest to where the defendant lives or carries on business.

Before proceeding with a matter before a small claims court, it is important to carefully review the relevant provincial or territorial legislation for the full relief that can be obtained—for example, whether the maximum damages award includes pre- and post-judgment interest and costs or solicitor costs. In New Brunswick, the ability to recover pre- and post-judgment interest, costs, or solicitor costs varies with different small claims disputes. In the Ontario Small Claims Court, the legislated maximum damages available do not include interest and costs.

Another factor to consider, which also varies among jurisdictions, is the right to appeal decisions of the Small Claims Court.

3.0 LIMITATIONS OF SMALL CLAIMS COURTS

Small claims courts cannot be used for all intellectual property matters. Generally speaking, only damages can be awarded in small claims court, which precludes many types of relief typically sought in intellectual property disputes—for example, injunctions, delivery up, and amending or deleting a registration or application at the Canadian Intellectual Property Office.

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[1] *Small Claims Court Jurisdiction*, O Reg 626/00, s 1.

[2] Alta Reg 329/1989.

Alberta's legislation is noteworthy because its *Provincial Court Civil Division Regulation*[2] provides that "[f]or the purposes of section 9.6(1)(a)(i) of the Act, $50,000 is hereby prescribed as the amount in respect of which *the Court has jurisdiction to hear and adjudicate on any claim or counterclaim referred to in section 9.6(1)(a)(i) of the Act*."[3] The *Provincial Court Act*[4] provides:

Jurisdiction

9.6(1) The Court has, subject to this Act, the following jurisdiction:

(a) for the purposes of Part 4,

(i) to hear and adjudicate on any claim or counterclaim

(A) for debt, whether payable in money or otherwise, if the amount claimed or counterclaimed, as the case may be, exclusive of interest payable under an Act or by agreement on the amount claimed, does not exceed the amount prescribed by the regulations,

(A.1) for unjust enrichment, including a claim or counterclaim for the recovery of the value of services provided or goods supplied, if the amount claimed or counterclaimed, as the case may be, does not exceed the amount prescribed by the regulations,

(B) for damages, including damages for breach of contract, if the amount claimed or counterclaimed, as the case may be, exclusive of interest payable under an Act or by agreement on the amount claimed, does not exceed the amount prescribed by the regulations,

(C) for a determination of the title to and the right of possession of personal property, and for the delivery of personal property if the value of the personal property does not exceed the amount prescribed by the regulations, and

(D) for specific performance or rescission of a contract if the value of the rights in issue does not exceed the amount prescribed by the regulations;

(ii) *to grant an equitable remedy in respect of a claim or counterclaim referred to in subclause (i)*;

(b) where provided for or directed under any enactment, and subject to that enactment, to hear and adjudicate on any matter, provide any relief, carry out any duty or perform any function assigned to the Court under that enactment or in respect of which the Court is empowered to undertake or provide under that enactment.[5]

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[3] *Ibid*, s 1.1, Monetary Limits (emphasis added).

[4] RSA 2000, c P-31.

[5] *Ibid*, s 9.6(1)(a)(i) (emphasis added).

This provision gives Alberta's Small Claims Court the jurisdiction to go beyond merely a damages award. There do not appear to be intellectual property decisions dealing with equitable relief in Alberta; however, this provision has been addressed by Alberta courts.[6] The fact that the Alberta Small Claims Court has jurisdiction "for a determination of the title to and right of possession of personal property"[7] would appear to allow this court to grant a declaration as to the valid owner of a trade-mark.

In Ontario, the power of the Ontario court to grant a declaration is now governed by statute and is set out in the *Courts of Justice Act*,[8] which provides that the "Superior Court of Justice *exclusive of the Small Claims Court* may make binding declarations of right."[9] As such, it would not appear to be in the jurisdiction of the Ontario Small Claims Court to make a declaration as to the valid owner of a trade-mark.

4.0 JURISDICTION OF SMALL CLAIMS COURTS

Section 20 of the *Federal Courts Act*[10] provides:

> 20(1) The Federal Court has exclusive original jurisdiction …
>
> (a) in all cases of conflicting applications for any patent of invention, or for the registration of any copyright, trade-mark, industrial design, or topography within the meaning of the Integrated *Circuit Topography Act*;[11] and
>
> (b) in all cases in which it is sought to impeach or annul any patent of invention or to have any entry in any register of copyrights, trade-marks, industrial designs, or topographies referred to in paragraph (a) made, expunged, varied, or rectified.

Accordingly, a small claims court cannot be used to impeach or otherwise amend any pending or registered intellectual property rights in a federally regulated database.

The Federal Court has concurrent jurisdiction in all other cases in which a remedy is sought under the authority of an act of Parliament, at law, or in equity re-

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6 *Kershaw v PH Design Inc*, 2007 ABPC 13 at para 38; *Campbell v MacKenzie* (2003), 46 RFL (5th) 321 at para 20; *Hatch v Tudor*, 2008 ABPC 147 at paras 25-26; *Wilson v Airdrie Auto & RV Sales Ltd*, 2010 ABPC 96 at para 21; *705589 Alberta Ltd v Cameron*, 2005 ABPC 150 at para 13.

7 *Provincial Court Act*, *supra* note 4, s 9.6(1)(a)(i)(C).

8 RSO 1990, c C.43, s 97.

9 *Ibid* (emphasis added).

10 RSC 1985, c F-7.

11 SC 1990, c 37.

12 *Supra* note 10, s 20(2).

specting any patent of invention, copyright, trade-mark, industrial design, or topography.[12]

4.1 Patents

Under the *Patent Act*[13] only the Federal Court has jurisdiction, on the application of the commissioner or any person interested, to order that any entry in the records of the Patent Office relating to the title to a patent be varied or expunged.[14] However, an infringement action may be brought in a provincial court of the province where the infringement is said to have occurred. Assumption of jurisdiction by the provincial court is of itself sufficient proof of jurisdiction.[15]

As such, although there do not appear to be decisions in the Canadian small claims courts, it appears possible to obtain damages in a successful patent infringement dispute in such a court, unless the specific small claims court legislation prohibits it.

4.2 Industrial Designs

The *Industrial Design Act*[16] provides:

> 15(1) An action for infringement of an exclusive right may be brought in any court of competent jurisdiction by the proprietor of the design or by an exclusive licensee of any right therein, subject to any agreement between the proprietor and the licensee. …
>
> 15.1 In any proceedings under section 15, the court may make such orders as the circumstances require, including orders for relief by way of injunction and the recovery of damages or profits, for punitive damages, and for the disposal of any infringing article or kit.

The *Industrial Design Act* further provides that the "Federal Court has concurrent jurisdiction to hear and determine any action for the infringement of an exclusive right; and any question relating to the proprietorship of a design or any right in a design."[17]

As such, although there do not appear to be decisions in the Canadian small claims courts, it appears possible to obtain damages in a successful industrial de-

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[13] RSC 1985, c P-4.

[14] *Ibid*, s 52.

[15] *Ibid*, s 55.

[16] RSC 1985, c I-9.

[17] *Ibid*, s 15.2.

sign infringement dispute in such a court, unless the specific small claims court legislation prohibits it.

4.3 Trade-marks

Under the *Trade-marks Act*:[18]

> 55. The Federal Court has jurisdiction to entertain any action or proceeding for the enforcement of any of the provisions of this Act or of any right or remedy conferred or defined thereby.

Under section 57 of the *Trade-marks Act*:

> 57(1) The Federal Court has exclusive original jurisdiction, on the application of the Registrar or of any person interested, to order that any entry in the register be struck out or amended on the ground that at the date of the application the entry as it appears on the register does not accurately express or define the existing rights of the person appearing to be the registered owner of the mark.

The Ontario Superior Court has held that the Ontario Small Claims Court has jurisdiction to grant monetary relief under the *Trade-marks Act*.

4.4 Copyright

The *Copyright Act*[19] refers to the function of the court in copyright matters without specifying the level or nature of the court. Section 41.24 of the Act states that the "Federal Court has concurrent jurisdiction with provincial courts to hear and determine all proceedings, other than the prosecution of offences under sections 42 and 43, for the enforcement of a provision of this Act or of the civil remedies provided by this Act." Sections 42 and 43 refer to criminal remedies available under the *Copyright Act*.

Some small claims courts have granted relief or at least exercised jurisdiction in copyright disputes, as described in detail below.

5.0 CANADIAN CASES

Small claims courts have been utilized successfully by copyright owners, and the Ontario Small Claims Court has been found to have jurisdiction over a trade-mark dispute.

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[18] RSC 1985, c T-13.

[19] RSC 1985, c C-42.

[20] 2010 ONSC 3609, 86 CPR (4th) 303 (Div Ct).

5.1 Trade-marks

The case of *Laurentide Cabinet Corporation et al v Beyond Flooring*[20] is an appeal from an Ontario small claims court that granted $2,500 in damages to the plaintiff for breach of the provisions of section 7 of the *Trade-marks Act*. Although on appeal the court found that there was no violation of section 7, the Appeal Court addressed the issue of jurisdiction and found that the Ontario Small Claims Court had jurisdiction to hear actions arising under the *Trade-marks Act* that fall within the monetary limit of the Small Claims Court's jurisdiction. In so finding, the court stated that "[t]his is consistent with the purpose of the Small Claims Court to improve access to justice and alleviate the burden on the courts, and on the parties, by enabling parties to bring forward claims, as was done here, in person, quickly and expeditiously and at little cost."[21]

The statutory basis for jurisdiction that was followed by the Appeal Court in the *Laurentide* decision is set out in paragraphs 10 to 14:

> [10] Section 53.2 of the *Canadian Trade-marks Act* (the "Act") empowers a court to award relief, including damages, where an act has been done contrary to the provisions of the Act.
>
> [11] Section 52 of the Act defines court as "… the Federal Court or the Superior Court of a province."
>
> [12] Section 35.1(a) of the *Interpretation Act*, R.S.C. 1985, c. I-21 defines Superior Court as "in the province of Ontario, the Court of Appeal for Ontario, and the Superior Court of Justice."
>
> [13] Section 22(1) of the *Courts of Justice Act*, R.S.O. 1990, c. C-43 provides in part that "the Small Claims Court is continued as a branch of the Superior Court of Justice … ."
>
> [14] Section 24(2)(b) of the *Courts of Justice Act* provides that a proceeding in the Small Claims Court may be heard by a deputy judge.[22]

5.2 Copyright

In 2006, in *Duclow v Atlantic Business Consultants Ltd*,[23] the Small Claims Court of Nova Scotia determined that it had jurisdiction to determine matters of copyright infringement, stating:

> [19] Section 9(a) of the SCCA provides that a person "may make a claim under this Act … seeking a monetary award in respect of a matter or thing arising under a contract or a tort where the claim does not exceed twenty-five thousand dollars inclu-

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[21] *Ibid* at para 15.

[22] *Ibid* at paras 10-14.

[23] 2006 NSSM 26, 249 NSR (2d) 97.

> sive of any claim for general damages but exclusive of interest." I note here that the Legislature did not limit the jurisdiction to a monetary award "for breach of contract" or "in respect of a contract." Rather, it enlarged the inquiry to "*a matter* or thing *arising* under a contract or a tort." I am of the opinion that by doing so the Legislature intended to enlarge the jurisdiction of the court to include any "matter or thing" that was triggered or created or affected or otherwise "arose out of" a contractual relationship. On this interpretation any question concerning copyright that arose out of a contract between two parties would fall within the jurisdiction created by s. 9(a) of the SCCA. Since there was a contract in 1999; and since one of the issues is whether the claimant "sold" his copyright to the defendant under that contract; this court has jurisdiction under s. 9(a).[24]

However, in 2009, in the case of *Schwartz v Ingenious Ideas Inc*,[25] the Nova Scotia Supreme Court found that the Nova Scotia Small Claims Court did not have jurisdiction to adjudicate a copyright infringement claim. This case was an appeal of a small claims court adjudicator of the Nova Scotia Small Claims Court in which there was a finding of copyright infringement. The defendant successfully argued that the adjudicator did not have jurisdiction to hear the claims against the defendants. In finding that the Nova Scotia Small Claims Court did not have jurisdiction to decide copyright infringement claims, the Nova Scotia Supreme Court held that the Small Claims Court is a statutory court that requires, among other things, that a person may make a claim under the *Small Claims Court Act* if they are seeking a monetary award in respect of a matter or thing arising under a contract or tort pursuant to section 9 of the Act. The Nova Scotia Supreme Court found:

> [20] Protection against copyright infringement is a statutory right created pursuant to the *Copyright Act*. A person cannot be held liable in tort for copyright infringement. In *Compo Co. -versus- Blue Crest Music Inc.*, 1979 CanLII 6 (SCC), [1980] 1 S.C.R. 357, Justice Estey stated at paragraph 23:
>
> > … copyright law is neither tort law nor property law in classification, but is statutory law. It neither cuts across existing rights in property or conduct nor falls between rights and obligations heretofore existing in the common law. Copyright legislation simply creates rights and obligations upon the terms and in the circumstances set out in the statute. This creature of statute has been known to the law of England at least since the days of Queen Anne when the first copyright statue was passed. It does not assist the interpretive analysis to import tort concepts. The legislation speaks for itself and the actions of the appellant must be measured according to the terms of the statute.
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> [21] In any event, the pleadings taken as a whole in my view do not raise, even by inference, an issue of tort law. Although the Adjudicator was alive to the fact that pleadings are less than perfect when drafted by self-represented claimants, references

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[24] *Ibid* at para 19.

[25] 2009 NSSC 255, 281 NSR (2d) 233.

> to knowingly and unlawfully taking and using the copyright material in no way relate to tort. These allegations are the very essence of a claim for copyright infringement.
>
> [22] I find that the Adjudicator erred in determining the Small Claims Court had jurisdiction to adjudicate the claim for copyright infringement arising out of or with respect to a tort. As a result, there is no requirement for the Court to determine the issue relating to breach of Section 13 of the *Act*.[26]

In *Kamran c 9082-7254 Québec inc (Galerie les modernes)*,[27] the Court of Quebec Small Claims Division decided a case in which the plaintiff was a painter and was claiming from defendant damages in the amount of $7,000 for violation of her copyright rights as well as damages and inconveniences. The court stated that the plaintiff did not produce "any tangible and convincing evidence justifying any of the damages actually sustained." However, the court dismissed the action on the basis that the plaintiff had already brought a small claims action in which "the wording of the two demands is essentially identical, relating to the same facts, the same events and seeking the same damages." The plaintiff had already obtained judgment by default against the same defendant who paid the maximum damages allowed in the Quebec Small Claims Court of $7,000, plus interest and costs in the amount of $2,000.

In *Dickson et al v Venue Publishing et al*,[28] the Ontario Small Claims Court issued judgment for the plaintiffs against a third party in the amount of "$1500.00 plus costs, plus prejudgment interest at 11%," plus counsel fees of $100 for an articling student. In this case, the third-party defendant received from the plaintiffs a photograph of David Cronenberg to decide whether to use the photograph in a festival; the plaintiffs were the owners of the copyright in the photograph. Without authorization from the plaintiffs, the third party sold the photograph to the defendants for $1,500, and the defendants then used the photograph in a publication.

In *Hussey v Baxter Publications Inc*,[29] the Ontario Small Claims Court awarded the plaintiff $1,500 plus $150 transportation costs, plus interest, for infringement of copyright. In this case, the plaintiff and defendant were in a shared office space arrangement for which the plaintiff used the defendant's production facilities for fair value, but not rent. The plaintiff created brochures that were used by the defendant, and the court found that although the defendant had the right to use the brochures, it did not confer an interest in copyright.

In *Dolmage v Erskine*,[30] the plaintiff, a university lecturer in education, claimed copyright infringement with respect to a case study he had written, which the university used in workshops and from which it eventually removed his name. The On-

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[26] *Ibid* at paras 20-22.

[27] 2007 QCCQ 3976.

[28] (1985), 4 CPR (3d) 279.

[29] 1995 CarswellOnt 1450.

[30] (2003), 23 CPR (4th) 495, [2003] OJ No 161 (Ont Sm Cl Ct).

tario Small Claims Court did not have jurisdiction to grant certain remedies requested under the *Copyright Act*, although the plaintiff was awarded damages on account of infringement of his moral rights. Of note in this case is reference to the earlier case of *Moore v Canadian Newspapers Co*,[31] in which "a Small Claims Court had ordered a party to publish an apology and grant equitable relief and the appeal was allowed."[32]

In the case of *Enrietti-Zoppo v Colla*,[33] the Ontario Small Claims Court found that it did not have jurisdiction to award equitable relief in a small claims action for an order for delivery up of booklets not yet sold or donated, damages for infringement of both copyright and moral rights pursuant to the *Copyright Act*, the publication of an apology, injunctive relief preventing any additional printing and distribution of the subject booklets, and other compensation. The Ontario Small Claims Court stated:

> [12] It appears that while at first blush the Small Claims Court is conferred broad powers in section 25, which may include equitable relief, it is specifically excluded from granting equitable relief in Section 96(3) and Section 97 of the *Courts of Justice Act*. In view of these sections *the Small Claims Court cannot grant equitable or declaratory relief.*
>
> [13] Accordingly, this Court lacks jurisdiction to grant the plaintiff the injunctive relief he is seeking, namely, an Order preventing the defendants from printing and distributing any additional copies of the subject booklets. This Court also lacks jurisdiction to Order the defendants to deliver up all booklets to the plaintiff, not yet sold or donated, as well as to order the defendants to publish an apology.[34]

Nonetheless, the Ontario Small Claims Court found that it had the jurisdiction to deal with copyright infringement pursuant to the provisions of the *Copyright Act*, even though the damages that the plaintiff was seeking were declaratory in nature and not monetary. Although there were no damages with respect to the publication of the booklets, because they were given away for free, the court ultimately found that there were damages for infringement of moral rights in the amount of $1,000, and costs were awarded in the amount of $200.

There are further small claims court cases in Ontario, as well as in Yukon, Nova Scotia, and British Columbia, in which copyright infringement actions were suc-

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31 (1989), 69 OR (2d) 262 (Div Ct).

32 *Dolmage v Erskine*, *supra* note 30 at 5.

33 (2007), 63 CPR (4th) 377 at para 13.

34 *Ibid* at paras 12 and 13 (emphasis added).

35 (1993), 51 CPR (3d) 241 (Ont Sm Cl Ct).

36 (1994), 59 CPR (3d) 8 (Ont Sm Cl Ct).

37 2013 CanLII 41981 (Ont Sm Cl Ct).

cessful—namely, *Fletcher (trading under the name Nursery Designs) v Polka Dot Fabrics Ltd*;[35] *Drynan v Rostad*;[36] *Oakcraft Homes Inc v Ecklund*;[37] *Southwood v El-Hawary*;[38] *Glanzmann Tours Ltd v Yukon Wide Adventures*;[39] *Prudhomme v Shaddock*;[40] and *Weiss v Prentice Hall Canada Inc*.[41]

6.0 ARE COST CONSEQUENCES A REASON TO USE SMALL CLAIMS COURT?

To avoid possibly losing out on a costs award, a plaintiff may want to choose to proceed in a small claims court if it is only seeking monetary relief and if the amount is within the monetary limit of the small claims court. In the Ontario Superior Court of Justice decision of *Ragtop Productions Inc v Summerhill Entertainment Inc*,[42] an unsuccessful party argued that the successful party should be denied costs, or awarded costs on a reduced scale, because the amount of the judgment, exclusive of pre-judgment interests, was within the monetary jurisdiction of the small claims court at that time. The court rejected the argument on the basis that the successful party sought declaratory relief and so "this action could not have been commenced in the Small Claims Court, irrespective of the amount of money in dispute."[43] However, if an action is brought in a superior court and the plaintiff is only awarded monetary relief within the small claims court amount, then a plaintiff's costs could possibly be denied or reduced.

7.0 CONSTITUTIONALITY

Small claims courts' jurisdiction on intellectual property matters may hold up to a constitutional challenge under section 96 of the *Constitution Act, 1867*.[44]

In the case of *Ontario (Attorney General) v Pembina Exploration Canada Ltd*,[45] the Supreme Court of Canada found that a province has the power to grant jurisdiction to a small claims court to hear admiralty law cases. La Forest J found that grant of jurisdiction to be constitutionally valid, as follows:

> I conclude that a provincial legislature has the power by virtue of s. 92(14) of the *Constitution Act, 1867* to grant jurisdiction to an inferior court to hear a matter falling within federal legislative jurisdiction. This power is limited, however, by s. 96 of that

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38 2004 NSSM 41 (Sm Cl Ct).

39 2012 YKSM 3 (Sm Cl Ct).

40 2005 BCPC 256 (Sm Cl Ct).

41 (1995), 66 CPR (3d) 417 (Ont Sm Cl Ct).

42 2004 CarswellOnt 5901.

43 *Ibid* at paras 7-8.

44 30 & 31 Vict, c 3 (UK).

45 [1989] 1 SCR 206.

> Act and the federal government's power to expressly grant exclusive jurisdiction to a court established by it under s. 101 of the Act. Since neither of these exceptions applies in the present case, the grant of jurisdiction in s. 55 of the *Small Claims Court Act* authorizes the Small Claims Court to hear the action in the present appeal.[46]

This case was cited with approval by the Supreme Court of Canada in the case of *Desputeaux v Éditions Chouette (1987) inc*,[47] which found:

> [46] Section 37 of the *Copyright Act* gives the Federal Court concurrent jurisdiction in respect of the enforcement of the Act, by assigning shared jurisdiction *ratione materiae* in respect of copyright to the Federal Court and "provincial courts."

8.0 CONCLUSION

The costs associated with litigating intellectual property matters in Canada are often too high for intellectual property rights holders to bear. This means that some intellectual property owners are effectively powerless to exercise their rights and obtain relief against infringers despite the fact that they own a valuable asset. There has been some movement toward opening up access to justice to stakeholders with less financial clout. The Federal Court of Canada in the past five years has started to hear more intellectual property infringement actions by way of application rather than the traditional action. Although there are advantages and disadvantages to proceeding this way, an application is generally less expensive and offers a resolution in a much faster timeframe than does an action. The same can be said for bringing an intellectual property dispute before a small claims court.

This review found no small claims court decisions in which relief for patent or industrial design infringement was sought, and certainly no action in which a defendant counterclaimed for a finding that a patent was invalid, which would have to be heard in the Federal Court.

The one trade-mark decision of a small claims court described above was overturned on appeal, but not on the basis of lack of jurisdiction.[48] However, in most patent and trade-mark matters, defendants could potentially continue to infringe unless enjoined from doing so, which is an equitable relief that is desirable, but mostly not available in the various small claims courts.

Although plaintiffs alleging copyright infringement would also presumably want to enjoin defendants from continuing to infringe their copyright, there are cases in which a single act of copyright infringement has occurred for which a plaintiff seeks relief and does not require an injunction.

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[46] *Ibid* at 228.

[47] 2003 SCC 17, [2003] 1 SCR 178.

[48] *Laurentide Cabinet Corporation et al v Beyond Flooring*, *supra* note 20.

As well, if a plaintiff is successful in obtaining damages for an infringement of an intellectual property right by a small claims court, it would be surprising if the defendant would continue to infringe, and it would appear open to the plaintiff to bring a further action if that did occur.

As discussed above, there are several small claims court decisions that have granted monetary relief for copyright infringement, although Nova Scotia appears to require a related contractual relationship between the parties in order to have jurisdiction over copyright infringement matters. An apparent disadvantage to bringing an action for copyright infringement in a small claims court is that, although these cases provide plaintiffs with monetary compensation, it may not be possible to award the statutory damages that are found in the *Copyright Act*.

A major limitation of the small claims court is the capped monetary amount that can be claimed; however, over the years, this amount has increased for most small claims courts, which makes them much more attractive venues. Given that provincial courts might deny or reduce costs awarded to a successful plaintiff on the basis that the monetary relief was within the small claims court limitation and all the relief claimed was capable of being obtained in that particular small claims court, it may be necessary to bring claims in the small claims court for full relief, inclusive of costs. An exception to the limitation of a small claims court to granting only monetary relief is in Alberta, which has jurisdiction provided by statute for the small claims court to grant equitable remedies and certain declaratory relief.

For a suitable case, the small claims court is an attractive alternative court in which an intellectual property rights holder can seek relief, at least in copyright and trade-mark infringement actions, and benefit from the simplified, relatively inexpensive, and speedy procedure.

9.0 APPENDIX

Province/Territory	Legislation	Maximum Award
Alberta	*Provincial Court Act*, RSA 2000, c P-31; *Provincial Court Civil Division Regulation*, Alta Reg 329/1989	$50,000.00, Alta Reg 329/1989, s 1.1
British Columbia	*Small Claims Act*, RSBC 1996, c 430	$25,000.00, *Small Claims Court Monetary Limit Regulation*, BC Reg 179/2005
Manitoba	*Court of Queen's Bench Small Claims Practices Act*, CCSM c C285	$10,000.00, s 3

Province/Territory	Legislation	Maximum Award
New Brunswick	*Small Claims Act*, SNB 2012, c 15	$12,500.00, *General Regulation*, NB Reg 2012-103
Newfoundland and Labrador	*Small Claims Act*, RSNL 1990, c S-16	$25,000.00, *Small Claims Regulations*, NLR 69/04
Northwest Territories	*Territorial Court Act*, RSNWT 1988, c T-2	$35,000.00, s 16
Nova Scotia	*Small Claims Court Act*, RSNS 1989, c 430	$25,000.00, s 9
Nunavut	*Judicature Act*, SNWT (Nu) 1998, c 34, s 1; *Small Claims Rules of the Nunavut Court of Justice*, Nu Reg 023-2007	$20,000.00, Nu Reg 023-2007, s 3.1(2)
Ontario	*Courts of Justice Act*, RSO 1990, c C.43; *Small Claims Court Jurisdiction*, O Reg 626/00	$25,000.00; O Reg 626/00, s 1
Prince Edward Island	*Judicature Act*, RSPEI 1988, c J-2.1; *Small Claims Regulations*, PEI Reg EC741/08	$8000.00; PEI Reg EC741/08, s 2
Quebec	*Code of Civil Procedure*, CQLR c C-25, arts 953-998	$7,000.00
Saskatchewan	*Small Claims Act*, 1997, SS 1997, c S-50.11	$20,000.00, *Small Claims Regulations*, 1998, RRS c S-50.11, reg 1
Yukon	*Small Claims Court Act*, RSY 2002, c 204	$25,000.00, s 2

PROBABLE UTILITY*

*Robert H.C. MacFarlane***

ABSTRACT

This article discusses the legal requirements for making a sound prediction of utility and for disclosing an invention based on such a prediction. It argues that a sound prediction should be assessed from the subjective perspective of the inventors rather than the objective perspective of a skilled person, and that a sound prediction, like a demonstration, is simply evidence of utility to be assessed on a balance of probabilities. There is no reason at law to treat a demonstration differently from a sound prediction for the purposes of disclosure in a patent, and whether disclosure of facts and reasoning or a demonstration is required must be determined not by a judge-made rule of general application but by considering whether such disclosure is necessary, given the circumstances of the particular invention at issue, to satisfy the statutory requirement to disclose the invention and its operation or use as contemplated by the inventor.

RÉSUMÉ

L'article porte sur les exigences juridiques concernant la prédiction valable d'utilité et la divulgation d'une invention sur la base de cette prédiction. L'auteur soutient que la prédiction valable doit être évaluée du point de vue subjectif des inventeurs plutôt que du point de vue objectif de l'expert du domaine. Il affirme également qu'une prédiction valable, tout comme une démonstration, n'est qu'une preuve d'utilité qui devrait être évaluée selon le principe de la prépondérance des probabilités, et querien dans la loi ne justifie de traiter la démonstration différemment d'une prédiction valable à des fins de divulgation dans un brevet. L'auteur soutient de plus que, pour déterminer si la divulgation des faits et du raisonnement ou la démonstration est nécessaire, il faut se demander si cette divulgation est nécessaire, compte tenu du contexte entourant l'invention en cause, pour répondre aux exigences de la loi en matière de divulgation de l'invention ainsi que son fonctionnement ou son utilisation tel que conçue par l'inventeur, plutôt que de se baser sur une règle jurisprudentielle d'application générale.

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CONTENTS

1.0 INTRODUCTION

The Supreme Court of Canada in *Consolboard Inc v MacMillan Bloedel (Sask) Ltd*[1] (*Consolboard*) considered issues of utility, promised utility, and sufficiency of disclosure on appeal from the decision of Jackett CJ in the Federal Court of Appeal. Dickson J, writing for the court, defined "useful" in the negative, holding that in patent law "not useful" means that an invention will not work, either in the sense that it will not operate at all or, more broadly, that it will not do what the specification promises it will do. Disagreeing with the opinion of Jackett CJ, Dickson J held: "In my respectful opinion the Federal Court of Appeal erred also in holding that s. 36(1) requires distinct indication of the real utility of the invention in question";[2] the *Patent Act*[3] does not require, in the disclosure or the claims, a distinct indication of how the invention is new or useful. Therefore, inventors need not extol the effect or advantage of the invention if they describe it so as to produce that effect or advantage. The only test for sufficiency is whether the specification adequately describes

[1] [1981] 1 SCR 504, 56 CPR (2d) 145 [*Consolboard*].

[2] *Ibid* at 525.

[3] RSC 1985, c P-4, as amended [the Act].

the invention for a person skilled in the art. It should answer the questions: "What is your invention? How does it work?" and it should enable the public—that is, skilled persons—to make the same successful use of the invention as the inventor could at the time of the application. Dickson J summed up as follows:

> With respect, I agree with the submission of counsel for the appellant that the Federal Court of Appeal has confused the requirement of s. 2 of the Patent Act defining an invention as new and "useful," with the requirement of s. 36(1) of the Patent Act that the specification disclose the "use" to which the inventor conceived the invention could be put. The first is a condition precedent to an invention, and the second is a disclosure requirement, independent of the first.[4]

The Supreme Court of Canada in *Apotex v Wellcome*[5] (*AZT*) considered the issue of a "sound prediction" of utility. Binnie J rejected the notion that speculation about utility was sufficient to support an invention. In the patent bargain, he reasoned, the public is entitled to "solid teaching" in return for a monopoly and this demands either a demonstration or a sound prediction of utility at the time the application is filed. He held that to make a sound prediction, an inventor must have a factual basis, an articulable and sound line of reasoning, and a proper disclosure. Binnie J indicated that he thought that a proper disclosure would include the predicted utility, as well as the factual basis and the line of reasoning for said prediction, but because precise disclosure requirements were not in issue, he decided to "say no more about it."[6] He did, however, distinguish a number of cases in which the patents did not disclose utility on the ground that in each case the utility would have been obvious to the skilled person.[7] And in spite of Dickson J's criticism of Jackett CJ for having confused the definition of "invention" with the disclosure requirement and having erred in holding that section 36(1) (now section 27(3)) requires a distinct indication of the utility of the invention, Binnie J approvingly quoted Jackett CJ as follows:

> As Jackett C.J. observed in *Procter & Gamble Co. v. Bristol-Myers Canada Ltd.* (1979), 42 C.P.R. (2d) 33 (F.C.A.), at p. 39:
>
> > By definition an "invention" includes a "new and useful process." A "new" process is not an invention unless it is "useful" in some practical sense. Knowing a new process without knowing its utility is not in my view knowledge of an "invention."[8]

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[4] *Consolboard*, *supra* note 1 at 527.

[5] *Apotex Inc v Wellcome Foundation Ltd*, 2002 SCC 77, [2002] 4 SCR 153 [*AZT*].

[6] *Ibid* at para 70. This may indicate that the Supreme Court was not in agreement about the requirements of "proper disclosure" for sound prediction, which would be consistent with LeBel's J *obiter* comments to the contrary in *Teva Canada Ltd v Pfizer Canada Inc*, 2012 SCC 60 at paras 39-40, [2012] 3 SCR 625 (sildenafil) [*Teva v Pfizer*], which are discussed below: see text surrounding note 17.

[7] *AZT*, *supra* note 5 at para 54.

[8] *Ibid* at para 52.

Since the *AZT* decision in 2002, the so-called doctrine of sound prediction has been the subject of many decisions in the Federal Court and the Federal Court of Appeal. The courts have extended its scope of application from the *AZT*-type of invention, where a "new use is the gravamen of the invention,"[9] to encompass all types of inventions, including mechanical inventions.[10] The sound prediction doctrine applies to utility predictions about families of similarly active compounds based on structure-activity relationships,[11] to specified ranges of the conditions or the states of materials or processes that are extrapolations or interpolations from more limited test results,[12] and to mathematical calculations based on engineering principles.[13] It is capable of being applied to any broadening of the scope of utility beyond empirical observations. The sound prediction doctrine not only has wide application but it also carries a severe penalty: if a patentee runs afoul of its rules, the patent is invalid.

The developing law of sound prediction has not held to a steady course. Over the past decade, the Federal Court and the Federal Court of Appeal have struggled to reconcile *Consolboard* and *AZT*, particularly with respect to the third aspect of the doctrine of sound prediction, the requirement for proper disclosure. One school of thought, following *AZT*, which appears to dominate at present, mandates an "enhanced disclosure" that includes the factual basis and the line of reasoning that support the prediction: in essence, evidence that the prediction of utility is sound. The other school of thought, following *Consolboard*, maintains that there is no enhanced disclosure required for sound prediction; there is no need to disclose or establish utility because the only disclosure requirement is mandated by section 27(3) of the Act, which is to disclose the invention and its operation or use as contemplated by the inventor.

The confluence of the developing law of the promise of the patent and the developing law of sound prediction has led to further uncertainty, particularly in drug cases. Statements in a patent about potential, possible, or hoped-for results and advantages may be construed as promises, particularly when they appear to be made to impress the Patent Office about the patentee's tender of consideration in the patent bargain. Not having been demonstrated, such deemed promises may be treated as

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[9] *Ibid* at para 56.

[10] *Bell Helicopter Textron Canada Limitée v Eurocopter, société par actions simplifiée*, 2013 FCA 219 at para 146, 449 NR 111, Mainville JA [*Eurocopter* FCA], aff'g 2012 FC 113, 100 CPR (4th) 87, Martineau J [*Eurocopter* FC]. However, in *Pfizer Canada Inc v Ratiopharm Inc*, 2010 FC 612 at para 90, 85 CPR (4th) 103 (sildenafil), Kelen J held that the doctrine does not apply to assessing a priority claim under section 28.1(1).

[11] *Alcon Canada Inc v Cobalt Pharmaceuticals*, 2014 FC 462 (moxifloxacin); *Sanofi-Aventis Canada Inc v Apotex Inc*, 2009 FC 676, 77 CPR (4th) 99 (ramipril).

[12] *Teva Canada Ltd v Novartis AG*, 2013 FC 141 at para 248, 109 CPR (4th) 1 (imatinib) [*Teva v Novartis*]; *Pfizer Canada Inc v Mylan Pharmaceuticals ULC*, 2011 FC 547, 93 CPR (4th) 81 (donepezil).

[13] *Eurocopter* FCA, *supra* note 10 at paras 147-148.

predictions of utility and subject to the rules of sound prediction. The patent will be invalid if the inventors do not have adequate facts and reasoning before the filing date to support the deemed predictions of utility. And even if they do have adequate facts and reasoning, the patent will be invalid under the enhanced-disclosure rules if the patent does not disclose these facts and reasoning. This is so even though the patent may have been drafted before the enhanced-disclosure rules were pronounced.

The development of Canadian patent law over the past 12 years has been interesting, and patentees now fully understand the meaning of the reputed Chinese curse: "May you live in interesting times." A comparison will illustrate. In the 22 years from 1980 until *AZT* in 2002, only 2 patents were held invalid for lack of utility and 1 for inadequate disclosure. In contrast, in the 12-year period since *AZT*, at least 18 patents were determined to be invalid for lack of utility or insufficient disclosure. Although a boon for generic drug companies and defendants, this development in the law has been a source of considerable dissatisfaction for patentees. Exemplary of this dissatisfaction, on November 7, 2012, Eli Lilly served the government of Canada with a Notice of Intent to Submit a Claim to Arbitration under NAFTA Chapter 11, relating to the patent for its drug "Strattera," which had been held to be invalid. Then, on June 13, 2013, Eli Lilly withdrew the first notice and served a second Notice of Intent to Submit a Claim to Arbitration under NAFTA Chapter 11 for patents in respect of two drugs: "Strattera" and "Zyprexa."

The pendulum that had swung against patentees has, however, begun to swing back. In *Sanofi-Aventis v Apotex Inc*,[14] Pelletier J noted the caution in *Consolboard* that there is no occasion for being too astute or technical in the matter of objections to either title or specification[15] and, speaking of the promise of the patent doctrine, said: "Courts should not strive to find ways to defeat otherwise valid patents."[16] In 2012, LeBel J of the Supreme Court of Canada, albeit in *obiter dicta*,[17] spoke out against the need for enhanced disclosure in sound prediction cases. The Supreme Court also granted leave to appeal in *Apotex Inc v Sanofi-Aventis*,[18] a case where in the courts below the "promise of the patent" and "sound prediction" were in issue. The appeal was discontinued by Apotex in November 2014.

This article discusses the legal requirements for making a sound prediction of utility and for disclosing an invention based on such a prediction. It argues that a sound prediction should be assessed from the subjective perspective of the inventors rather than the objective perspective of a skilled person, and that a sound prediction, like a demonstration, is simply evidence of utility to be assessed on a

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[14] 2013 FCA 186 at para 54, 114 CPR (4th) 1 (clopidogrel) [*Sanofi-Aventis v Apotex*].

[15] *Consolboard*, *supra* note 1 at 520-21.

[16] *Sanofi-Aventis v Apotex*, *supra* note 14 at para 54.

[17] *Teva v Pfizer*, *supra* note 6 at paras 39-40.

[18] 2011 FC 1486, 101 CPR (4th) 1, rev'd 2013 FCA 186, 114 CPR (4th) 1, leave to appeal to SCC granted, [2013] SCCA No 406 (clopidogrel).

balance of probabilities. There is no reason to treat a demonstration differently from a sound prediction for the purposes of disclosure in a patent, and whether disclosure of facts and reasoning or a demonstration is required must be determined, not by a judge-made rule of general application, but rather by considering whether such disclosure is necessary, given the circumstances of the particular invention at issue, to satisfy the statutory requirement to disclose the invention and its operation or use as contemplated by the inventor.

2.0 THE PATENT ACT PROVISIONS

When considering utility and disclosure, courts usually refer to the definition of "invention" in section 2 of the Act, and the disclosure requirements in section 27(3). The *Patent Rules*[19] concerning the patent abstract are also of marginal interest.

In *AZT*, Binnie J also considered section 40 of the Act, regarding the commissioner's duty to refuse a patent application. The counterpart of section 40 is section 27(1), which addresses the commissioner's duty to grant a patent.

Section 53 of the Act may also play a role when considering when a court should grant a remedy for omissions from the disclosure.

2.1 Sections 2 and 27(3)

Section 2 defines "invention" as follows:

> "invention" means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter.

Section 27(3) defines the disclosure requirements of a patent specification as follows:

> 27(3) The specification of an invention must
>
> (a) correctly and fully describe the invention and its operation or use as contemplated by the inventor;
>
> (b) set out clearly the various steps in a process, or the method of constructing, making, compounding or using a machine, manufacture or composition of matter, in such full, clear, concise and exact terms as to enable any person skilled in the art or science to which it pertains, or with which it is most closely connected, to make, construct, compound or use it;
>
> (c) in the case of a machine, explain the principle of the machine and the best mode in which the inventor has contemplated the application of that principle; and

[19] SOR/96-423 [the Rules].

> (d) in the case of a process, explain the necessary sequence, if any, of the various steps, so as to distinguish the invention from other inventions.

Section 2 defines an invention with the word "useful," which is seldom discussed in the cases; "utility" is the more common term. "Utility" means "usefulness"—that is, the quality of being useful or how something may be useful. The word "utility" is not found in any provision of the Act, but it is mentioned in two rules, which by reason of section 12(2) of the Act have the force of enactments.[20] The rule of current interest is rule 79, which speaks of the "use or uses" of the invention rather than its "utility."[21]

Section 27(3)(a) of the Act requires disclosure of "the invention and its operation or[22] use as contemplated by the inventor." This is a general requirement for all types of inventions. Each of sections 17(3)(a) through (d) sets out individual requirements for particular types of inventions. This article concentrates on the general requirement, which is adequate for the purposes of this discussion.

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[20] The word "utility" appears twice in the Rules: rule 139 in part IV, Applications Having a Filing Date in the Period Beginning on October 1, 1989 and Ending on September 30, 1996, under the heading "Form and Contents of Applications," and in rule 175 in part V, Applications Having a Filing Date Before October 1, 1989, under the heading "Form and Contents of Applications." Both rules have the same wording:

> 139(1) An application shall contain an abstract that provides technical information and that cannot be taken into account for the purpose of interpreting the scope of the protection sought or obtained.
>
> (2) The abstract shall consist of a brief technical statement of the description indicative of the utility of the invention and the manner in which the invention is distinguishable from other inventions.

Each rule requires an abstract to contain "a brief technical statement of the description indicative of the utility of the invention." Each rule also provides that the abstract "cannot be taken into account for the purpose of interpreting the scope of the protection sought or obtained." The effect of these rules is to require the inventor to disclose in the abstract what is contemplated to be the utility of the invention, without that disclosure having any effect on the inventor's rights. However, both rules apply to older applications that are likely of little interest today except to understand the context of the Act and the Rules at the time of earlier decisions.

[21] Rule 79 is applicable to most applications of interest today. It, too, provides that an abstract cannot be taken into account for the purpose of interpreting the scope of protection sought or obtained. The word "utility" is no longer used. The comparable section 79(4) reads:

> 79(4) The abstract shall be drafted in a way that allows the clear understanding of the technical problem, the gist of the solution of that problem through the invention, and the principal use or uses of the invention.

[22] The word "or" is used in both ss 27(3)(a) and (b) and its meaning is unclear. It could mean either that any one of the listed requirements is sufficient compliance (which seems incorrect, especially in s 27(3)(b)), or that the ones most appropriate to the type of invention are intended.

2.2 Sections 27(1) and 40

Sections 27(1) and 40 respectively empower the commissioner of patents to grant or refuse patent applications:

> 27(1) The Commissioner shall grant a patent for an invention to the inventor or the inventor's legal representative if an application for the patent in Canada is filed in accordance with this Act and all other requirements for the issuance of a patent under this Act are met.
>
> 40. Whenever the Commissioner is satisfied that an applicant is not by law entitled to be granted a patent, he shall refuse the application and, by registered letter addressed to the applicant or his registered agent, notify the applicant of the refusal and of the ground or reason therefor.

2.3 Section 53

Section 53 of the Act is also relevant to the effect of an omission in a specification and drawing that is "necessary for obtaining the end for which they purport to be made." It reads:

> 53(1) A patent is void if any material allegation in the petition of the applicant in respect of the patent is untrue, or if the specification and drawings contain more or less than is necessary for obtaining the end for which they purport to be made, and the omission or addition is wilfully made for the purpose of misleading.
>
> (2) Where it appears to a court that the omission or addition referred to in subsection (1) was an involuntary error and it is proved that the patentee is entitled to the remainder of his patent, the court shall render a judgment in accordance with the facts, and shall determine the costs, and the patent shall be held valid for that part of the invention described to which the patentee is so found to be entitled.

3.0 THE LAST DATE FOR ESTABLISHING UTILITY

The date for establishing that an invention is useful is not stated expressly in the Act, but it is implicit. Section 27(1) allows the commissioner to grant a patent for an invention if an application is filed in accordance with the Act. Section 27(2) requires the application to include a specification of the invention. Section 2 defines an invention to be novel and useful subject matter. Section 28(1) provides that the "filing date" is the date when the commissioner receives everything that is required. Therefore, at the time of filing, an inventor must have invented and described novel and useful subject matter. If that is not the case, the application is not filed in accordance with the Act.

In *AZT*, Binnie J scotched the idea that utility could be supported with data acquired after the filing date of the patent application—the law of sound prediction should not be diluted to a lucky guess that turns out to be correct; the patent bargain demands "hard coinage." Binnie J expressed the rule as follows: "[T]he inventor

[must be] in a position to establish utility as of the time the patent is applied for, on the basis of either demonstration or sound prediction."[23]

In the remainder of this passage, Binnie J goes on to suggest that section 40 puts the onus on an applicant to establish utility to the satisfaction of the commissioner of patents on pain of refusal of the application. This proposition, which perhaps was driven by Binnie J's view of what must be disclosed in a specification for an invention based on a prediction of utility, is discussed later in relation to disclosure requirements.

Note that Binnie J said that the time for a demonstration or a sound prediction of utility is "the time the patent is applied for." He later clarified that he meant the priority date. For example:

> [56] Where the new use is the *gravamen* of the invention, the utility required for patentability (s. 2) must, as of the priority date, either be demonstrated or be a sound prediction based on the information and expertise then available.[24]

And:

> [71] It bears repetition that the soundness (or otherwise) of the prediction is a question of fact. Evidence must be led about what was known or not known at the priority date, as was done here.[25]

It does not appear that the submissions in *AZT* directed Binnie J to consider that an application may be amended in the time interval between the priority filing date and the Canadian filing date. In this interval, an inventor, and even others not named in the priority document, may conduct further development work on the invention. Consequently, the Canadian application may contain additional subject matter and other inventors, although the priority claim will be restricted to the subject matter disclosed in the priority document.

The Federal Court of Appeal has since established that the Canadian filing date is the final deadline for establishing the support of facts and reasoning for a sound prediction.[26] It is logical that this is also the time limit for demonstrating utility.

The law is clear that inventors cannot rely on demonstrations, facts, or reasoning that become available after the Canadian filing date to support a claim that the invention has general utility or fulfills a promise in the patent of some specified utility.

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[23] *AZT*, *supra* note 5 at para 46.

[24] *Ibid* at para 56 (emphasis in original).

[25] *Ibid* at para 71.

[26] *Aventis Pharma Inc v Apotex Inc*, 2006 FCA 64, 46 CPR (4th) 401, Richard CJ, aff'g 2005 FC 1283, 43 CPR (4th) 161, leave to appeal to SCC refused, file no 31414 (3 August 2006) (ACE inhibitors).

4.0 SOUND PREDICTION: OBJECTIVE AND SUBJECTIVE PERSPECTIVES

The Federal Court uses different approaches to assess whether inventors have made a sound prediction of utility, which may be described as subjective and objective perspectives. The consequences of choosing one or the other are significant to determining when and if an invention based on a prediction of utility has been made.

Snider J, in *Merck & Co v Apotex Inc*, said that a prediction of utility should be evaluated from the perspective of the inventors. She described this as a subjective perspective and characterized it as follows:

> The question of sound prediction is one of fact (*Wellcome AZT* … [2002 SCC 77, [2002] 4 SCR 153] at para. 71). The inventors must be able to show that, at the relevant time, they were in possession of a factual basis upon which they could articulate the desired result. The perspective being examined at this stage is a subjective one. The knowledge, activities and endeavours of the inventors themselves must be considered.[27]

On the other hand, Hughes J, in *Eli Lilly Canada Inc v Apotex Inc*,[28] used the objective perspective of the person skilled in the art to assess sound prediction:

> [157] Thus the prediction that a person skilled in the art in 1992, the priority date, could reasonably make was turned to one that such a person would soundly or inevitably make as of the Canadian filing date in 1993.

The facts of *Eli Lilly Canada v Apotex* provide a good backdrop for a discussion of these different perspectives. The inventors were Black and Cullinan, the latter playing no role in the reasons; Jones was a colleague of Black; and Jordan, Feldmann, Turner, and Love were authors of prior art. Hughes J summarized the facts as follows:

- Late 1980s, osteoporosis is a problem experienced particularly in post-menopausal women, estrogen therapy runs the risk of cancer.
- Jones and Black both working for Eli Lilly have a reported history of working with keoxifene (raloxifene).
- Jordan 1987, tests are conducted on rats using tamoxifen and keoxifene (raloxifene) recommending at least for tamoxifen, that a long term study on women be conducted.
- Feldmann 1989 reports a reduction in bone mass in a study on rats fed with keoxifene, but indicates that there may be a dosage problem.
- 1991, Turner published a paper comparing Jordan and Feldmann and prefers Jordan.

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[27] *Merck & Co v Apotex Inc*, 2010 FC 1265 at para 498, 91 CPR (4th) 1, aff'd 2011 FCA 363, 102 CPR (4th) 321 (lovastatin). See also *Teva v Novartis*, *supra* note 12 at para 271.

[28] 2008 FC 142 at para 157, 63 CPR (4th) 406 (raloxifene) [*Eli Lilly Canada v Apotex* FC].

- March 1992, Love and others including Jordan carry Jordan's work further by administering tamoxifen to postmenopausal women with breast cancer and report the results to be "reassuring."
- July 28, 1992, the "priority" application respecting the '356 patent is filed in the United States, contents are unknown but presumably similar or identical to the disclosure of the '356 patent.
- March 1993, at a conference in Hong Kong Eli Lilly publishes an abstract of a study conducted on 251 post-menopausal women who took a placebo or various dosages of raloxifene. It states that raloxifene "shows promise."
- July 27, 1993, the Canadian application for what becomes the '356 patent is filed. It discloses four examples of rat studies and a fifth example of an anticipated or not concluded study on 160 post-menopausal women where certain results are "expected" and a long term study recommended.
- January 1994, thus not part of the prior art, Black et al. publish a paper discussing a study on rats fed with raloxifene, not humans, which concludes that raloxifene "might offer" a useful therapy for post-menopausal women to maintain bone mass.[29]

Adopting a holistic view of patent law, Hughes J considered obviousness, sound prediction, and sufficiency of disclosure together.[30] He held:

> [154] Eli Lilly says that, as of the priority date, only Black had sufficiently robust rat studies such as would lead him, but only him at the time, to predict with confidence that raloxifene would be effective in treating osteoporosis and bone loss without, to take their construction of the matter, unwanted estrogen related effects.
>
> [155] I find, taking all of the relevant evidence into consideration, that as of 1992, the words used by Turner in 1997 would have been appropriate. To a person skilled in the art, Jordan's model and those used in other papers such as Turner's own, would have been very, very good *predictors* of the effect of pharmacological agents on the skeleton at least regarding estrogen deficiency induced bone loss.

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[29] *Ibid* at para 124.

[30] Compare *Genpharm v Procter & Gamble Pharmaceuticals*, 2004 FCA 393 at para 47, 37 CPR (4th) 289 (polyphosphonates), where Rothstein JA adopted the submission of then counsel for P & G, Roger Hughes:

> As counsel for P & G has pointed out, sound prediction and obviousness are considerations with different perspectives. Sound prediction is relied upon by an inventor to justify patent claims whose utility is not actually demonstrated but can be soundly predicted from information and expertise that is available. Obviousness is relied upon by a potential competitor of the patentee, who argues that what is claimed in a patent is something that a skilled technician keeping up with the state of the art and common general knowledge would be able to come to directly and without difficulty in the absence of the solution taught by the patent. These are different concepts and they are not to be conflated. The doctrine of sound prediction has no application to the doctrine of obviousness.

> [156] The study reported in the Hong Kong abstract in 1993, where postmenopausal women were in fact treated, I find to be sufficient to turn that *prediction* into a *sound* prediction.
>
> [157] Thus the prediction that a person skilled in the art in 1992, the priority date, could reasonably make was turned to one that such a person would soundly or inevitably make as of the Canadian filing date in 1993.
>
> [158] To reduce these conclusions to the patent lingo, the claimed invention was not obvious as of 1992 but was soundly predictable by 1993.[31]

Hughes J also found (at para 123) that the inventors' 1994 article (after the Canadian filing date) discussed only a study involving rats, not humans, and concluded by saying that raloxifene might offer a useful therapy for post-menopausal women. This implies that the inventors did not rely on the Hong Kong study to make a prediction either before or after the Canadian filing date. The Hong Kong study was done by others at Eli Lilly—namely, Draper et al. Hughes J never made a finding that the inventors made a prediction based on their own work and the work of Draper et al, perhaps because he assessed the soundness of the prediction at the different dates from the objective point of view of the skilled person.

It is true that whether an invention is novel, unobvious, and useful must be assessed objectively. But there is a difference between assessing whether an invention is useful and whether the inventors have determined that it was useful. There are at least three problems with using a skilled person to evaluate invention-making predictions of utility.

First, the patent bargain requires inventors to make an invention to supply the necessary consideration for the grant of a monopoly to them or those claiming under them. Utility is an essential aspect of an invention and, when utility is predicted, the inventors must make this prediction, and soundly, to qualify as having made the invention. As Snider J held, the assessment of the soundness of their prediction is bounded by the knowledge, activities, and endeavours of the inventors themselves. The wisdom of this is illustrated in the example presented by *Eli Lilly Canada v Apotex*. The study by Draper et al, reported in the Hong Kong abstract, could not have a retroactive effect to make sound the inventors' prediction if it was unsound when it was made. Otherwise, Draper's study would also make sound the predictions of prior art researchers such as Jordan, Feldmann, Turner, and Love. The inventors might have made a new prediction based on their own work and the published work of Draper et al. They might have collaborated with Draper et al as co-inventors. They might have retained Draper et al to do non-inventive confirmatory studies on their behalf such as NIH did in *AZT*.[32] But the inventors, Black et al, at some point in

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[31] *Eli Lilly Canada v Apotex* FC, *supra* note 28 at paras 154-158.

[32] See the discussion of inventorship in *AZT*, *supra* note 5 at paras 94-106; compare with the situation regarding chain of title in *671905 Alberta Inc v Q'max Solutions Inc*, 2003 FCA 241 at paras 37-40, [2003] 4 FCR 713, 27 CPR (4th) 385.

time had to make a prediction of utility that was sound when they made it. Whether a skilled person would soundly or inevitably make this prediction at some point in time does not address the question: "Did the inventors make this invention?"

Second, it is incongruous that utility must be something that a skilled person would inevitably predict soundly when other aspects of an invention such as novelty and ingenuity—that is, non-obviousness—are defined as beyond the ken of a skilled person. Hugesson J famously described the skilled person or skilled technician as

> 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.[33]

Novel subject matter is not known to a skilled person. Non-obvious subject matter is beyond the capacity of a skilled person. Similarly, it would be impossible for a skilled person having no scintilla of inventiveness or imagination to predict soundly an unobvious utility. Sound prediction should not be defined so narrowly as to exclude inventive, but sound, predictions of utility.

Third, in advanced research, the inventors' expert knowledge and reasoning applied to their experimental data may demonstrate that their prediction is logical and probative to their peers, who share a deep understanding of the science, but make less sense to the person of average skill. The law should not disregard inventions based on predictions of utility, which are sound to leading scientists, because a person of average skill would not understand why this is so. Teaching the person of average skill is a disclosure issue, not an invention-making issue.

A subjective approach resolves these problems. In the example above, the issue of whether the inventors soundly predict that their proposed treatment of postmenopausal women for bone loss would be "useful" should be determined subjectively from the knowledge, activities, and endeavours of the inventors themselves at the time that they make the prediction, having regard to their level of scientific understanding. If their prediction is contained in the Canadian patent application, then what the inventors consider up to the filing date is relevant. But information not considered by the inventors, even publicly available information, is not relevant.

In *Eli Lilly Canada v Apotex*, Hughes J went on to consider the disclosure, where the objective skilled person standard is clearly required, and held:

> [163] The third criterion however is that of disclosure. It is clear that the '356 patent does not disclose the study described in the Hong Kong abstract. The patent does not disclose any more than Jordan did. The person skilled in the art was given, by way of disclosure, no more than such person already had. No "hard coinage" had been paid for the claimed monopoly. Thus, for lack of disclosure, there was no sound prediction.[34]

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[33] *Beloit Canada Ltd v Valmet Oy* (1986), 8 CPR (3d) 289 at 294, 64 NR 287 (FCA).

[34] *Eli Lilly Canada v Apotex* FC, *supra* note 28 at para 163.

The Federal Court of Appeal agreed that the disclosure was insufficient because it disclosed no more than was previously known. It is noteworthy, however, that it was not argued on the appeal whether the Hong Kong study made sound the earlier prediction of the inventors, so this point was not fully explored. The court held:

> [16] Absent a legal error, a decision as to whether or not a prediction is sound gives rise to a question of fact which cannot be overturned in the absence of a palpable and overriding error.
>
> [17] In this respect, the appellant properly accepted that the Hong Kong study was necessary to make the prediction underlying the '356 Patent sound. After taking all of the relevant evidence into consideration, it was open to the Federal Court Judge to find that as of the priority date the prior art Jordan article and the disclosure of the '356 Patent were at the same point given that both studies demonstrated positive effects in respect of bone loss in rats and both concluded that human studies were warranted. In particular, the '356 Patent did not disclose any more than the Jordan article did, and as such, the person skilled in the art was given, by way of disclosure, no more than such a person already had available in the prior art.[35]

This Federal Court of Appeal decision is a leading authority on the need for enhanced disclosure and will be discussed again below; however, it seems clear that the court's consideration of enhanced disclosure for sound prediction was not required by its decision. The holding that the patent disclosed no more than what was known and published by persons other than the inventors was dispositive.

5.0 PROBABLY USEFUL: SOUND PREDICTION AND DEMONSTRATION

Whether an invention is useful is a question of fact and subject to proof. There is only one standard of proof in civil cases, the balance of probabilities.[36] Therefore, the "useful" requirement in section 2 can be met by showing that an invention is useful on a balance of probabilities. There is no apparent need to clothe the civil standard of proof in adornments such as "strongly suggestive" or "self-evident"; a balance of probabilities is clear enough. It would do no violence to the law to say that the practical requirement of section 2 is that an invention must be "probably useful."

Although the sound prediction of utility seems to have taken on a life of its own, it is not a new type of utility or a quasi-utility. The Act provides no protection for work that is almost, but not quite, an invention. The factual basis and line of reasoning supporting a prediction of utility are simply evidence. If on balance the evidence shows probable utility, then the utility requirement of section 2 is satisfied, and once this threshold is reached, further or better proof is immaterial.

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[35] *Eli Lilly Canada Inc v Apotex Inc*, 2009 FCA 97 at paras 16-17, 78 CPR (4th) 388 (raloxifene) [*Eli Lilly Canada v Apotex* FCA].

[36] See e.g. *FH v McDougall*, 2008 SCC 53, [2008] 3 SCR 41.

Similarly, a demonstration is simply evidence of utility. A demonstration may provide conclusive proof—for example, the Wright brothers fly their plane. Or it may provide inconclusive but probable proof—for example, in a statistically significant study a drug appears to treat a condition in humans. It is immaterial to establishing the fact of utility whether a demonstration provides conclusive proof or merely probable proof.

In *AZT*, Binnie J seems to have treated a demonstration as a test that is conclusive proof of utility.[37] However, later authorities have included, within the compass of "demonstration," tests that are not conclusive but only probative of utility. For example, in *Astrazeneca Canada Inc v Mylan Pharmaceuticals ULC*,[38] Rennie J held:

> [168] For the purposes of demonstrating utility, it is sufficient that the test results are strongly suggestive of utility and that no other logical explanation for the test results is likely.[39]

Rennie J also observed[40] that in *Pfizer v Novopharm*,[41] Kelen J held that a demonstration did not need to be conclusive. Similarly, Snider J so held in *Teva Canada Limited v Novartis AG*[42] and *Novartis Pharmaceuticals Canada Inc v Apotex Inc*.[43] Snider J observed that a number of experiments may require a commonsense approach; failure of an experiment to show evidence of utility may indicate a failed experimental procedure rather than a failed demonstration of utility. In *Eurocopter* FC,[44] the court noted that a demonstration was sufficient disclosure of utility on a balance of probabilities although it did not include all possible inclinations of the landing gear:

> [354] On a balance of probability, the Court is satisfied that the utility of an embodiment included in claim 15 of the '787 Patent was demonstrated at the Canadian filing date. The Court accepts the opinion of Eurocopter's experts that a POSITA would not have tested all possible inclinations of the integrated front cross piece, which, according to claim 15, is offset forwards in relation to the front delimitation of the plane of contact of the longitudinal support surfaces of the skids on the ground.[45]

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[37] E.g. as noted earlier, *AZT*, *supra* note 5 at para 56:

> [56] Where the new use is the *gravamen* of the invention, the utility required for patentability (s. 2) must, as of the priority date, either be demonstrated or be a sound prediction based on the information and expertise then available (emphasis in original).

[38] 2011 FC 1023, 96 CPR (4th) 159 (anastrolzole).

[39] *Ibid* at para 168.

[40] *Ibid* at para 164.

[41] 2009 FC 638 at para 87, 76 CPR (4th) 83 (sildenafil).

[42] *Teva v Novartis*, *supra* note 12 at paras 213-215.

[43] *Ibid*.

[44] *Supra* note 10.

[45] *Ibid* at para 354. The Federal Court of Appeal in *Eurocopter* FCA, *ibid* at para 148, tiptoed around the issue of what could distinguish a demonstration for a sound prediction as follows:

It seems clear and sensible that a balance of probabilities is the appropriate legal standard of proof for both demonstrations and sound predictions.

There is a possible caveat, however, which concerns the role of scientific standards. Experts may apply a scientific standard, such as a confidence level to statistical results, to determine the scientific validity and significance of what has been tested. A 51 percent positive test result may not be scientifically meaningful for various reasons—for example, it may fall into the margin of error for that type of experiment. Also, as Snider J observed above, experiments may fail for a variety of reasons not related to the hypotheses being tested. The legal standard of proof should be applied to weigh the scientifically significant evidence of utility (or the absence of such evidence).

In the context of the foregoing decisions, it seems that whether a test or experiment is called a demonstration or a factual basis for a sound prediction is a matter of semantics, not principle. It is not a question of *quid pro quo*. What a court calls a test or experiment does not depend on whether utility is the gravamen of the invention. The experiments that were held to be demonstrations by Rennie and Snider JJ would also serve as bases for a sound prediction of utility.

This brings into question the enhanced-disclosure rule. The Federal Court does not require disclosure of any details of a demonstration,[46] but, under the enhanced-disclosure rule, demands disclosure of the factual basis and line of reasoning for a sound prediction. If an undisclosed experiment is called a demonstration, the patent is valid, but if it is called a factual basis for a sound prediction, the patent is invalid. A rose by any other name would smell as sweet.

6.0 PROPER DISCLOSURE: THE ONUS OF PROVING UTILITY TO THE COMMISSIONER

Perhaps the first of the statutory requirements for disclosure of a sound prediction that should be considered is that raised by Binnie J in *AZT*, where he used section 40 to support his decision that an inventor must be able to establish utility before filing.

Part of what Binnie J said was quoted earlier in the context of the final date for establishing utility. A more complete excerpt follows:

> [148] It seems to me that calculations and mathematical modeling are, by their very essence, a prediction of a given utility. I however recognize that there may be situations where a mathematical prediction of utility may be equivalent to a demonstration of utility, depending on the nature of the technology being mathematically modeled and the degree of reliability which experts would afford to such models for such purposes. I need not however address this issue in this case..

[46] There is no requirement to prove demonstrated utility in the disclosure so long as the disclosure refers to a study demonstrating that the patent does what it promises to do: *Novopharm Limited v Pfizer Canada Inc*, 2010 FCA 242 at para 90, 88 CPR (4th) 405 (sildenafil), and *Apotex Inc v Pfizer Canada Inc*, 2011 FCA 236 at para 30, 95 CPR (4th) 193 (latanoprost).

> [46] … Utility is an essential part of the definition of an "invention" (Patent Act, s. 2). A policy of patent first and litigate later unfairly puts the onus of proof on the attackers to prove *invalidity*, without the patent owner's ever being put in a position to establish validity. Unless the inventor is in a position to establish utility as of the time the patent is applied for, on the basis of either demonstration or sound prediction, the Commissioner "by law" is required to refuse the patent (Patent Act, s. 40).[47]

A narrow construction of Binnie J's remarks would not require an applicant to establish utility to the commissioner, but simply be in a position to do so. However, the full paragraph seems to suggest that the applicant has an onus under section 40 to establish to the satisfaction of the commissioner that the invention has utility. This view is consistent with Binnie J's apparent opinion that a patent specification should include the factual basis and line of reasoning underlying a sound prediction of utility—that is, enhanced disclosure. But to this extent his opinion is *obiter dicta*, because the Supreme Court in *AZT* avoided deciding this point. Nevertheless, this is important *obiter* and is significant to any argument about enhanced disclosure. It will therefore be considered here.

Binnie J's *obiter* comment in *AZT* must be compared with the *ratio decidendi* of the Supreme Court in *Monsanto v The Commissioner of Patents*[48] (*Monsanto*), where the issue of the onus under section 40 (then section 42) before the commissioner was squarely before the court in a case involving sound prediction.

Here, rather than put the onus on the applicant to satisfy the commissioner, the court put the onus on the commissioner to justify any refusal. The fact that the commissioner was not satisfied with the applicant's factual basis for its prediction of utility was insufficient. The court quoted Duff CJ, stating that a refusal is not a matter of discretion; the commissioner ought not to refuse an application unless it is clearly without foundation. In saying so, the court took quite a different view from that of Binnie J in *AZT* regarding the significance of the words "by law" in section 40.

Pigeon J, speaking for the court, said:

> Although the report of the Board is quite lengthy, in the end with respect to claim 9 all it says after stating the principle with which I agree, is that a claim has to be restricted to the area of sound prediction and "we are not satisfied that three specific examples are adequate." As to why three is not enough nothing is said. In my view this is to give no reason at all in a matter which is not of speculation but of exact science. We are no longer in the days when the architecture of chemical compounds was a mystery. By means of modern techniques, chemists are now able to map out in detail the exact disposition of every atom in very complex molecules. It, therefore, becomes possible to ascertain, as was done in *Olin Mathieson*, the exact position of a given radical and also to relate this position to a specific activity. It thus becomes possible to predict the

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[47] *AZT*, *supra* note 5 at para 46 (underlining added).

[48] [1979] 2 SCR 1108, 42 CPR (2d) 161 [*Monsanto*].

utility of a substance including such radical. As this is a matter of general knowledge among scientists, it will be readily apparent to a competent person that if a patent covers only a few of the substances which yield the desired result, all he has to do is to prepare another which will have the same properties. The report of the Board indicates that it is aware of this. However, it gives no indication of the reasons for which it was not satisfied of the soundness of the prediction of utility for the whole area covered by claim 9. Evidence had been submitted in the form of affidavits based on scientific principles, it does not take issue with those principles, it just says: "We are not satisfied that this is adequate." In my view this is insufficient because, if accepted, it makes the right of appeal illusory. In this respect it is important to note that s. 42 of the Patent Act reads:

> 42. Whenever the Commissioner is satisfied that the applicant is not *by law* entitled to be granted a patent he shall refuse the application and, by registered letter addressed to the applicant or his registered agent, notify the applicant of such refusal and of the ground or reason therefor.

I have underlined *by law* to stress that this is not a matter of discretion: the Commissioner has to justify any refusal. As Duff C.J. said in *Vanity Fair Silk Mills v. Commissioner of Patents* [[1939] SCR 245] (at p. 246):

> No doubt the Commissioner of Patents ought not to refuse an application for a patent unless it is clearly without substantial foundation.[49]

It would appear that *Monsanto* is the binding authority regarding section 40.

However, this aspect exceeds the scope of this article. For the present purpose of considering the disclosure requirements for sound prediction, it is sufficient to say that *Monsanto* offers no support for the proposition that a patent specification must contain the factual basis and line of reasoning in enough detail to satisfy the commissioner of patents, or anyone else, that a prediction of utility is sound.

7.0 PROPER DISCLOSURE: TWO SCHOOLS OF THOUGHT

As stated earlier, the Federal Court of Appeal has developed two schools of thought regarding the requirements of a "proper disclosure" for sound prediction, which are referred to herein as the "enhanced-disclosure" school and the "no-enhanced-disclosure" school.

7.1 Federal Court of Appeal: The Enhanced-Disclosure School

The leading case requiring an enhanced disclosure in the Federal Court of Appeal is *Eli Lilly Canada Inc v Apotex Inc*,[50] on appeal from Hughes J. This decision was

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[49] *Ibid* at 1118-21, Pigeon J (emphasis in original).

[50] *Supra* note 35.

discussed earlier under the subjective and objective analyses of sound prediction. Noel J, for the court, stated:

> [14] The decision of the Supreme Court in *AZT* is particularly significant to the disposition of this appeal. According to *AZT*, the requirements of sound prediction are three-fold: there must be a factual basis for the prediction; the inventor must have at the date of the patent application an articulable and sound line of reasoning from which the derived result can be inferred from the factual basis; and third, there must be proper disclosure (*AZT* … [*Apotex Inc v Wellcome Foundation Ltd*, 2002 SCC 77, [2002] 4 SCR 153], at paragraph 70). As was said in that case (para. 70): "the sound prediction is to some extent the *quid pro quo* the applicant offers in exchange for the patent monopoly." In sound prediction cases there is a heightened obligation to disclose the underlying facts and the line of reasoning for inventions that comprise the prediction.[51]

This decision has been followed by the Federal Court of Appeal in *Eli Lilly v Teva*[52] and *Apotex Inc v Pfizer Canada Inc*.[53] The enhanced-disclosure doctrine was also employed by Mainville JA in *Eurocopter* FCA.[54]

7.2 Federal Court of Appeal: The No-Enhanced-Disclosure School

The leading case of the no-enhanced-disclosure school in the Federal Court of Appeal is *Pfizer et al v Ranbaxy et al* (*Ranbaxy*) per Nadon JA, who said:

> [56] The Applications Judge was wrong in interpreting the disclosure requirement of subsection 27(3) of the Act as requiring that a patentee back up his invention by data. By so doing, he confused the requirements that an invention be new, useful and non-obvious with the requirement under subsection 27(3) that the specification disclose the "use" to which the inventor conceived the invention could be put: see *Consolboard*, at page 527. Whether or not a patentee has obtained enough data to substantiate its invention is, in my view, an irrelevant consideration with respect to the application of subsection 27(3). An analysis thereunder is concerned with the sufficiency of the disclosure, not the sufficiency of the data underlying the invention. Allowing Ranbaxy to attack the utility, novelty and/or obviousness of the '546 patent through the disclosure requirement unduly broadens the scope of an inventor's obligation under subsection 27(3) and disregards the purpose of this provision.
>
> [57] While it is true that subsection 27(3) requires that an inventor "correctly and fully describe" his invention, this provision is concerned with ensuring that the patentee provide the information needed by the person skilled in the art to use the invention as successfully as the patentee.[55]

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[51] *Ibid* at para 14.

[52] 2011 FCA 220 at para 47.

[53] *Supra* note 46 at para 52, Trudel JA.

[54] *Supra* note 10 at paras 149-154.

[55] 2008 FCA 108 at paras 56-57, 67 CPR (4th) 23 (atorvastatin).

The Federal Court of Appeal followed *Ranbaxy* in *Novopharm Limited v Pfizer Canada Inc*.[56] This decision was reversed on appeal to the Supreme Court,[57] but not on this point; as noted earlier, in *obiter* the Supreme Court indicated agreement that no enhanced disclosure was required. The Federal Court of Appeal also rejected an enhanced-disclosure requirement in *Sanofi-Aventis v Apotex*[58] and *Eli Lilly Canada Inc v Novopharm Ltd*.[59]

7.3 The Federal Court

These two schools in the Federal Court of Appeal have created some confusion in the Federal Court. For example, in *Eli Lilly v Novopharm*,[60] O'Reilly J considered a selection patent containing a prediction of utility. He held:

> [138] In my view, the two disclosure requirements are, in a case like this, coextensive. That is, if the disclosure requirements for sound prediction had been met, so would the disclosure requirements for a selection patent. If the patent had set out the factual basis and line of reasoning on which the assertions of substantial and special advantages were based, then the disclosure requirements for a valid selection patent would have been satisfied. I have already concluded, therefore, that the '113 patent's disclosure was insufficient.[61]

On appeal, the late Layden-Stevenson J, writing for the Federal Court of Appeal, set aside the judgment and held:

> [121] The trial judge used what he considered to be the *AZT* requirement to determine the sufficiency of the disclosure. He concluded that the disclosure was insufficient because it did not meet the *AZT* hurdle. This approach is not consistent with the statutory requirements for sufficiency as set out in the Act and it is not consistent with the interpretation of those requirements set out in *Ranbaxy*. To reiterate, the patent must contain a disclosure of the compound and its advantage or advantages and a teaching of how it works.[62]

The case was then sent back to O'Reilly J for reconsideration, who said:

> [272] I believe Lilly's position is supported by Justice Layden-Stevenson's discussion of sufficiency, as well as *Pfizer Canada Inc. v Canada (Minister of Health)*, 2008 FCA 108. In my earlier judgment, I had interpreted the obligation to describe the invention and how it works as including, in the case of an invention based on an alleged

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[56] *Supra* note 46.

[57] *Teva v Pfizer*, *supra* note 6.

[58] *Supra* note 14.

[59] 2010 FCA 197, 85 CPR (4th) 413 (olanzapine) [*Eli Lilly v Novopharm*].

[60] 2009 FC 1018, 78 CPR (4th) 1 (olanzapine).

[61] *Ibid* at para 138.

[62] *Eli Lilly v Novopharm*, *supra* note 59 at para 121.

> sound prediction of utility, the duty to set out the factual basis and line of reasoning supporting that prediction. Clearly, Justice Layden-Stevenson concluded otherwise and I am bound by her approach. The '113 patent describes the compound of the invention, its advantages, how to make it, and the range within which it can be dosed. To require more—such as disclosure of the basis for the assertion that olanzapine has certain advantages—would lead me to repeat the error in my original judgment identified by Justice Layden-Stevenson. I must conclude, therefore, that Novopharm's attack on the sufficiency of the '113 patent fails.[63]

Nevertheless, the Federal Court has generally applied the enhanced-disclosure requirement[64]—that is, until recently. In July 2014, Rennie J of the Federal Court rejected the notion that the enhanced-disclosure requirement is applicable to all cases of sound prediction.[65] Rennie J referred to the *AZT* case, where Binnie J reasoned that a sound prediction was the *quid pro quo* "in this sort of case." Rennie J noted that the Federal Court of Appeal has interpreted *AZT* to mean that enhanced disclosure applies in all cases of sound prediction, citing *Eli Lilly Canada Inc v Apotex Inc*[66] and *Novopharm Ltd v Eli Lilly and Co*.[67] But Rennie J made the point that, in *AZT*, Binnie J was referring to second-use-type cases only, where a new utility is all that is being offered as the invention. For support, he cited Gauthier J in *Sanofi-Aventis v Apotex*:

> [134] In contradistinction with the situation in *AZT*, where the invention claimed was the new use/utility and thus the *quid pro quo* for the grant of the monopoly was a full disclosure in respect of such utility, the public here received all the information necessary to make and use clopidogrel.[68]

Rennie J also took guidance from the Supreme Court's *obiter* remarks in *Teva v Pfizer*, which are discussed below, and distinguished the Federal Court of Appeal decision in *Eurocopter* FCA.[69]

It remains to be seen whether this decision will spark a new trend in the Federal Court against requiring an enhanced disclosure in cases other than "new-use" cases.

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63 *Eli Lilly Canada Inc v Novopharm Ltd*, 2011 FC 1288 at para 272, 100 CPR (4th) 269 (olanzapine).

64 Some examples include *Novopharm Ltd v Eli Lilly and Co*, 2010 FC 915 at paras 88-89, 87 CPR (4th) 301, aff'd 2011 FCA 220, 94 CPR (4th) 95 (atomoxetine); *AstraZeneca Canada Inc v Mylan Pharmaceuticals ULC*, 2011 FC 1023 at paras 186-191, 96 CPR (4th) 159, aff'd 2012 FCA 109, 101 CPR (4th) 275 (anastrozole); *Apotex Inc v Sanofi-Aventis*, *supra* note 18 at paras 566-584.

65 *AstraZeneca Canada Inc v Apotex Inc*, 2014 FC 638 at paras 149-160 (esomeprazole).

66 *Supra* note 35 at para 14.

67 2011 FCA 220 at paras 47-51.

68 *Supra* note 14 at para 134.

69 *Supra* note 10 at para 157.

7.4 The Supreme Court of Canada

As noted above, in *Teva v Pfizer*,[70] LeBel J, writing for the Supreme Court, discounted the enhanced-disclosure requirement as follows:

> [39] That the invention must be useful as of the date of the claim or as of the time of filing is consistent with this Court's comments in *AZT*, at para. 56:
>
> > Where the new use is the *gravamen* of the invention, the utility required for patentability (s. 2) must, as of the priority date, **either** be demonstrated or be a sound prediction based on the information and expertise then available. If a patent sought to be supported on the basis of sound prediction is subsequently challenged, the challenge will succeed if … the prediction at the date of application was not sound, or, irrespective of the soundness of the prediction, "[t]here is evidence of lack of utility in respect of some of the area covered." [Italics and underlining in original.]
>
> [40] Nothing in this passage suggests that utility is a disclosure requirement; all it says is that "the utility required for patentability (s. 2) must, as of the priority date, either be demonstrated or be a sound prediction." Utility can be demonstrated by, for example, conducting tests, but this does not mean that there is a separate requirement for the disclosure of utility. In fact, there is no requirement whatsoever in s. 27(3) to disclose the utility of the invention: see, e.g., *Consolboard*, at p. 521, *per* Dickson J.: "I am further of the opinion that s. 36(1) [now s. 27(3)] does not impose upon a patentee the obligation of establishing the utility of the invention."[71]

These comments were *obiter*,[72] since LeBel J noted:

> [43] Since sound prediction is not an issue, the question whether there is an "enhanced" or "heightened" disclosure requirement with respect to sound predictions does not arise in this case and need not be addressed.[73]

8.0 PROPER DISCLOSURE: THE ACT

In the Supreme Court decision in *Commissioner of Patents v Fabwerks Hoechst Aktiengeselschaft Vormals Meister Lucius & Bruning*,[74] Judson J set out a basic tenet of patent law that has been a touchstone in many cases and bears repetition here:

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[70] *Supra* note 6.

[71] *Ibid* at paras 39-40 (bold emphasis added).

[72] Hughes J has so held in *Pfizer Canada and Warner Lambert Company Inc v Pharmascience Inc and Minister of Health*, 2013 FC 120 at para 156, 111 CPR (4th) 88 (pregabalin); see also *Eurocopter* FCA, *supra* note 10 at para 151 to the same effect. But see Rennie J's reliance on them *supra* note 65 and accompanying text.

[73] *Teva v Pfizer*, *supra* note 6 at para 43.

[74] [1964] SCR 49, 41 CPR 9.

> There is no inherent common law right to a patent. An inventor gets his patent according to the terms of the *Patent Act*, no more and no less.[75]

8.1 Section 2

Section 2 of the Act defines an "invention" as having novel and useful subject matter. Being only a definition, section 2 does not impose any obligations on an inventor or an applicant for a patent.

Section 2 requires an invention to be novel. The subject matter of an invention may or may not be novel and unobvious, regardless of what an inventor may think. An inventor may erroneously believe that a particular aspect of an invention is novel when applying for a patent, but later, during examination in the Patent Office or even at trial, it may be shown that this aspect is known. Nevertheless, the patent may be held to be valid because some other aspect, to which the inventor gave no credit, is novel and unobvious. Fletcher-Moulton LJ eloquently makes this point in *British United Shoe Machinery Company Ld v A Fussell & Sons Ld*[76] (*Fussell*), explaining that if the law required an inventor to know and disclose how an invention is novel, it would impose an impossible burden on an inventor to know all the possibly relevant prior art. Dickson J refers to this in *Consolboard*:

> The impossible and unwarranted nature of such a burden was explicitly identified by Fletcher-Moulton L.J. in *British United Shoe Machinery Company Ld. v. A. Fussell & Sons Ld.* at p. 652.[77]

Section 2 also requires an invention to be useful. This is consistent with the foregoing interpretation of section 2 that an invention may be useful whatever the inventor might think. Utility is different from novelty, however; there is no undue burden. An inventor need not be aware of all prior art to appreciate a utility of his or her invention. But utility is similar to novelty in that an inventor's limited understanding of the utility of the invention is not limiting of the inventor's rights. Inventors are entitled to monopolize uses of their inventions that they never contemplated—for example, a monopoly over a new compound for all its uses, even those that the inventor does not contemplate.[78]

In summary, section 2 is not concerned with the inventor's understanding of novelty or the extent of utility. It is an abstract definition that imposes no disclosure requirements.

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[75] *Ibid* at 57; referred to in *Harvard College v Canada (Commissioner of Patents)*, 2002 SCC 76, [2002] 4 SCR 45; *Monsanto Canada Inc v Schmeiser*, 2004 SCC 34, [2004] 1 SCR 902; *Apotex Inc v Sanofi-Synthelabo Canada Inc*, 2008 SCC 61, [2008] 3 SCR 265 (clopidrogel).

[76] (1908), 25 RPC 631 at 651-52 (CA).

[77] *Supra* note 1 at 532.

[78] *Apotex Inc v Wellcome Foundation Ltd*, [2001] 1 FC 495 at para 27, 10 CPR (4th) 65, Rothstein JA (FCA) [*AZT* FCA].

8.2 Section 27 and Consolboard

Sections 27(2) and (3) require a specification that correctly and fully describes the invention and its operation or use as contemplated by the inventor.

Consolboard[79] is the leading case on the meaning and the extent of the disclosure requirement of a specification. In that case, the Supreme Court considered the meaning of section 36(1), which was then the counterpart of section 27(3); however, sections 36(1) and 27(3) are dissimilar on the exact point in issue in *Consolboard*. At the time of this decision, section 36(1) contained a concluding clause stating the following:

> [H]e shall particularly indicate and distinctly claim the part, improvement or combination which he claims as his invention.

This clause has since been repealed, but it is important to keep in mind when reading the reasons for judgment, particularly the following celebrated quote of Dickson J:

> Section 36(1) did not require a *distinct indication* of the real utility of the invention in question, and *its concluding words* did not require the inventor to describe in his disclosure or claims how the invention was new or useful. The inventor was required to describe what it was he claimed to have invented, but not to extol its effect or advantage if he described the invention so as to produce it. The requirement in s. 36(1) that the specification disclose the "use" to which the inventor conceived the application could be put related to disclosure and was independent of the requirement in s. 2 that an invention be new and "useful" as a condition precedent to an invention.[80]

The emphasized words in this quotation are important. Dickson J was commenting on an interpretation by Jackett CJ of the Federal Court of Appeal about the disclosure requirements of section 36(1) or, more precisely, section 36(1) read in light of the words "particularly indicate and distinctly claim" in its concluding clause. Jackett CJ read these words as an important facet of the disclosure requirement of section 36(1), independent of and in addition to the requirement for the claims in section 36(2). Dickson J summed up Jackett's CJ reasoning as follows:

> The Chief Justice held that an invention must in the case of a product, (which he considered to be involved here) by virtue of the definition of "invention" be "useful … composition of matter, or any … useful improvement in any … composition of matter." Having affirmed that the trial judge had correctly described the "invention" the Chief Justice said:
>
> > In our view, having regard to the obvious object of section 36 of making "patent" to the public (as a consideration for the monopoly) all aspects of the invention (in the sense defined by section 2 of the *Patent Act*) and particularly

[79] *Supra* note 1 at 505-6.

[80] *Ibid* (emphasis added).

> its utility, there is no compliance with that section unless the applicant in his specification *distinctly* claims the "part, improvement or combination which he claims" having "correctly and fully" described, inter alia, its utility.

He continued:

> After studying the "specification" and in the light of a long argument and references to the voluminous evidence, it would seem that the utility of the invention consists of the fact that, if particles of wood created by crosscutting and tapered at the ends are used within the sizes mentioned, for the making of fibre boards, they will produce a relatively inexpensive board strong enough for construction purposes because there has been a minimization of the damage to the fibres and the tapering at the ends of the particles reduces the amount of the relatively expensive bonding resin required and, by virtue of the overlapping resulting from such tapering, results in a stronger board.

and concluded:

> In our view, while the reduction in damage to the wood fibres, as a utility to be achieved by the "invention," is "distinctly" claimed by the patent (see page 1 of the printed copy), the utility of the *combination* of the crosscutting whereby that is achieved and the tapering of the ends of the particles is only to be discovered by an intensive study of the patent, if at all. The main reference to it is in Column 8 (out of 16 columns) in a discussion of a particular application of the "invention." In our view, this is not a *distinct* indication of the real utility of the invention in question by which the public would be made aware of the invention in the manner required by section 36; and the *Patent Act* does not, therefore, authorize a monopoly for the invention.[81]

In other words, Jackett CJ was of the view that, although the utility was disclosed on page 1 of the specification,[82] a distinct explanation of how the specific combination of the features of the wood chips would achieve this utility could not be found; it could only be learned from studying the whole specification and even then was difficult to discern. This, he held, was inadequate to particularly and distinctly indicate the utility aspect of the invention as the last clause of section 36(1) required.

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[81] *Ibid* at 516 (emphasis in original).

[82] Collier J in the Federal Court and Jackett CJ in the Federal Court of Appeal refer to the columns of the patents in their decisions. Collier J in an endnote says that he is referring to the printed versions of the patents issued by the Patent Office. Apparently, the Queen's Printer in those days printed issued patents in a column format. Upon retrieving from CIPO and reviewing the printed issued patent that Jackett CJ discussed in his decision, I believe that what Jackett CJ was referring to at "page 1 of the printed copy" was: "A further object of the invention in one form is to provide a moulded product from wood flakes, wafers and the like *in which the intrinsic strength of the fibre is preserved* and which are smooth and have tapered ends and good board making properties requiring very little added binder" (emphasis added). This is based on identification in the specification that "[i]n general the defibering methods of the prior art are such that a substantial proportion of the inherent strength of the wood fibre is destroyed by the act of defibering."

Dickson J gave the last clause of section 36(1) little regard. He held:

> It is not entirely clear what was intended to be achieved by the addition of the quoted words. They may have been added *ex abundante cautela*, seeking greater particularity of description, but they appear to be little more than pleonasm, when read with s. 36(2) and the definition of "invention." It is not readily apparent that anything of substance was added in 1935 to that which had been required since 1869.[83]

He continued:

> In my respectful opinion the Federal Court of Appeal erred also in holding that s. 36(1) requires distinct indication of the real utility of the invention in question.[84]

It was in the context of this disagreement over the requirement for a "distinct" indication of utility in the concluding words of section 36(1) that Dickson J said:

> I do not read the concluding words of s. 36(1) as obligating the inventor in his disclosure or claims to describe in what respect the invention is new or in what way it is useful. He must say what it is he claims to have invented. He is not obliged to extol the effect or advantage of his discovery, if he describes his invention so as to produce it.[85]

This famous statement has taken on a meaning that goes beyond the context in which it was made. It is often referred to as an authority for the proposition that the Act does not require disclosure of the utility of the invention.[86] It is submitted that this was not what Dickson J intended. Recall that Jackett CJ said that the utility was disclosed:

> In our view, while the reduction in damage to the wood fibres, as a utility to be achieved by the "invention," is "distinctly" claimed by the patent (see page 1 of the printed copy) … .

The issue was not a requirement to disclose the utility of the invention, but rather a requirement that the specification must particularly and distinctly explain how this utility would be achieved by the combination of wood chips. Given that section 36(1) mandated disclosure of the invention and its operation or use as contemplated by the inventor, it would require a razor-sharp interpretation to exclude disclosure of utility from this requirement. Disclosure of the use of an invention surely must include its utility. Imagine a disclosure that describes, for example, the composition of a new drug, how to make it, the dosage, and how to take it, but never discloses the utility of the drug—that is, what it is useful to treat. This would not teach the invention to the public.

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[83] *Consolboard*, *supra* note 1 at 519.

[84] *Ibid* at 525.

[85] *Ibid* at 526.

[86] See e.g. *Teva v Pfizer*, *supra* note 6 at paras 38-40; *Sanofi-Aventis v Apotex*, *supra* note 14 at para 39; also referenced in *Eurocopter* FCA, *supra* note 10 at para 151.

As noted earlier, in *AZT*, Binnie J approvingly quoted Jackett CJ: "Knowing a new process without knowing its utility is not in my view knowledge of an 'invention.'" Binnie J also moderated the idea that an inventor is not required to describe "in what way an invention is useful" by holding that disclosure of utility is not required when utility would be obvious to a skilled person. He explained and distinguished prior cases and patents:

> In this case, Dr. Horwitz taught everyone how to make AZT. The question was what could usefully be done with it. In *Ernest Scragg & Sons Ltd. v. Leesona Corp.*, [1964] Ex. C.R. 649, Thorson P. held that if the invention related to an apparatus or process, it was sufficient if the apparatus had actually been built or the process used. The invention in that case was for "Thermoplastic Yarns and Methods of Processing Them" (p. 659). AZT had been compounded and used in 1964, but not by Glaxo/Wellcome, and not in relation to HIV/AIDS. The invention claimed here related entirely to the new and hitherto unexpected use. Glaxo/Wellcome also cites *Koehring Canada Ltd. v. Owens-Illinois Inc.* (1980), 52 C.P.R. (2d) 1 (F.C.A.) (leave to appeal refused, [1980] 2 S.C.R. ix), which dealt with an invention to harvest and process trees in the middle of a forest. The utility was obvious. The invention lay in the machine and its operation. Glaxo/Wellcome also relied upon two Canadian appeals to the Privy Council for the proposition that "proof of utility is not required for there to be an invention" (factum, para. 45): *Permutit Co. v. Borrowman*, [1926] 4 D.L.R. 285 (P.C.), and *C.G.E. Co. v. Fada Radio Ltd.*, [1930] 1 D.L.R. 449 (P.C.). In neither case was utility in doubt. *Permutit* dealt with a process for softening water and *Fada Radio* dealt with a radio tuning device.[87]

It is submitted that, in the context of the issue before the court, what Dickson J meant in *Consolboard* about the disclosure requirement is captured more accurately in the following quotation from his reasons:

> I am further of the opinion that s. 36(1) [now s 27(3)] does not impose upon a patentee the obligation of *establishing* the utility of the invention.[88]

In other words, there is no need to disclose the evidence or an explanation establishing—in the sense of proving or validating—the utility of an invention. This principle accords with the language of section 36(1), given Dickson J's interpretation of its concluding clause, and goes directly to the heart of the issue in *Consolboard*.

This principle is also applicable to section 27(3), perhaps even more so, because the language of the concluding clause of section 36(1), at issue in *Consolboard*, has been repealed. It is consistent with the Supreme Court's decision in *Monsanto*, discussed above, and with the Federal Court of Appeal's judgment in *Novopharm Limited v Pfizer Canada Inc*.[89] On appeal of this last case, the Supreme Court referred

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[87] *AZT*, *supra* note 5 at para 54.

[88] *Consolboard*, *supra* note 1 at 521 (emphasis added).

[89] *Supra* note 46.

to the foregoing quotation of Dickson J in its *obiter* remarks that section 27(3) does not impose on a patentee the obligation of *establishing* the utility of the invention.[90]

Let's turn back to the words of section 27(3):

> 27(3) The specification of an invention must
>
> (a) correctly and fully describe the invention and its operation or use as contemplated by the inventor.

Reading section 27(3) with *AZT* and *Consolboard* in mind, it seems that, at the level of understanding of a person of average skill in the art, the specification should describe the following: the invention, its utility, and how the inventor contemplates its operation or use to obtain this utility as successfully as the inventors could at the date of the application.[91] All of this is subject to the rider that any part of this requirement may be unnecessary if the utility of the invention would be obvious to a skilled person reading the specification in light of the common general knowledge. It is not necessary that the specification particularly and distinctly indicate the utility in some concise statement, explain the theory of how the invention will obtain the contemplated utility, or prove that it will do so. It is of no consequence that the inventor does not appreciate all the advantages or uses of the invention; this is not limiting of the inventor's rights.

9.0 PROPER DISCLOSURE: SOUND PREDICTION—THE SKILLED PERSON STANDARD

The often-mentioned standard for the enhanced-disclosure rule for sound prediction is that the disclosure must divulge the factual basis and line of reasoning (unless it is common general knowledge) to a skilled person—for example, the following passages from the Federal Court of Appeal decision in *Eurocopter* FCA:

> [152] In my opinion, the factual basis, the line of reasoning and the level of disclosure required by the doctrine of sound prediction are to be assessed as a function of the knowledge that the skilled person would have to base that prediction on, and as a function of what that skilled person would understand as a logical line of reasoning leading to the utility of the invention.
>
> . . .
>
> [154] As noted in the Manual of Patent Office Practice issued by the Canadian Patent Office (at paras. 12.08.04b and 12.08.04c), since a sound line of reasoning is directed to a skilled person, those elements of the doctrine of sound prediction that would be self-evident to that person in view of the common general knowledge need not be explicitly disclosed in the specification. The soundness of a line of reasoning

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[90] *Teva v Pfizer*, *supra* note 6 at para 40.

[91] The phrase "at the date of the application" assumes that the inventors have not made additional inventive improvements to the original invention before the Canadian filing date.

> can also be effectively assessed by asking whether the skilled person would accept the logic presented in the specification and derive from the sound prediction as a whole an expectation that the invention will provide the promised utility.[92]

There can be no question that, if one accepts the premise that the factual basis and line of reasoning are to be disclosed, they must be disclosed at the level of understanding of the notional person of average skill in the art. If the inventors are operating at an expert level of knowledge and skill, then the disclosure must be "dumbed down" to explain these matters to the person of average skill. To the extent that the above-quoted paragraphs are saying this, there can be no quarrel.

But these paragraphs go further. They suggest that the sufficiency of the disclosure depends on whether a skilled person would accept the logic presented and derive an expectation that the invention will provide the promised utility. This sounds a lot like requiring an inventor to establish utility in the disclosure to the satisfaction of the person of average skill. The proposition that the patentee must establish the utility of the invention in the specification has been clearly rejected by the Supreme Court in *Consolboard* and appears to be inconsistent with *Monsanto*, discussed above. There was insufficient support for such a requirement in section 36(1), and there is even less support in its present-day counterpart, section 27(3), given the repeal of the last clause of section 36(1).

It is submitted that there is no basis in the statute for requiring a patentee to establish the soundness of a prediction of utility to the skilled person, or to anyone else, in the disclosure of a patent specification.

10.0 PROPER DISCLOSURE: WHEN MUST EVIDENCE OF UTILITY BE DISCLOSED?

One may begin here with the comment that it is usually good practice to disclose information about the utility of the invention, including demonstrations, factual basis, and line of reasoning—provided, however, that one does not fall into the trap of stating potential(s), goals, and foreseeable results as promises of utility.

The issue here, however, is when one *must* disclose experimental results, lines of reasoning, and demonstrations. The answer seems to be that one must disclose them when they are necessary to describe the invention and how it is to be operated or used as contemplated by the inventor.

An invention is a technical advance in the art. If one makes a sound prediction of utility, where there was previously only speculation, there would be no disclosure of a technical advance unless the new factual basis and the new line of reasoning for the prediction were disclosed. A good example is *Eli Lilly*, discussed above regarding the Hong Kong study. The new experimental results had to be disclosed—

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[92] *Eurocopter* FCA, *supra* note 10 at paras 152 and 154.

not to establish the prediction of utility but to disclose the technical advance that constituted the invention. Whether a full, elaborate disclosure of the experiments and thinking or merely a summary needs to be disclosed depends on the nature of the invention.

Another reason to disclose the factual basis and reasoning would be to enable the skilled person to practise the invention as successfully as the inventors could at the filing date. The facts and reasoning of the inventors may provide a better understanding of the invention or its potential that would benefit the skilled reader in utilizing the invention or in future research and development based on the invention. The public is entitled to benefit from this knowledge to the same extent as the inventors. But the further away one gets from the core requirement of disclosing the invention and how to operate and use it as contemplated by the inventor, the less an omission in the specification should affect validity. Perhaps this is when one should look to section 53, which provides that an omission in the specification will result in the patent being void only if it was made for the purpose of misleading the public.

The same may be said of demonstrations. A demonstration of what was previously mere speculation may be the crux of the technical advance and therefore necessarily disclosed to enable a skilled person to understand the invention. Similarly, information regarding the way in which the demonstration was conducted may be necessary for a skilled person to practise the invention as well as the inventors, and therefore should be disclosed.

Whether a demonstration or a factual basis and line of reasoning are essential to the disclosure of an invention and how it is operated or used will depend on the circumstances of each invention. The point is to disclose what is new and useful and how to use it, not to establish or prove that it is new and useful.

11.0 CONCLUSION

The patent bargain is premised on the notion that in exchange for the monopoly the public obtains “solid teaching” from inventors of new and useful subject matter. The requirement that an invention be “useful” means that the inventors must have probative evidence of its utility at the time of filing their patent application. The requirement for “solid teaching” means that the patent specification must teach the public (represented by the skilled person) the invention and its operation or use as contemplated by the inventors. This must be done to ensure that the public can make the same successful use of the invention as the inventors could when the application was filed.

It is appropriate to assess a prediction of utility from the subjective perspective of the inventors and at the level of the inventors’ understanding of the art or science. What may be known to a skilled person is irrelevant unless it is known to the inventors. On the other hand, the teaching in the patent specification should be assessed objectively from the point of view of the person of average skill in the art.

A predicted utility is not a different kind of utility, or a quasi-utility, requiring special treatment either at the stage of invention-making or invention-disclosing. The factual basis and reasoning underlying such a prediction are simply evidence of utility. When utility is established on a balance of probabilities, the defined requirement that an invention be useful is proven and the prediction is sound. Once this threshold is crossed, the quality or quantity of proof is immaterial.

For the purposes of disclosure, there is no principled basis to distinguish a prediction of utility from a demonstration of utility. A demonstration may be conclusive or simply probative of utility. It is inconsequential whether the evidence is conclusive; there are no degrees of utility or proof. The only standard of proof in civil cases is a balance of probabilities.

Consolboard does not stand for the principle that inventors do not need to disclose utility—that is, how their invention is useful—but rather for the principle that inventors do not need to establish utility in the disclosure. For sound prediction, this means that disclosure of the inventor's factual basis and line of reasoning is not required to enable a skilled person to assess the soundness of a prediction of utility nor to enable a skilled person to make the sound prediction, an impossible burden if it is an inventive prediction.

Proper disclosure in all cases, including sound prediction cases, is no more and no less than that mandated by the Act. An applicant must disclose what is necessary to enable a skilled reader to understand the invention (the technical advance made by the inventors) and its operation or use sufficiently to make the same successful use of the invention as the inventor could at the time of the application. To serve these ends, it may be necessary in some cases to disclose a demonstration of utility or the factual basis and the line of reasoning for a prediction of utility. Whether this kind of disclosure is required can be determined *ad hoc*. There is no need to formulate a special or "enhanced" disclosure rule for sound prediction.

THE COPYRIGHT IMPLICATIONS OF BOOK EDITING APPS: CASE STUDY—STORY SURGEON*

*James Plotkin***

ABSTRACT

There is a new type of software app currently being developed that allows the purchaser of an ebook to make edits to the content of the book by creating (or using existing) "filter" files. This article analyzes Story Surgeon, one such app in development. The copyright implications of such an app are myriad. Although Story Surgeon's clever architecture may serve to shield it from copyright liability in the United States, Canadian copyright law may offer some unique challenges (and opportunities) for book editing apps like this one north of the border. This article examines the Canadian copyright implications of this new technology by canvassing such issues as moral rights, enabling infringement, the user-generated content (UGC) exception, and fair dealing for the purposes of criticism and review, parody, satire, and education.

RÉSUMÉ

Un nouveau type d'applications permet actuellement à l'acheteur d'un livre électronique de modifier le contenu du livre en créant des fichiers « filtres » (ou en utilisant ceux qui existent déjà). La présente étude de cas analyse Story Surgeon, une application présentement en développement. Les répercussions d'une application semblable sur le droit d'auteur sont innombrables. Bien que l'habile architecture de Story Surgeon puisse servir à mettre le concepteur à l'abri des obligations en matière de droit d'auteur aux États-Unis, la loi canadienne sur le droit d'auteur peut présenter des difficultés (et des possibilités) uniques pour les applications de modification de livres électroniques comme celle-ci. L'étude de cas porte sur les répercussions de cette nouvelle technologie sur le droit d'auteur au Canada en examinant des questions comme les droits moraux, la contrefaçon, l'exception du contenu généré par les utilisateurs et l'utilisation équitable à des fins de critique/compte rendu, de parodie, de satire et d'éducation.

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1.0 INTRODUCTION

A new type of software app that allows the purchaser of an ebook to make edits to the content of the book by creating (or using existing) "filter" files is currently being developed. One such app is called Story Surgeon.[1] The app is the brainchild of aspiring author Ryan Hancock. It can be used to clean up the language in a book to create a version more appropriate for children, or to write oneself into the story as the main character. According to the app's Kickstarter promo video, Story Surgeon "gives you the power to fix someone's story without being sued."[2]

In addition to creating filters, users will be able to share the filters they create via an online database. Hancock's hope is to create a vast archive of filters of all kinds for books of all kinds. In his own words: "Whether you want a G-rated version of Hunger Games for your tween, or a romance version of Charlie and the Chocolate Factory, star ratings, descriptions, and lists will make finding filters easy."[3]

At first glance, Story Surgeon seems to trample copyright in umpteen different ways. The clever architecture of the app, however, may serve to avoid some or all copyright infringement for a few reasons, at least under US copyright law.

First, users of the app must have purchased the ebook in the first place. Second, the filter file is stored separate from the ebook file itself so that the original is neither copied nor permanently altered. Finally, no liability should result from sharing

[1] See online: KickStarter <https://www.kickstarter.com/projects/653574353/story-surgeon-the-app-for-fixing-someone-elses-boo>.

[2] *Ibid*.

[3] *Ibid*.

filters because anyone who downloads the filter must also have purchased a copy of the same ebook in order to make use of it. The filters will always be free.

While these features of the app may insulate Story Surgeon and its users from liability for copyright infringement in the United States, some unique features of Canadian law may well produce a different result.

Apart from the recent modifications to the *Copyright Act*[4] relevant to this technology, Canadian law contains relatively broad moral rights provisions. While US law offers limited protection for authors' moral rights through a patchwork of copyright, trade-mark, and defamation statutes, it does not contain a comprehensive moral rights regime on par with that found in the Act.[5] Indeed, moral rights seem to be highly relevant to this technology, given its capacity to dramatically alter the substance of a work. Specifically, the author's right to the integrity of the work comes into question.

The moral rights provisions of the Act are not the only ones in play. A proper parsing of this issue requires analysis of the new provisions on enabling infringement, the user-generated content (UGC) exception,[6] and fair dealing for the purposes of criticism/review, parody, satire, and education.

Finally, it is important to note that there are three distinct activities being carried out:

Activity A: Story Surgeon is providing an enabling technology (which may be further subdivided into: (1) marketing the Story Surgeon app; and (2) hosting the filter database).

Activity B: Users use this technology to alter copyright-protected works.

Activity C: The alteration files (filters) may be shared with other users of the technology.

Some of the following considerations will affect only one of these activities, while others may touch on more than one.

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[4] RSC 1985, c C-42 [the Act].

[5] In *Gilliam v American Broadcasting Cos*, 538 F 2d 14 (2d Cir 1976), the Second Circuit recognized a form of moral rights in a series of television scripts. The court reached its conclusion on the basis of a cocktail of copyright and trade-mark provisions. 17 US Code § 106A provides for moral rights protections analogous to those found under the Act, although that provision applies only to visual artistic works: see Thomas F Cotter, "Pragmatism, Economics, and the Droit Moral" (1997) 76 NCL Rev 1.

[6] The Act, *supra* note 4 at s 29.21.

2.0 MORAL RIGHTS

2.1 Analysis

Sections 14.1-14.2 of the Act define moral rights in works protected under section 3 (a different provision deals with the moral rights attached to performers' performances). Moral rights comprise two elements: (1) the right to be associated (or not) with the work; and (2) the right to the integrity of the work.[7] Sections 28.1-28.2 set out what constitutes infringement of moral rights. Section 28.2(1)(a) provides that the right to the integrity of a work is infringed if the work is "distorted, mutilated or otherwise modified" to the detriment of the author's honour or reputation. The moral rights provisions of the Act therefore appear to concern themselves with activities B and C above.

Rewriting a novel with oneself as the main character would, on its face, appear to be an infringement of the author's moral rights. It is open to question as to whether more minor edits—say, editing out curse words—would infringe an author's moral rights. Unlike paintings, sculptures, and engravings, literary works do not enjoy a presumption of infringement.[8] A plaintiff must therefore meet the standard set out in the Act, section 28.2(1)(a).

Does the fact that the edits overlaid by the filters are not permanent affect the analysis? A court may be less likely to find infringement if it places considerable weight on the fact that the app does not make any permanent edits to the underlying work because the filter file is separate from the ebook. If, however, the court opts to discount the importance of the app's architecture, it would be more likely to find moral rights infringed.

The current case law in Canada does not seem to differentiate between permanent and temporary alterations to a work. The Ontario High Court of Justice's decision in *Snow v The Eaton Centre Ltd*[9] supports this conclusion. In this well-known case, artist Michael Snow was commissioned by the management of the Eaton Centre in Toronto to sculpt a scene of Canadian geese in realistic-looking flight. In 1981, the Eaton Centre decided to wrap red bows around the necks of the geese as part of its Christmas decoration scheme. Outraged by this, Snow sued for infringement of his moral rights and sought an injunction ordering that the bows be taken off the sculptures. The court granted the injunction, finding that the bows distorted, mutilated, or otherwise modified his work to the detriment of his honour and reputation.

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[7] Some authors parse moral rights into three categories: attribution, integrity, and association. It has been noted, however, that right to determine whether a work will be associated with a given "product, service, cause or institution" is intimately linked with the integrity of the work. See David Vaver, *Intellectual Property Law*, 2nd ed (Toronto: Irwin Law, 2011) at 211.

[8] The Act, *supra* note 4, s 28.2(2).

[9] (1982), 70 CPR (2d) 105 (Ont H Ct J).

Similar to the filters in the Story Surgeon app, the bows were never meant to be permanent. If we stop the analysis here, we are forced to answer the question posed above in the negative: the temporary nature of the alteration to the ebook version of the literary work does not preclude a moral rights infringement. However, there are also distinguishing factors.

One key distinction is that, in *Snow*, the work was on display to the public, whereas Story Surgeon is a private platform in which the changes to the work would be revealed only to the creator and subsequent users of the filter, all of whom have presumptively purchased an unaltered copy of the work. The sculptures in *Snow* were intended to be displayed in a high-traffic public area. With the notable exception of public readings, book reading is an inherently private and personal experience. Particularly in the case where a user engages only in activity B but not activity C—that is, the user creates and uses a filter, but does not share it—it is difficult to see how the honour or reputation of the author could have been harmed. In the context of *Snow*, had the artist sold the sculptures to a private buyer who then decided to put bows on them, would the alteration truly be to the detriment of Snow's honour or reputation? If the sculptures were never displayed for public viewing in their "altered" form, the artist's moral rights more than likely would not have been infringed.

Indeed, it would appear that in order to violate an author's moral rights in a work, some element of display is required. Reputation necessarily implies a public opinion. It follows logically then that the public (or at least some relevant subsection thereof) must be able to see the alteration to the work so that the author's reputation may be affected one way or the other. It therefore seems safe to rule out activity B on its own as being capable of offending an author's moral rights.

Because the burden rests on the author to prove a moral rights infringement of a literary work, it is germane to examine the standard the author must meet. The Federal Court set a relatively high standard for proving infringement of a work's integrity in *Prise de Parole Inc v Guérin Éditeur Ltée*.[10] The defendant publisher in that decision sold thousands of copies containing extracts of a story written by one of the plaintiffs. The latter alleged that his work had been distorted.

The court elaborated a two-prong test: first, the plaintiff author must meet a subjective standard showing that, in his opinion, the integrity of the work has been tarnished. Once this is established, the plaintiff must then meet an objective standard by offering testimony from peers in the field to the effect that they too feel that the work's integrity has been diminished by the defendant's activity.

Another potential consideration in a moral rights analysis is the principle of technological neutrality. As this principle is enunciated by the Supreme Court of

[10] [1996] FCJ No 1427 [*Guérin*].

Canada, copyright law should apply equally and in the same way to all works, regardless of the medium in which they are reproduced.[11] This principle applies tangentially here. Comparing the Story Surgeon digital app with an analog equivalent may offer a perspective that might otherwise be lacking in the moral rights analysis.

Because activity B on its own likely does not satisfy the requirements needed to show that the integrity of the work was infringed (because of the lack of open display required to offend an author's honour or reputation), only activity C need be compared with an analog equivalent. However, in order to share a Story Surgeon filter, the user must first create one. We must therefore determine the analog equivalent of the filter, if only for the purpose of deciding what it means to engage in activity C in the analog context.

An analog equivalent to the filter would be the creation of a stencil that may be overlaid on each page of the text, effectively covering over and replacing words and sentences. Would distributing these stencils amount to a moral rights infringement? The answer to this question would depend on the facts of a given case, especially the extent and manner of the alterations created by the stencil.

This conclusion would be consistent with the Supreme Court majority's decision in *Théberge v Galerie d'Art du Petit Champlain Inc*,[12] in which Binnie J warned against granting too much control over a work to the copyright owner: "Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to *incorporate and embellish creative innovation* in the long-term interests of society as a whole, *or create practical obstacles to proper utilization*."[13]

What amounts to a "proper utilization" is a question of fact. For example, to create a filter (or stencil) for a book aimed at 12-year-olds that simplifies grammar and vocabulary progressively for children of younger ages hardly seems improper.[14]

One important caveat to importing the *Théberge* analysis into the present context is this: in the above-cited passage, Justice Binnie was referring to the economic right (section 3) and not to moral rights. However, there is no reason Justice Binnie's warning about not obfuscating proper utilization of the work cannot also be applied to the moral rights framework. This would be consistent, given that in the same decision Justice Binnie makes clear that while both the section 3 right (derived from the common law copyright tradition) and the moral rights provisions (inspired by the civil law *droit d'auteur* tradition) are important and distinct, the economic right secured by section 3 is dominant in Canadian law.[15]

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[11] *Entertainment Software Association v Society of Composers, Authors and Music Publishers of Canada*, 2012 SCC 34, [2012] 2 SCR 231 at para 2.

[12] 2002 SCC 34, [2002] 2 SCR 336 [*Théberge*].

[13] *Ibid* at para 32 (emphasis added).

[14] This will be addressed again in the section on fair dealing for the purpose of education, below.

[15] *Théberge*, *supra* note 12 at para 12.

Justice Binnie's caution brings to mind one last consideration: freedom of expression. Although exploring this issue is beyond the scope of this article, the argument could be made that barring a purchaser of an ebook from making changes in the ways made possible by the app in the name of moral rights is in fact a breach of section 2(b) of the *Canadian Charter of Rights and Freedoms*.[16] Given the fact that the Charter does not govern relationships between private persons, one would have to argue that applying the moral rights provisions of the Act in such a broad fashion is itself inconsistent with the freedom of expression.

2.2 Conclusion

The mere existence of the Story Surgeon app does not infringe an author's moral rights (activity A), subject to the possibility of a claim for secondary infringement should activities B or C turn out to be infringing. It would appear that creating a filter (activity B) would not itself infringe an author's moral rights as long as that filter is not shared with other members of the user community.

Sharing filters (activity C) may or may not infringe an author's moral rights, depending on whether the plaintiff author is able to meet the two-prong test set out by the Federal Court in *Guérin*.

The principle of technological neutrality should be imported into the moral rights infringement analysis. This will help determine whether it is the activity itself or the technology used to carry out the activity that alludes to an infringement.

Finally, the court should always bear in mind Binnie J's caution in *Théberge*. Even though he was speaking in the context of the section 3 right, there is no apparent reason why that opinion should not also apply in the context of moral rights.

3.0 ENABLING INFRINGEMENT

3.1 Analysis

Section 27(2.3) of the Act makes it an infringement of copyright to provide a service, by means of the Internet or another digital network, primarily for the purpose of enabling acts of copyright infringement. This provision is primarily aimed at file-sharing networks, Torrent file databases, online storage lockers, and streaming services whose major stock in trade is generating traffic toward infringing audio and video content in order to earn advertising revenue. For the purpose of our article, activity A—that is, providing the app itself and hosting filter files—is under scrutiny here.

Section 27(2.4) sets out a non-exhaustive list of factors a court may consider when determining whether a service should be captured by section 27(2.3):

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[16] Part I of the *Constitution Act, 1982*, being Schedule B to the *Canada Act* 1982 (UK), 1982, c 11 [the Charter], s 2(b).

(2.4) In determining whether a person has infringed copyright under subsection (2.3), the court may consider

(a) whether the person expressly or implicitly marketed or promoted the service as one that could be used to enable acts of copyright infringement;

(b) whether the person had knowledge that the service was used to enable a significant number of acts of copyright infringement;

(c) whether the service has significant uses other than to enable acts of copyright infringement;

(d) the person's ability, as part of providing the service, to limit acts of copyright infringement, and any action taken by the person to do so;

(e) any benefits the person received as a result of enabling the acts of copyright infringement; and

(f) the economic viability of the provision of the service if it were not used to enable acts of copyright infringement.

The first factor seems to be inspired by the US Supreme Court's decision in *MGM Studios, Inc v Grokster, Ltd*.[17] In that case, Grokster, a peer-to-peer file-sharing network, advertised itself as a platform to be used specifically for the downloading of copyright-protected works.

The third factor appears to be influenced by an earlier decision of the United States Supreme Court. In *Sony Corp v Universal City Studios*,[18] the court affirmed 5-4 that the Sony Betamax (a precursor to the VCR that allowed individuals to record live television for later viewing) was not an infringing technology because although it was possible to use the Betamax to infringe copyright, the device was capable of substantial non-infringing uses.

Before taking the analysis any further, it must be noted that in order for an Internet-based service to be found liable under this provision, the plaintiff must first demonstrate a direct infringement of copyright by some user of the technology. This conclusion is based on the wording of the Act, section 27(2.3):

> It is an infringement of copyright for a person, by means of the Internet or another digital network, to provide a service primarily for the purpose of enabling acts of copyright infringement *if an actual infringement of copyright occurs by means of the Internet or another digital network as a result of the use of that service*.[19]

According to at least one commentator, the wording of the provision does not actually require that the plaintiff show that his or her work(s) have been infringed via

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[17] 545 US 913 (2005).

[18] 464 US 417 (1984).

[19] *Supra* note 4, s 27(2.3) (emphasis added).

the service; it is sufficient to show that *any* works were infringed.[20] In other words, if copyright holder A wishes to sue an Internet-based service under this provision, it would be sufficient to show that the service was used to infringe copyright holder B's work. It is quite possible that this will be interpreted by courts as an oversight in drafting. A plain reading, however, would support this interpretation.

The requirement that there be an actual infringement also allows the Internet-based service to avail itself of all the defences an alleged direct infringer may set up against the plaintiff, including those discussed in the following sections—for example, that the use of the service falls under a consumer exception or fair dealing.

The factors set out in section 27(2.4) of the Act may be applied to the Story Surgeon app as follows:

1. *Explicit marketing of the service as enabling infringement.* Assuming that activities B and C are considered infringing, this factor would militate against Story Surgeon. After all, the app promotes activities B and C. If those are infringing, then it follows rationally that the service is being marketed for the purpose of enabling that infringement.

2. *Whether the service provider had knowledge of infringing use of the service.* This question will depend on the facts of an individual case. Once again, if we assume activities B and C to be infringing activities as a matter of law, then we would be forced to conclude that the creator of Story Surgeon would have actual or constructive knowledge of infringing uses of the service. Again, this factor will militate against Story Surgeon.

3. *Whether the service has significant non-infringing use.* This factor depends on a number of issues. Let's assume first that using the app to make substantial plot changes or to swap oneself into the story as the main character infringes copyright, and that the use is not saved by any of the available defences or exceptions. If the technology is not capable of significant non-infringing use, this factor would support a finding that the app enables infringement.

   If, however, there are significant non-infringing uses, this factor would weigh in the opposite direction. As will be discussed in the following sections, certain uses of Story Surgeon may qualify as fair dealing or fall under the new UGC exception. Provided that Story Surgeon could show that these non-infringing uses make up a significant part of the app's utility, a court should be less likely to find that the app enables infringement, and more likely to hold that any infringement that it enables is collateral to significant legitimate use of the app. It is also open to interpretation what proportion of an Internet-based service's use must be non-infringing to be considered "substantial."

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[20] Daniel Gervais & Elizabeth Judge, *Intellectual Property: The Law in Canada*, 3rd ed (Toronto: Carswell, 2015) (forthcoming), on file with author.

4. *The service provider's ability to limit acts of infringement.* This factor asks whether the service provider possesses the technological means to curtail infringement either through prevention—that is, a content-filtering system that prevents infringing content from being uploaded or created using the service—or through the identification and removal of infringing content once it is uploaded. Recall that Story Surgeon will both provide the software for creating filters and host the filters that users upload.

   Section 27(2.3) would apply only to Story Surgeon's provision of the software if it is offered as a web-based application—that is, if the act of creating filters takes place online. This is because section 27(2.3)'s scope is limited to activities that occur "by means of the Internet."[21] Conversely, hosting the filters necessarily takes place over the Internet and would therefore potentially engage section 27(2.3).

   It is an open question as to how this provision will be interpreted in light of the so-called notice-and-notice regime,[22] which is set to come into force in January 2015.[23] Under that system, a copyright owner who thinks his or her work is being infringed may send a notice to that effect to the alleged infringer's Internet service provider (ISP). The ISP must then forward that notice to the subscriber.

   This practice has been used unofficially for several years now. It has thus far only been applied by rights holders through ISPs. The provisions as set out in the Act will be more expansive because they will also apply to "web hosts" and "search engines."[24] If the notice-and-notice provision applies to Story Surgeon's hosting of the filter database, then compliance with that regime would presumably prevent the application of section 27(2.3) altogether, or at least vis-à-vis the hosting portion of Story Surgeon's activities.

5. *Benefits received by the service provider.* Story Surgeon will likely be a paid app. If there is no direct cost to download the app, it will likely be supported by advertising. In either event, Story Surgeon derives a tangible benefit. Should the court find activities B and C to be infringing, this factor will militate against Story Surgeon.

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[21] It is unclear as to how Story Surgeon would be able to comply with this subsection if it chose to provide the app as a web-based service. Presumably, the app would either have to comport a system that would hamper a user's ability to pose an act of infringement, or require that each filter go through an approval process before it could be posted on the filter database.

[22] The Act, *supra* note 4, ss 41.25, 41.26, and 41.27(3), not in force as of the date of this writing.

[23] Government of Canada news release, *Balanced, Modern Copyright for Canadian Creators and Consumers* (17 June 2014), online: Government of Canada <http://news.gc.ca/web/article-en.do?nid=858099>.

[24] Government of Canada news release, *Backgrounder: Notice and Notice Regime* (17 June 2014), online: Government of Canada <http://news.gc.ca/web/article-en.do?nid=858069>.

6. *Viability of the service absent the copyright infringing acts.* Once again, assuming that activities B and C are infringing, then the app has no non-infringing use whatsoever. This factor would therefore militate against Story Surgeon. Even if the majority of the app's use is infringing, but a small portion of its use falls under fair dealing or another exception, this factor would still weigh against Story Surgeon if the app could not survive on its legitimate use alone.

3.2 Conclusion

Assuming that activities B and C infringe copyright and are not eligible for any of the exceptions or defences mentioned in the following sections, it appears that, taken as a whole, the factors set out in section 27(2.4) of the Act militate against Story Surgeon. A court would therefore likely find the owner of the app liable for enabling infringement.

4.0 USER-GENERATED CONTENT EXCEPTION

4.1 Analysis

The coming into force of Bill C-11,[25] the *Copyright Modernization Act*, heralded the enactment of a provision never before seen in copyright law, anywhere. The section 29.21 UGC provision (also known as the YouTube exception) allows individuals to make transformative use of existing copyright protected works for non-commercial purposes. The relevant portion of the provision reads as follows:

> 29.21(1) It is not an infringement of copyright for an individual to use an existing work or other subject-matter or copy of one, *which has been published or otherwise made available* to the public, in the creation of a new work or other subject-matter in which copyright subsists and for the individual—or, with the individual's authorization, a member of their household—to use the new work or other subject-matter or to authorize an intermediary to disseminate it, if
>
> (a) the use of, or the authorization to disseminate, the new work or other subject-matter is done solely for *non-commercial purposes*;
>
> (b) the *source*—and, if given in the source, the name of the author, performer, maker or broadcaster—of the existing work or other subject-matter or copy of it are *mentioned*, if it is reasonable in the circumstances to do so;
>
> (c) the individual had reasonable grounds to believe that the *existing work* or other subject-matter *or copy of it*, as the case may be, *was not infringing copyright*; and
>
> (d) the use of, or the authorization to disseminate, the new work or other subject-matter does not have a substantial adverse effect, financial or otherwise, on the exploitation or potential exploitation of the existing work or other subject-matter—

[25] SC 2012, c 20; royal assent 29 June 2012; in force 7 November 2012.

> or copy of it—or on an existing or potential market for it, including that the new work or other subject-matter is not a substitute for the existing one.[26]

The UGC exception would apply to activities B and C. It must therefore be determined whether making and sharing Story Surgeon filters satisfies the criteria set out in section 29.21 of the Act.

Despite the drafting of the provision, which suggests four criteria (sections 29.21(a)-(d)), section 29.21 actually sets out six criteria that must be met for the use of an existing work to fit within the bounds of the provision:

1. *The source work must have been published or made available.* Story Surgeon meets this criterion. The app could presumably only be used with literary works that have been published in ebook format.

2. *Copyright must subsist in the new work.* This requires that the new work meet the minimum threshold of originality required by Canadian copyright law. The Supreme Court has articulated the standard of originality as being an "exercise of skill and judgment" in the creation of a work.[27] This standard is notoriously low and easy to meet, as illustrated by the decision in *Tele-Direct (Publications) Inc v American Business Information Inc*,[28] which dealt with copyright in the compilation of information included in a telephone directory. The Federal Court (Trial Division) found that while the compiled information itself (names, addresses, and telephone numbers of Bell telephone subscribers) was not protected by copyright, the overall organization of the telephone directory demonstrated sufficient exercise of skill and judgment to merit copyright protection.

   Since remixed works under the UGC exception are necessarily made up (at least partially) of existing works, the originality analysis must be applied accordingly. In the remix context, sufficient skill and judgment may relate to the way that existing works are "mashed up," compiled, or mixed with original material. It is possible that courts will interpret the originality standard in the UGC context as whether the remixed work is sufficiently different from the original. Because at the time of this writing the provision has yet to be applied by a court, this interpretation remains speculative.

   Whether a given Story Surgeon filter meets this threshold is a question of fact and must be considered on a case-by-case basis.

3. *Non-commercial purpose.* As noted in the introduction, filters are always shared and downloaded for free. This criterion is therefore satisfied.

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[26] *Supra* note 4, s 29.21(1) (emphasis added).

[27] *CCH Canadian Ltd v Law Society of Upper Canada*, 2004 SCC 13, [2004] 1 SCR 339 at para 16 [*CCH*].

[28] *Tele-Direct (Publications) Inc v American Business Information Inc* (1996), 27 BLR (2d) 1 (FCTD), aff'd [1998] 2 FCR 22 (CA).

4. *Attribution.* The very framework of the app seems to satisfy this criterion. The filters are being created *for* specific works. A person who downloads a filter must have bought the corresponding ebook and therefore necessarily know the identity of the author of the book for which the filter was made.

5. *Source copy must not be infringing.* Storey Surgeon is only supposed to work with ebooks that were legitimately bought and paid for. This criterion is therefore satisfied.

6. *No substantial adverse effect on the existing work.* This criterion must be examined on a case-by-case basis. However, because both the creator of the filter and any user who downloads it must have purchased a copy of the ebook to make use of the app, it stands to reason that no adverse economic effect would be suffered in a majority of cases.

   The provision states "financial or otherwise." What is meant by "otherwise" has yet to be interpreted by the courts. Could an adverse effect on the reputation of the work (or its creator) count as a substantial adverse effect? If so, a finding that an author's moral rights have been infringed could preclude the application of the UGC exception.

4.2 Conclusion

Story Surgeon would appear to qualify for protection under the UGC, as long as the filter meets the originality requirement and has no adverse effect, financial or otherwise, on the source work. Although this last factor must be determined on a case-by-case basis, it seems that the architecture of the Story Surgeon app fits almost seamlessly into the UGC legal framework.

5.0 FAIR DEALING

5.1 Analysis

Fair dealing is a doctrine of copyright law that excludes certain uses of copyright-protected material from being considered as infringing the rights therein. Sections 29-29.2 of the Act set out the following fair-dealing categories: research, private study, education, parody, satire, criticism or review, and news reporting.

The landmark decision on fair dealing in Canada is the Supreme Court's decision in *CCH Canadian Ltd v Law Society of Upper Canada*.[29] In that case, the Great Library (operated by the Law Society of Upper Canada) offered a request-based photocopy service whereby members of the bar and bench in Ontario could request copies of portions of documents. Library staff would make copies and deliver them to the requestor in person, by mail, or by fax. CCH Canadian, a publisher of legal resources, along with other publishers sued the Law Society for copyright infringement.

[29] *Supra* note 26.

McLachlin CJ wrote for a unanimous court, finding that the photocopying service was fair dealing for the purpose of research and private study. The court found that fair dealing is more than a mere defence to a claim of copyright infringement. If the dealing in question is fair, there is no copyright infringement to begin with. In other words, fair dealing is an affirmative user right and serves as a doctrinal limitation on the scope of the rights conferred on an author. The court also noted that the fair-dealing categories must receive a "large and liberal" interpretation.[30]

In order to determine whether a dealing is fair, the Supreme Court set out a non-exhaustive list of six factors to consider. The court noted that the analysis is fact-based and that the fairness of a given dealing is a question of degree:

1. *The dealing must be for one of the purposes set out in the Act.* Unlike the fair-use provisions in US copyright law (which includes the words "such as" before listing the categories of fair use), the fair-dealing categories set out in the Act are exhaustive.

2. *The character of the dealing.* This factor addresses the extent of the user's activity. Making multiple copies and distributing them widely would be considered less fair. The dealing would be fairer if the distribution of the work is limited or if the copies made are destroyed after they have served their intended purpose.

3. *The amount of the dealing.* The amount of the dealing refers to the proportion of the original work being used. Taking a few sentences out of a novel would probably be fair, whereas copying entire chapters of the same book would be less fair.

4. *Alternatives to the dealing.* The court will ask whether the use of the work was necessary. For example, if there are non-copyright-protected alternatives available, the dealing will be considered less fair.

5. *The nature of the work.* This factor asks whether the work is published or unpublished. Use of an unpublished work is less likely to be found fair.

6. *The effect of the dealing on the work.* Finally, the court will ask whether the dealing in question has an adverse effect on the original work.

Before applying the fair-dealing analysis to the app, it is worthwhile noting that activities B and C are relevant here. The Supreme Court's decision in *Society of Composers, Authors and Music Publishers of Canada v Bell Canada*[31] explains why activity A is not relevant.

In that case, the court had to determine whether 30-90 second previews of musical works that consumers may listen to before purchasing the work online (à la

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[30] *Ibid* at para 51.

[31] 2012 SCC 36, [2012] 2 SCR 326.

iTunes) constitute fair dealing for the purpose of consumer research. The part of the decision that concerns us here is the proper perspective for determining whether the dealing is fair. The appellant copyright collective argued that the dealing should be considered from the perspective of the service provider (in that case Bell Canada, Apple Inc, and others) as opposed to that of the end user. The collective argued that although an individual user may select a song preview only once, the aggregate number of clicks of those songs is far greater.

The court disagreed with this conclusion, finding that in that context—that is, the provision of a service involving copyright-protected works to individual users—whether the dealing is fair must be examined from the perspective of the individual end user. Each click by an individual user constitutes a discrete dealing with the work in question. It is therefore immaterial whether the song is previewed 1 or 1,000,000 times in aggregate.

Applied here, the court's reasoning seems to suggest that whether the app and what it enables constitutes fair dealing should be determined by examining what an individual user does with the app as opposed to the overall use of the app by the user community. It therefore would not matter how many filters were created for a single ebook. Each filter would constitute a discrete dealing.

The Story Surgeon app may fall under several fair-dealing categories. As discussed above, the app has potential educational uses. It may be used to create parodies or satirical versions of books. It is also conceivable that the app could be used for the purpose of criticism or review. Story Surgeon would provide a reviewer who gives an unfavourable review to a book an opportunity to put his or her money where their mouth is and demonstrate how the reviewer would "fix" the book. Finally, the app may prove to possess certain clinical (research) applications—for example, mental health professionals could put the app in the hands of patients or test subjects to see how they would alter a story. The changes made by a patient could provide professionals with insights into workings of the patient's mind, much like a Rorschach drawing. A similar application is conceivable for market research—for example, an author or publisher may give away copies of ebooks asking readers to make edits. The author or publisher could then use that information to craft a more marketable story.

5.2 Conclusion

Because of the fact-based nature of any fair-dealing inquiry, it is impossible to draw any meaningful conclusions as to whether activities B and C would give rise to a claim of fair dealing in a given case. Such a question would have to be answered by a court upon a careful consideration of the facts in issue and the application of the test set out in *CCH* to those facts. It is not unreasonable, however, to say that there are potential uses of the app that may fit into the education, parody, satire, criticism, and review categories of fair dealing.

6.0 GENERAL CONCLUSION

Book editing apps represent a new frontier in interactive reading. Story Surgeon and apps like it offer a reader incredible freedom and flexibility to truly tailor his or her reading experience. That said, there is significant potential for book editing apps and their use to give rise to instances of copyright infringement.

Whether sharing filters infringes an author's moral rights depends on whether the changes made negatively affect the author's honour or reputation. The Supreme Court has cautioned, however, against granting authors overly broad protection when doing so threatens to harm the public interest. Although it is beyond the scope of this article to discuss the matter further, it appears consistent with Binnie J's caution in *Théberge* to argue that applying the moral rights provisions in certain cases may threaten the constitutionally protected freedom of expression.

The examination of the enabling infringement provisions found in sections 27(2.3)-(2.4) revealed that Story Surgeon may be vulnerable to allegations of copyright infringement. It would be necessary for a plaintiff to prove that there was a direct infringement on the network. Such a claim might be weakened if Story Surgeon could prove the existence of substantial non-infringing uses of the app—for example, cases of fair dealing or works that would qualify for the UGC exception.

It appears that the UGC exception itself applies to the creation of Story Surgeon filters. The type of "remixing" that goes on when one alters the text of a story—provided the alterations are substantial enough to meet the originality requirement—appears to be exactly the type of activity that the UGC exception was meant to enable. The only potential obstacle to the application of this provision is the requirement that the new work not have a substantial adverse effect on the source work. This factor must be examined on a case-by-case basis.

Story Surgeon is a versatile app that may prove to have several useful applications. Specifically, there are a number of conceivable uses for this app that may fit into the education, parody, satire, criticism, and review fair-dealing categories.

Never before have readers been able to exercise even the slightest input on how they feel a book should be written or the way its story should unfold. Given the number of copyright-related issues this technology touches, if book editing apps become pervasive, they may turn out to be one of the next battlegrounds for digital copyright infringement actions.