

How to Grind Away at “Bad” Law

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Abstract

In this article the authors discuss approaches that litigants and appellate courts in Canada, particularly the Federal Court of Appeal with respect to patent law, may take when faced with situations where an area or question of law requires either course-correction or a new, definitive, precedent to supersede previous case law.

The law may require course-correction to provide clarity in situations such as when (1) there are competing, conflicting, and/or convoluted lines of authority; and (2) the Supreme Court of Canada has proven reluctant to take the matter on and provide a new authority. The area of patent law in Canada alone contains several examples of these situations, which legal experts have identified as requiring such course-correction. These include the laws concerning the inventive concept, essentiality of claim elements, double patenting, and patentable subject matter.

The opinions expressed in this article are those of the authors, based on their experience in litigation, particularly of patents, and are presented, in part, with the hope of starting a serious conversation about the need for the Federal Court of Appeal to be able to provide definitive clarity and reform to Canadian patent law, and the approaches that may be adopted to accomplish such change. The authors, however, express no opinion as to what the course-correction should be in any of these examples; that is beyond the scope of this article.

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Introduction

“[T]he values of certainty and consistency lie close to the heart of the orderly administration of justice in a system of law and government [that is] based on the rule of law.”¹ There can be no certainty without consistency, and without both values, confusion reigns about what the law actually is. It is therefore through the promotion of both certainty and consistency that individuals are enabled “to know the law so that they can conduct themselves in accordance with it.”²

What happens, however, when attempts to uphold the values of certainty and consistency, the court ends up perpetuating errors in the law? Trying to minimize the scope of these errors in different ways can lead to situations where the law is neither certain nor consistent. In short, the law becomes “bad.”

The purpose of this article is to explore, using a comparative analysis of Canadian approaches, the options that are either currently or potentially available to both litigants and the Federal Court of Appeal to provide the course-correction of “bad” law. These include correcting the law through the following: (1) the basic appeal process (the three-judge panel), (2) a five-judge panel, (3) leave to appeal to the Supreme Court, (4) a direct reference to the Supreme Court, and (5) Parliament. As further illustration, examples of areas within Canadian patent law that have benefitted, or could potentially benefit, from such correction are also discussed.

¹ *Miller v Canada*, 2002 FCA 370 (“*Miller*”) at para 8 (*millers’ mill—hence the wordplay on “grind” in the title of this article*).

² *David Polowin Real Estate Ltd v The Dominion of Canada General Insurance Co* (2005), 199 OAC 266 (“*David Polowin Real Estate Ltd*”) at para 119; *Tan v Canada (Attorney General)*, 2018 FCA 186 (“*Tan*”) at para 25.

The Litigation Process in Canada

Litigation in Canada generally follows the same process. There is first a trial before a trial judge, then an appeal before a panel of three at the appellate level.³ These appeals normally occur as of right.⁴

Following an appeal decision, a party may try to appeal their case to the Supreme Court of Canada. To do so, except for certain criminal matters, litigants must first file an application for leave to appeal to the Supreme Court.⁵ It is only if the Supreme Court grants this application for leave that the party will then be able to initiate its appeal. If the application for leave to appeal is instead dismissed, the underlying appellate decision stands.

The Supreme Court of Canada enjoys a wide discretion in deciding to which cases it will or will not grant leave.⁶ The fact that the court below reached the wrong result may not be sufficient to convince the Supreme Court to grant leave to appeal. Instead, pursuant to subsection 40(1) of the *Supreme Court Act*, the Supreme Court of Canada will grant leave when it is satisfied that the matter before it is one that is (1) of public importance, (2) important otherwise, or (3) otherwise a case that ought to be heard by the Supreme Court of Canada. This assessment and decision about whether to grant leave is given without reasons and is both unappealable and unreviewable.

Constraints on a Court and the Principle of *Stare Decisis*

Before a panel or judge can consider how to correct bad law, they must first recognize the options available to them to achieve such a result. The options available will—in part—depend on the circumstances surrounding the particular legal issue or question of law before the court as well as the

³ In contrast, judicial review applications first involve a decision before an Administrative Decision Maker, then an application to the court (either a trial or appellate court) to review that decision. Depending on the level of court that hears the original judicial review application, appeals from that court's decision can often be appealed to the appropriate Court of Appeal (with or without leave), then leave to appeal to the Supreme Court of Canada can be sought.

⁴ *R v Kirkpatrick*, 2022 SCC 33 (“*Kirkpatrick*”), at para 180.

⁵ *Supreme Court Act*, RSC 1985, c S-26, s 40.

⁶ *R v Hinse*, [1995] 4 SCR 597 at para 8.

corresponding constraints imposed on the court by those circumstances, including any statutes or regulations at play, the original precedent behind any conflicting lines of authority, the various precedents that follow it, and the courts from which those precedents were issued. Depending on the answers to those questions, the court may be faced with multiple constraints guiding its ultimate decision, such as *stare decisis* and/or the separation of powers.⁷

The principle of *stare decisis* is a doctrine used by the courts to achieve not only the values of certainty and consistency, but also their related values of predictability and institutional integrity. The term *stare decisis* itself is an abbreviation of the Latin phrase “*stare decisis et non quieta movere*,” which means “to stand by decisions and not to disturb settled matters.”⁸

The Canadian Court system recognizes two forms of *stare decisis*, each of which constrain a Court in a slightly different way: vertical and horizontal. Under vertical *stare decisis*, lower Courts are required to follow the decisions of higher Courts with limited exception.⁹ Horizontal *stare decisis* binds Courts of co-ordinate jurisdiction such that judges and panels of a single court, presented with a question of law in one case, cannot easily overturn a conclusion of law previously made by a judge or panel of the same court in another case.¹⁰

Combined, the principles of vertical and horizontal *stare decisis*, and the values underlying them, have been described as so important to the rule of law that judges and panels have been bound to past precedent even when that judge or panel is of the view the original decision was incorrect, or they would

⁷ Warren J. Newman, “The Rule of Law, the Separation of Powers and Judicial Independence in Canada” in Peter Oliver et al, ed, *The Oxford Handbook of the Canadian Constitution*, edition (New York: Oxford University Press, 2017) chapter 48.

⁸ Debra Parkes, “Precedent Unbound? Contemporary Approaches to Precedent in Canada,” 2006 32-1, *Manitoba Law Journal* 135, citing Gerald Dall, *The Canadian Legal System* (Toronto: Carswell, 2004) at 431; *Tan*, *supra* note 2 at para 25; *R v Kirkpatrick*, *supra* note 15 at paras 183–189.

⁹ *Kirkpatrick*, *supra* note 4 at para 178.

¹⁰ *Kirkpatrick*, *supra* note 4 at para 178; *Tan*, *supra* note 2 at para 25.

have decided the matter differently if “called upon to decide the matter afresh.”¹¹ To get around the barriers posed by *stare decisis*, it is not unheard of for courts to “read down” cases they disagree with. A judge or panel will instead decide they are not “bound to follow [the] precedent [as] a distinction can be drawn between the facts or the legal context of the matter before it and those that gave rise to the precedent.”¹²

This analysis and conclusion often involve the panel or judge construing the *ratio decidendi* or facts of the prior case narrowly, rather than expansively. Doing so allows the judge or panel to distinguish precedents they would otherwise be unable to overturn because of either horizontal or vertical *stare decisis*.¹³ This process can, however, be problematic as other judges or panels of the same court may, in their decisions, simultaneously read that same past precedent more expansively and refuse to distinguish cases.

This difference in interpretation of the past precedent can lead to inconsistent applications and interpretations of the law by different judges in different cases—contrary to the very values of certainty and consistency that *stare decisis* aims to preserve.¹⁴ Ultimately, inconsistent applications of a past precedent can initiate a rift in the case law, wherein decisions based on the same precedent can be decided differently, depending on how expansively or narrowly a judge or panel reads the precedent’s *ratio decidendi*. As this pattern continues, the rift in the case law can grow, and entire conflicting lines of authority can arise within a singular area of law or even concerning a single question of law.¹⁵ As

¹¹ *Tan*, *supra* note 2 at para 26.

¹² *Céré v Canada (Attorney General)*, 2019 FC 221 at para 38.

¹³ *Kirkpatrick*, *supra* note 4 at para 177; *R v Henry*, 2005 SCC 76 at para 53; *Gunn v Canada*, 2006 FCA 281 (“*Gunn*”) at paras 61–70.

¹⁴ *Kirkpatrick*, *supra* note 4 at para 194; *Hansard Spruce Mills Ltd, Re*, [1954] 4 DLR 590, 1954 CarswellBC 6 (“*Hansard Spruce Mills Ltd*”) at para 3 (“I can only differ from him, and the effect of my doing so is not to settle but rather to unsettle the law, because, following such a difference of opinion, the unhappy litigant is confronted with conflicting opinions emanating from the same Court and therefore of the same legal weight.”); *Gunn*, *supra* note 13 at paras 61–70.

¹⁵ *Craig v R*, 2012 SCC 43 (“*Craig SCC*”) at para 19.

these conflicting lines of authority grow and evolve, the basis behind the promotion of *stare decisis*, that the law be normative or capable of being discerned, such that individuals can conduct themselves in accordance with it, disappears as both lines of authority constitute “good” law that has not been overturned.¹⁶

As conflicting lines of authority further continue to develop, it can become increasingly difficult for subsequent judges and panels to ascertain which line of authority to follow, as to follow one line of authority is to depart, in whole or in part, from the other.¹⁷ The law thus becomes “bad” as it is neither consistent nor certain, and court decisions can become both (1) out of date and (2) incorrect at law. This inconsistency and uncertainty can persist until and unless a new, binding precedent is issued.¹⁸

One example of establishing clarity in patent law can be seen in the history of the characterization of the standard of influence to apply to the second element (the causation element) of the three-part test for inducing infringement. The but-for characterization of this standard or threshold has now been affirmed and clarified in a new, binding precedent of the Federal Court of Appeal, as follows:

[13] Apotex focuses its argument on the high threshold for influence required by the second prong of the test for inducement: that the infringing act would not have occurred without the influence. This Court has equated this threshold to a *sine qua non* (without which not) test: *MacLennan v. Produits Gilbert Inc.*, 2008 FCA 35, [2008] F.C.J. No. 128 at para. 38 (MacLennan). Apotex urges this Court to treat the threshold as a “but for” test, and it cites jurisprudence that calls this a causation test. I have no objection to Apotex’s characterization of the test, but I do not find it to be more helpful than the “would not have occurred without” and

¹⁶ *Tan*, *supra* note 2 at para 25.

¹⁷ *Craig SCC*, *supra* note 15 at para 19.

¹⁸ See e.g. *Bank of Montreal v Li*, 2020 FCA 22 at paras 58–60.

“sine qua non” characterizations provided in the jurisprudence of this Court. In my view, these are merely different ways of describing the same threshold.¹⁹

Options Currently and Potentially Available to Correct Bad Law

What then are the options available to correct these questions of law when faced with competing lines of authority, all (at least theoretically) binding to differing degrees? Within the present Canadian framework, particularly federal legislation and jurisprudence, the options currently available include correcting the law by one of the following: (1) the basic appeal process (the three-judge panel), (2) a five-judge panel, (3) leave to appeal to the Supreme Court, (4) a direct reference to the Supreme Court, and (5) Parliament. These options are similar to the ones available in the English Court system and their strengths and weaknesses will be individually discussed below.

Correcting the Law Through the Basic Appeal Process (the Three-Judge Panel)

As discussed in more detail above, the Federal Court of Canada, has a standard process wherein trial decisions are appealable to the Federal Court of Appeal by right, and appeal decisions are appealable to the Supreme Court of Canada with leave. The first option and opportunity the Federal Court of Appeal will have to correct a question of law is through the basic appeal process itself. This is because, when faced with a trial decision under appeal, the Federal Court of Appeal is not bound by that decision, nor upon any other trial decision that decision relied.

This option has proven particularly useful and effective where the potentially conflicting lines of authority themselves come from trial decisions. One example of this in patent law can be seen in the case of *Corlac*, in which the Federal Court of Appeal considered the proper scope of so-called abandonment of a patent application pursuant to paragraph 73(1)(a) of the *Patent Act*, RSC 1985, c P-4 (“*Patent Act*”),²⁰

¹⁹ *Apotex Inc v Janssen Inc.*, 2024 FCA 9 and see the following cases for the historical development of this standard: *Dableh v Ontario Hydro*, [1996] 3 F.C. 751 (FCA) at paras. 42–43; *Novopharm Limited v Abbott Laboratories Limited*, 2007 FCA 251 at paras 26 and 29; *Corlac Inc. v. Weatherford Canada Inc.*, 2011 FCA 228 (“*Corlac*”) at para 162; *Teva Canada Limited v. Janssen Inc.*, 2023 FCA 68 at para 45 and 82.

²⁰ *Patent Act*, RSC 1985, c P-4 (“*Patent Act*”), s 73(1)(a).

a topic that had received conflicting treatment by different judges at the Federal Court. To reach its conclusion, the Federal Court of Appeal was able to take the legal issue back to first principles and consider the statutory interpretation of the section anew—setting a new, binding precedent to reset the law.²¹ Upon doing so, the Court of Appeal was also able to conclude that any previous precedent that reached a different conclusion was inoperative to the extent that it can be interpreted as standing for the opposite proposition.²²

Unfortunately, this type of decision may, ultimately, only resolve a legal issue where the sole constraints behind the conflicting lines of authority are themselves trial decisions, and the Court of Appeal is therefore bound by neither vertical nor horizontal *stare decisis*. In situations where panels or judges are instead bound by either vertical or horizontal *stare decisis*, panels are not freely able to reset the law based on what it views as correct.²³

Instead, the fundamental doctrine of vertical *stare decisis* in the Canadian legal system dictates that lower courts must almost always follow decisions of higher courts to provide certainty to the law while also not condemning the law to stasis.²⁴ As recognized by the Supreme Court of Canada, this doctrine applies in all but the following two narrow circumstances: (1) where a new legal issue is raised and (2) where there is a change in the circumstances or evidence that "fundamentally shifts the parameters of

²¹ *Corlac*, *supra* note 19 at paras 130–151.

²² *Corlac*, *supra* note 19 at para 151.

²³ *R v Cody*, 2017 SCC 31 at para 3; *Kirkpatrick*, *supra* note 15 at paras 178–179.

²⁴ *Carter v Canada (Attorney General)*, 2015 SCC 5 (“*Carter*”) at para 44; *Apotex Inc v Eli Lilly Canada Inc*, 2016 FCA 267 (“*Apotex v Eli Lilly FCA*”) at para 9; *R v Comeau*, 2018 SCC 15 (“*Comeau*”) at para 26.

the debate.”²⁵ The second exception requires the circumstances or evidence to have the effect of fundamentally shifting “how jurists understand the legal question at issue.”²⁶

Panels and judges are similarly bound and not freely able to reset the law based on what it views as correct when they are faced with situations concerning horizontal *stare decisis*.²⁷ The degree to which the judge or panel is bound by its court’s own prior decisions is, however, different at each level in the Federal Court system of Canada.²⁸

The Supreme Court recently affirmed that a trial judge deciding a question of law should only make a decision contrary to a previous judgment if at least one of the following narrow circumstances is present:²⁹

- (1) Subsequent decisions have affected the validity of the impugned judgment.
- (2) It is demonstrated that some binding authority in case law or some relevant statute was not considered.
- (3) The judgment was unconsidered, and the exigencies of the trial require an immediate decision without the opportunity to fully consult authority.

These are narrow and limited exceptions, making this an incredibly difficult test to meet—one previously likened to a standard of “plainly wrong.”³⁰ The difficulty of this test is at least in part, as discussed by the

²⁵ *Carter*, *supra* note 24 at para 44; *Bedford v Canada (Attorney General)*, 2013 SCC 72 (“*Bedford*”) at para 42; *Canadian Maritime Workers Council v. Canada (Attorney General)*, 2020 FC 177 at para 35.

²⁶ *Comeau*, *supra* note 24 at paras 30–31 and 34; *Bedford*, *supra* note 25 at paras 44, 48–49; *Carter*, *supra* note 25 at paras 44, 47.

²⁷ *Kirkpatrick*, *supra* note 4 at paras 178–179.

²⁸ *Kirkpatrick*, *supra* note 4 at para 179.

²⁹ *Hansard Spruce Mills Ltd*, *supra* note 9; *R v Sullivan*, 2022 SCC 19 (“*Sullivan*”) at paras 6 and 73–79; *Kirkpatrick*, *supra* note 4 at para 179; *Blank v Canada (Minister of the Environment)*, 2015 FC 1251 at para 25.

³⁰ *Sullivan*, *supra* note 29 at para 74.

Supreme Court in Canada, justified by the fact that most trial decisions are appealable as of right to a Court of Appeal.³¹

In contrast to a trial court, an appellate court such as the Federal Court of Appeal is by definition a court of intermediate jurisdiction. As such, its test describing the situations in which a three-judge panel may depart from a decision of another panel is slightly more expansive than the test seen at the trial level. In particular, a panel may depart from a past decision in three circumstances:³²

- (1) A subsequent legislative change or decision of the Supreme Court of Canada has overtaken the original decision issued by the Federal Court of Appeal.
- (2) The original decision was issued by the Federal Court of Appeal was “manifestly wrong,” in the sense that the court overlooked a relevant statutory provision, or a case that ought to have been followed.³³
- (3) A situation arises wherein there are compelling reasons to override the previous precedent, and correctness prevails over certainty—such as where the economic, social, and political circumstances underlying the original decision have changed.³⁴ However, “in this latter case the court must then engage in a balancing exercise between the two important values of correctness and certainty and ask itself whether it is preferable to adhere to an incorrect precedent to maintain certainty, or to correct the error.”³⁵

³¹ *Kirkpatrick*, *supra* note 4 at para 180.

³² *Tan*, *supra* note 2 at para 31.

³³ *Miller*, *supra* note 1 at para 10; *Chen v Canada*, 2023 FCA 146 (“*Chen*”) at para 10; *Apotex v Eli Lilly FCA*, *supra* note 25 at para 9.

³⁴ *Janssen Inc v Canada (Attorney General)*, 2021 FCA 137 (“*Janssen*”) at paras 78–79.

³⁵ *P(J) v Canada (Minister of Public Safety and Emergency Preparedness)*, 2013 FCA 262 at para 72; *Craig SCC*, *supra* note 15 at paras 25–27.

Although the Federal Court of Appeal articulated, and the Supreme Court of Canada cited as an authority, the third circumstance as a situation that would arise compelling a panel to depart from past precedent, subsequent decisions of the Federal Court of Appeal have either failed to cite the decision articulating the third circumstance³⁶ or construed it narrowly. One such example of this narrow construction of the “compelling reasons” circumstance can be seen in the decision of *Janssen*.³⁷

In the *Janssen* decision, the Federal Court of Appeal, faced with a party seeking to overturn a decision in the patent context, described the “compelling reasons” circumstance as one that has been most often taken in cases involving not patent law, but section 7 of the *Canadian Charter of Rights and Freedoms*, Part I of the *Constitution Act, 1982*, being Schedule B to the *Canada Act (UK), 1982*, c 11.³⁸ By doing so, the Federal Court of Appeal has indicated it may not be receptive to considering the “compelling reasons” circumstance—where it is argued the economic, social and political circumstances underlying the original decision have changed—in areas of patent law. If so, this would effectively re-narrow the circumstances within which the court will depart from past precedent to only the first two circumstances described above, rendering the test to overturn past precedent more akin to the narrow exceptions seen at the trial level with respect to both vertical *stare decisis* and horizontal *stare decisis*. This exclusion of the third circumstance can also be seen in the more recent Federal Court of Appeal decision of *Pharmascience Inc v Janssen Inc*, 2024 FCA 23 at paragraph 25 where the court stated “this Court should follow its own decisions unless they are manifestly wrong” with respect to a discussion on the court’s precedents concerning methods of medical treatment.³⁹

³⁶ See e.g. *Chen v Canada*, *supra* note 33 at para 11.

³⁷ *Janssen*, *supra* note 34.

³⁸ *Janssen*, *supra* note 34 at para 79.

³⁹ This decision is now under appeal in the Supreme Court of Canada and set for hearing in late Q2 or Q3 2025.

Overall, one difficulty of all the tests described above is that it can result in the perpetuation of a law or *ratio decidendi*, that is “wrong” but not “manifestly wrong” or “plainly wrong.”

Another difficulty with the doctrines and case law surrounding vertical and horizontal *stare decisis* is that the decisions addressing them generally just concern a party trying to challenge a single previous decision. They do not, also, address the question of what a court should do when faced with multiple conflicting lines of authority, all of equal weight. As discussed above, in those situations, attempts to navigate through or around the prior precedent may simply compound the confusion and add on a new equally binding precedent for future judges and counsel to grapple with. As described by the Federal Court of Canada – Appeal Division in 1997:⁴⁰

[I]t is incorrect to speak of a recent decision overruling an earlier one. The accepted rules of *stare decisis* dictate that both decisions are of equal weight. It is true that with the passage of time an earlier decision may fall into disfavour and, thus, lose its persuasiveness through application of various well-known judicial techniques. It is equally true that on occasion one panel expressly disapproves of an earlier decision where the principal author of that decision or the majority of that panel is now sitting on the subsequent case.

Correcting the Law Through Use of a Five-Judge Panel

One alternative to the automatically convened three-judge panel available as part of the basic appeal process is the five-judge panel.⁴¹ This is a “formal” method available to the Federal Court of Appeal to more easily overturn previous Federal Court of Appeal decisions. These enlarged panels may be constituted by order of the Chief Justice of the Federal Court of Appeal when the following two circumstances are met:⁴²

1. There are two conflicting decisions of the Court, or conflicting lines of authority.

⁴⁰ *Mastri v R*, 1997 CarswellNat 852 (“*Mastri*”) at para 6.

⁴¹ *Mastri*, *supra* note 40 at para 6.

⁴² *Mastri*, *supra* note 40 at para 6; *R v Aqua-Gem Investments Ltd*, [1993] 2 FC 425 (Fed CA); *Hospira Healthcare Corp v Kennedy Institute of Rheumatology*, 2016 FCA 215 (“*Hospira Healthcare Corp*”) at para 2.

2. The issue involved is deemed to be of fundamental significance to the jurisprudence in a particular area of federal law.

Once constituted, “a five-judge panel may overrule a prior decision of a three-judge panel when the earlier decision, or decisions, was/were wrong, or where for any other reason, ‘the earlier decision ought to be overruled.’”⁴³ Such a reason requires an analysis on the nature of the error, its impacts, and the consequences of maintaining it.⁴⁴ One example warranting the overrule of a previous decision includes where there are circumstances that “fundamentally shift the parameters of the debate,” such as a significant evolution in the law.⁴⁵ In short, the five-judge panel has more flexibility to correct past decision(s) issued by previous three-judge panels.

The constitution and use of an enlarged panel by the Federal Court of Appeal bears numerous similarities to the enlarged panels employed by the Ontario Court of Appeal as well as courts of appeal in other provinces. Like the Federal Court of Appeal, the Ontario Court of Appeal usually decides appeals by three-judge panels but may go to a five-judge panel in certain matters.⁴⁶

However, unlike that seen in the Federal Court of Appeal, the Ontario Court of Appeal has described its slightly wider practice on convening a five-judge panel as follows:⁴⁷

While this court adheres in general to the rule of stare decisis, it no longer considers itself rigidly bound by all its previous decisions. Its practice is to convene five-member panels where it appears it may be necessary to depart from its previous decisions which are found to be wrongly decided or in serious conflict with other judgments.

⁴³ *Tan*, *supra* note 2 at para 35, citing *Nathanson, Schachter & Thompson v Inmet Mining Corp*, 2009 BCCA 385 at para 62.

⁴⁴ *Tan*, *supra* note 2 at para 35; *David Polowin Real Estate Ltd*, *supra* note 2 at para 119; *McNaughton Automotive Ltd v Co-operators General Insurance Co*, 2005 CarswellOnt 2500 at para 127.

⁴⁵ *Hospira Healthcare Corp*, *supra* note 42 at paras 63–64.

⁴⁶ *Courts of Justice Act*, RSO 1990, c 43 at 5(1); Cory Giordano, *Courts of Justice Act Chapters, 2. Court of Appeal, Sections 2–9 in Civil Procedure and Practice in Ontario*, Noel Semple (ed), Canadian Legal Information Institute, 1st ed, 2021 CanLII Docs 2072, <<https://canlii.ca/t/tbj5>>, retrieved on 2024-03-01.

⁴⁷ *Murphy v Welsh*, 81 DLR (4th) 475.

One instance that was deemed to meet this test by the Ontario Court of Appeal concerned the question of the applicability to Canadian law of the United Kingdom's House of Lords decision of *American Cyanamid Co v Ethicon Ltd*, [1975] 2 WLR 316 regarding interlocutory injunctions both generally and particularly to patent law.⁴⁸

The American court system, particularly the Federal Circuit, provides an intriguing additional option that the Federal Court of Appeal may want to consider in developing rule amendments. The United States Court of Appeals for the Federal Circuit has a procedure in which the court sits *en banc* in an effort to secure uniformity and reduce conflict between panel decisions.⁴⁹ These *en banc* (French for "on the bench") hearings and rehearings are traditionally heard by all the judges in the entire court, rather than just a panel of five judges.⁵⁰ The recognized basis for the United States Court of Appeals for the Federal Circuit to consider a matter *en banc* includes the following:⁵¹

1. En banc consideration is required to overrule a prior holding of this or a predecessor court expressed in an opinion having precedential status.
2. Upon the concurrence of the majority of active judges, the court will, for any appropriate reason, conduct an *en banc* hearing, rehearing, or reconsideration. Judges who are recused or disqualified from participating in an *en banc* case are not counted as active judges for purposes of this IOP. Among the reasons for en banc action are:
 - (a) Necessity of securing or maintaining uniformity of decisions;
 - (b) Involvement of a question of exceptional importance;
 - (c) Necessity of overruling a prior holding of this or a predecessor court expressed in an opinion having precedential status; or
 - (d) The initiation, continuation, or resolution of a conflict with another circuit.

⁴⁸ *Teledyne Industries Inc v Lido Industrial Products Ltd*, 41 CPR (2d) 60.

⁴⁹ Judah I Labovitz, "En Banc Procedure in the Federal Courts of Appeals" (1962) 111:2 U of Pennsylvania L Rev at 220.

⁵⁰ *Wex*, *Legal Information Institute* (New York: Cornell Law School) sub verbo "en banc."

⁵¹ United States Court of Appeals for the Federal Circuit, "Internal Operating Procedures" (July 22, 2022) at 25, online: <<https://cafc.uscourts.gov/home/rules-procedures-forms/internal-operating-procedures/>> ("USCAFC, 'Internal Operating Procedures'").

Also, the United States Court of Appeals for the Federal Circuit has a formalized process for requesting and granting a request to have a matter heard *en banc*. Although rare, that court has heard between one and four *en banc* cases per year in recent years.⁵²

Unfortunately, the Federal Court of Appeal does not sit *en banc* and despite the potential of an enlarged panel to reduce conflict between decisions of various Federal Court of Appeal panels, the Federal Court of Appeal has only opted to constitute a five-judge panel in three cases in the Court's history. Further, unlike either the detailed process in United States Court of Appeals for the Federal Circuit or the practice described by the Ontario Court of Appeal, the mechanism to request a five-judge panel is neither formalized nor addressed by the *Federal Courts Rules*, SOR/98-106. Formal implementation mechanisms or case law through which a five-judge panel may be constituted, similar to that seen in either the United States or Ontario Court of Appeal, would therefore assist counsel and provide clarity to litigants.

While the option of an enlarged or an *en banc* panel may be more attractive in situations where it is the Federal Court of Appeal's own jurisprudence that requires settling or course-correction, when there is also Supreme Court of Canada jurisprudence or even legislation behind the rift in the law, the options available to "correct" the law may be more limited.

Correcting the Law by Leave to Appeal to the Supreme Court

What is "normally [considered] the appropriate forum for correcting errors of intermediate courts of appeal,"⁵³ and is the avenue that first comes to mind when the public thinks of a correction in the law, is an appeal to the Supreme Court of Canada. In this way an area or conflict in the law can be corrected and reset when a new, binding precedent is released by Canada's highest court. This belief is so

⁵² FedCircuitBlog, "En Banc Cases" online (blog): <<https://fedcircuitblog.com/en-banc/cases/>>.

⁵³ *Miller*, *supra* note 1 at para 8.

entrenched that it in part forms the foundations behind the test articulated by the Federal Court of Appeal describing the circumstances within which it will depart from its own precedents.⁵⁴

The option of having the Supreme Court of Canada consider (or reconsider) an issue seems to be particularly useful, or attractive, either where the root cause of conflicting lines of authority is, itself, a prior Supreme Court decision, or where there are numerous conflicting lines of authorities within various Court of Appeal decisions. Where that is the case, the principles of vertical and horizontal *stare decisis* may prevent the Court of Appeal from resetting the law. Attempts to do so may simply either cause further confusion or be deemed by later panels or courts to violate the principles of *stare decisis*.⁵⁵

However, it is important to keep in mind that although an appeal to the Supreme Court of Canada is part of the traditional appeal process, the discretionary nature of obtaining leave to appeal results in a different set of considerations, issues, and uncertainty for the Court of Appeal to consider if relying on the Supreme Court of Canada to correct the law when writing its decisions.

First, the Court of Appeal can never be certain its decision will be appealed and brought to Court by the parties. For example, the 2017 Supreme Court of Canada decision of *AstraZeneca v Apotex* overturned the previous Court of Appeal case law concerning the “promise doctrine.”⁵⁶ However, this was not the first time the Supreme Court was set to hear a case concerning the issue. The Supreme Court had previously, in January 2014, granted leave to appeal in the case of *Apotex Inc v Sanofi-Aventis*.⁵⁷ Central to the issue before the court was the question of the promise doctrine. Despite this, on the eve of the hearing the parties settled the case. It was therefore not until another case addressing the issue arose, years later, that the Supreme Court could step in and provide clarity to the law.

⁵⁴ *Miller*, *supra* note 1 at paras 8–10.

⁵⁵ See e.g. *Craig SCC*, *supra* note 15 at paras 18–22; *Craig v R*, 2011 FCA 22 (“*Craig FCA*”) at paras 11–20.

⁵⁶ *AstraZeneca v Apotex*, 2017 SCC 36.

⁵⁷ *Apotex Inc v Sanofi-Aventis*, 2013 FCA 186.

Second, the wide ambit of discretion the Supreme Court of Canada has in deciding which cases to grant leave to has, particularly in recent years, resulted the actual grant of leave to only an extremely small number of cases. According to the Supreme Court of Canada's own website, in a given year, as many as 600 applications for leave to appeal are filed with the Supreme Court of Canada with approximately 80, or 13 percent, being granted.⁵⁸ However, more recent statistics show that between 2018 and 2022, between 429 and 587 leave applications were received yearly by the Supreme Court of Canada, with only 24 to 39 being granted in a given year, leaving a 5.6 percent to 9.1 percent successful.⁵⁹ This is in comparison to 1990, when approximately 22 percent of all leave applications were successful.⁶⁰

Of the 170 cases that were granted leave between 2018 and 2022, only 65, or 38 percent, considered a question related to civil law. The remaining 105, or 62 percent, related to questions of criminal law.⁶¹ It is therefore clear that the Supreme Court has expressed a limited interest in taking on issues related to civil law, such as IP cases and most definitely patent cases, an area which has seen few cases successfully obtain leave. For example, in the past 15 years the Supreme Court of Canada has only granted leave to six patent cases: *Celgene Corp v Canada (Attorney General)*, 2011 SCC 1; *Teva Canada Ltd v Pfizer Canada Inc*, 2012 SCC 60; *Sanofi-Aventis v Apotex Inc*, 2015 SCC 20; *AstraZeneca Canada Inc v Apotex Inc*, 2017 SCC 36; *Nova Chemicals Corp v Dow Chemical Co*, 2022 SCC 43; and *Pharmascience Inc v Janssen Inc*, 2024 FCA 23 (as noted earlier, an appeal before the Supreme Court of Canada is set to be heard in late spring or autumn of 2025).

⁵⁸ Supreme Court of Canada, "Guide" (January 30, 2023) 3. How many applications for leave are granted? online: <<https://www.scc-csc.ca/unrep-nonrep/app-dem/guide-eng.aspx>>.

⁵⁹ Paul-Erik Veel, "Fewer Cases Are Getting Leave to Appeal to the Supreme Court of Canada. Why?" (January 20, 2023), online: <<https://litigate.com/data-driven-decisions/blog#/fewer-cases-are-getting-leave-to-appeal-to-the-supreme-court-of-canada-why>>.

⁶⁰ Kirk Makin, "Supreme Court appeal bids as much art as science", *Globe and Mail* (April 5, 2004), online: <<https://www.theglobeandmail.com/report-on-business/supreme-court-appeal-bids-as-much-art-as-science/article996732/>>.

⁶¹ Veel, *supra* note 59.

Attempts to attract Supreme Court attention to a specific legal issue, such as through decisions wherein the Court of Appeal includes a plea for clarification from the Supreme Court, a discussion of the problematic nature of a previous Supreme Court of Canada decision, or the use of a dissent, have proven unreliable. One notable example of this includes the case of *Ciba Specialty Chemicals Water Treatments Limited v SNF Inc* (“*Ciba*”),⁶² in which the Federal Court of Appeal invited the Supreme Court of Canada to take the issue of the inventive concept and provide its comments when it stated, “[u]ntil such time as the Supreme Court is able to develop a workable definition of the inventive concept, that appears to me to be a more useful use of the parties’ and the Federal Court’s time than arguing about a distraction or engaging in an unnecessary satellite debate.”⁶³ In January 2016, leave to appeal was sought in *Ciba* which was refused five months later. In that same year the Supreme Court received 429 leave applications, granting 39 of them, only 12 of which related to civil issues.⁶⁴

Another example of this centres on the recently allowed leave application concerning the question of the patentability of methods of medical treatment. In the Federal Court of Appeal decision of *Pharmascience Inc v Janssen Inc*,⁶⁵ the Federal Court of Appeal ran through the history of the prohibition before concluding it was bound by past Supreme Court of Canada precedent:

[17] The *Patent Act*, R.S.C. 1985, c. P-4, contains no explicit prohibition against claims for methods of medical treatment. Moreover, subsection 43(2) of the *Patent Act* provides that a patent is presumed valid. Claims are presumed not to concern methods of medical treatment, and the burden rests on the challenger (Pharmascience, in this case) to prove otherwise.

[18] As indicated above, the origin of this prohibition in Canada is the Supreme Court of Canada’s 1974 decision in *Tennessee Eastman*. That case involved an attempt to obtain a patent claiming a surgical method for joining or bonding the surfaces of incisions or wounds in living animal tissue by applying adhesive compounds described in the claims in a liquid state, directly to at least one of the tissue surfaces to be bonded. At the time, subsection 41(1) of the *Patent Act* generally prohibited claims to “substances prepared or produced by chemical processes and intended for food or medicine”.

⁶² *Ciba Specialty Chemicals Water Treatments Limited v SNF Inc*, 2017 FCA 225 (“*Ciba*”).

⁶³ *Ibid* at para 77.

⁶⁴ Veel, *supra* note 59.

⁶⁵ *Pharmascience Inc v Janssen*, 2024 FCA at paras 17–18, 22, and 24.

Therefore, the bonding compounds of the patent application in question could not be claimed as such.

[...]

[22] The explicit prohibition in subsection 41(1) of the *Patent Act* against patent claims to “substances prepared or produced by chemical processes and intended for food or medicine” was later lifted by the repeal of this provision. However, that change did not have the effect of removing the prohibition on patenting methods of medical treatment. The Supreme Court of Canada effectively confirmed this in its comments on *Tennessee Eastman* in *Apotex Inc. v. Wellcome Foundation Ltd.*, 2002 SCC 77, [2002] 4 S.C.R. 153 at para. 49 (*Wellcome*), where it cited the explanation in *Shell Oil* that a claim to a method of medical treatment is unpatentable because it is “essentially non-economic and unrelated to trade, industry, or commerce” and “related rather to the area of professional skills.”

[24] *Tennessee Eastman*, *Shell Oil*, and *Wellcome* are Supreme Court of Canada decisions by which this Court is clearly bound. It is important to keep in mind what they say, and what they do not say. What they say is that a method of medical treatment is not patentable because it does not fall within the definition of “invention” as contemplated in the Patent Act. This is because a method of medical treatment is unrelated to trade, industry or commerce, and concerns professional skills that are non-economic. A patent should not seek to fence in the exercise of such skills (including how and when a drug is administered), but it may cover a commercial offering.

[Emphasis added]

In contrast to this, there have also been situations where the Federal Court of Appeal has stepped in to correct the law in a way that had effectively corrected the law even before the Supreme Court officially did so. As one example of this, although with respect to a question of tax law, concerns the case of *Gunn*, in which the Federal Court of Appeal, after reviewing the Supreme Court of Canada decision of *Moldowan v Minister of National Revenue* (1977), [1978] 1 SCR 480, 1977 CarswellNat 243 (“*Moldowan*”) as well as the case law that followed it, much of it critical, concluded the decision of *Moldowan* was problematic.⁶⁶

However, it was not until the Federal Court of Appeal released its decision of *Craig*,⁶⁷ which affirmed the *Gunn* decision on the basis of horizontal *stare decisis*, that the Supreme Court of Canada granted leave to appeal on the issue. In its affirming decision, the Supreme Court of Canada in *Craig* reviewed

⁶⁶ *Gunn*, *supra* note 13 at paras 53–54, 61–83.

⁶⁷ *Craig FCA*, *supra* note 55.

the Federal Court of Appeal's analysis and criticized its reliance on horizontal *stare decisis* to rely on *Gunn* and depart from the earlier decision of *Moldowan*.

Despite this, and as commented on by both the Federal Court of Appeal and the Supreme Court of Canada in their respective *Craig* decisions, the Federal Court of Appeal's purported overruling, or deeming problematic, of the earlier *Moldowan* decision did not affect the merits of the appeal before the Supreme Court of Canada.⁶⁸ Instead, as discussed by the Federal Court of Appeal:⁶⁹

[J]udge-made rules relating to precedent are not like other legal rules, in the sense that the Supreme Court of Canada does not reverse the decision of an intermediate appellate court on the ground that it failed to follow the principle of *stare decisis*. Rather, when the Supreme Court grants leave to appeal, the question before the Court will be whether the lower court's decision is consistent with substantive law, including extant decisions of the Supreme Court, or whether the Supreme Court should modify its own jurisprudence on the point.

In the case of *Craig*, the Supreme Court of Canada ended up affirming the Federal Court of Appeal's decision in both *Gunn* and *Craig*, dismissing the appeal before them.⁷⁰ Therefore, prior to and following the Supreme Court of Canada stepping in to overturn its previous decision, the Federal Court of Appeal's actions in both *Gunn* and *Craig*, which had the effect of overturning the previous Supreme Court of Canada decision, effectively both corrected and provided clarity to the law.

Although this case concerned a question of tax law, the Federal Court of Appeal could consider a similar approach in certain areas of patent law where it seems the Supreme Court of Canada has expressed less interest in intervening. This is particularly so when the Federal Court of Appeal does not effectively reset the law on its own, and instead merely includes in its decision a request for clarification or a discussion in dissent; and if the Supreme Court declines to address the matter, the problem the intermediate court requested clarification on will persist. Consequently, it may take a while for another

⁶⁸ *Craig SCC*, *supra* note 15 at para 23; *Craig FCA*, *supra* note 55 at para 20.

⁶⁹ *Craig FCA*, *supra* note 55 at para 20.

⁷⁰ *Craig SCC*, *supra* note 15 at para 42.

case to come along for the Court of Appeal to try another approach to rectify the matter. This is exemplified by the five-year gap between the Federal Court of Appeal's *Gunn* and *Craig* decisions.

Ultimately, therefore, the statute-based reasoning behind a grant or dismissal of an application for leave to appeal has created a hole: decisions may be somewhat or completely “wrong” but are left standing by, and binding on, the intermediate courts of appeal because of either horizontal or vertical *stare decisis* while simultaneously not being corrected by the Supreme Court of Canada because they are not considered “important” enough. As mentioned above, the Supreme Court of Canada has even appeared to recognize this, recently stating that “intermediate appellate courts are often the court of last resort” in Canada on various legal issues and questions. Courts of appeal in Canada thus require more room to depart from their own past precedents than trial courts do.⁷¹ These recent statements accord with previous statements from the Supreme Court of Canada, which has appeared to question the merits of the Federal Court of Appeal's narrow practice in overturning its own precedents.⁷²

In other words, as recognized by the Supreme Court of Canada, the Federal Court of Appeal must expand its role to correct bad law.

Correcting the Law by Directing a Reference to the Supreme Court of Canada

Where a panel (either regular or enlarged) assesses the law and ascertains that the root of the conflict in the law originates from a previous decision of the Supreme Court of Canada, one option formally available to the Federal Court of Appeal is to directly refer the question to the Supreme Court of Canada. Section 37.1 of the *Supreme Court Act* specifies that “[s]ubject to sections 39 and 42, an appeal to the Court lies with leave of the Federal Court of Appeal from a final judgment of the Federal Court of Appeal

⁷¹ *Kirkpatrick*, *supra* note 15 at para 180.

⁷² See e.g. *Phoenix Bulk Carriers Ltd v “M/V Swift Fortune” (The)*, 2007 SCC 13 at para 3; *Bauer Hockey Corp v Easton Sports Canada Inc*, 2014 FC 853 at para 22; *Segasayo v Canada (Minister of Citizenship & Immigration)*, 2010 FC 173 at para 20.

where, in its opinion, the question involved in the appeal is one that ought to be submitted to the Court for decision.”⁷³

An order from the Federal Court of Appeal granting a party leave to appeal to the Supreme Court of Canada pursuant to section 37.1 of the *Supreme Court Act* has the effect of bypassing the traditional leave process described above, wherein the Supreme Court of Canada itself decides which cases to grant leave to or not. Parties have previously requested an order pursuant to section 37.1 of the *Supreme Court Act* both as part of a motion to the Federal Court of Appeal following a decision, as well as during the oral or written representations of the appeal itself.⁷⁴

As recognized by the Federal Court of Appeal, leave pursuant to 37.1 of the *Supreme Court Act* is an exceptional power that should not be exercised lightly.⁷⁵ Situations that various judges of the Federal Court of Appeal have previously considered to meet this threshold include those in which there are contradictory decisions of two or more courts of appeal affecting a single individual.⁷⁶

Despite this availability, the case law on this provision is minimal, and the last time the Federal Court of Appeal granted leave pursuant to section 37.1 of the *Supreme Court Act* was in 2006.

Correcting the Law Through Parliament

What then are the options available where either (1) the constraints placed upon a judge or panel include statutes or regulations that themselves appear incorrect or untenable, or (2) the conflict or issue with the law originates from a Supreme Court decision that is unlikely to be revisited?

⁷³ Section 37 of the *Supreme Court Act* similarly grants provincial appellate courts the right to refer questions directly to the Supreme Court of Canada.

⁷⁴ See e.g. *Klippenstein v R*, 2014 FCA 216 at para 20 compared to *Phoenix Bulk Carriers Ltd v “M/V Swift Fortune” (The)*, 2006 FCA 240 (“*M/V Swift Fortune FCA*”) at para 1.

⁷⁵ *Redpath Industries Ltd v “Cisco” (The)*, 1994 CarswellNat 2816 at para 4.

⁷⁶ *M/V Swift Fortune FCA*, *supra* note 74 at paras 9–11; *Larkman v Canada (Attorney General)*, 2014 FCA 299 at paras 72–73.

One option, as discussed above, is to include in the panel's decision language discussing the problematic nature of the previous Supreme Court decision in an effort to attract its attention and encourage it to grant leave if the decision is appealed. As discussed, this can be problematic as the panel cannot be certain the parties themselves will seek leave, or that that leave will be granted.

A similar option, however, involves the judge or panel including in its decision an implicit plea to Parliament, wherein it explains the problem with the statute/regulation/earlier decision in their reasons as well as the consequences. One example of where this has occurred was in the context of the issue of file wrapper estoppel in claim construction. The Supreme Court of Canada, in its decision of *Free World Trust v Électro Santé Inc*, 2000 SCC 66 ("*Free World Trust*") at paragraphs 63–67 "explicitly rejected the possibility of importing into Canadian law the American file wrapper estoppel doctrine."⁷⁷ This rejection created risks and caused issues in certain cases, as exemplified by Justice Locke's decision of *Pollard Banknote Ltd v BABN Technologies Corp*:⁷⁸

237 After having reviewed the March 6, 2013 Amendment which led to the issuance of a patent on a patent application which, along with the parent application, had been pending before the Patent Office for almost 17 years and which had been rejected six times, it is breathtaking to see SG [the patentee] now attempt not just to take a different position on the construction of claim 1, but also to argue that, by doing so, it does not reintroduce the problem of obviousness in light of the Camarato Application that it had previously argued was avoided applying its first position.

238 I would expect that SG's argument would never have made it to a trial in the US where the principle of file wrapper estoppel applies. There, SG would likely not have been allowed to argue a claim construction that attempts to recapture ground conceded during prosecution of the patent application to avoid prior art.

239 This case highlights a potential risk in taking a simpler approach to claim construction by ignoring extrinsic evidence, such as the prosecution history of the patent in suit. As revealed in my analysis above, excluding such extrinsic evidence resulted in a very different construction of the phrase "a removable continuous scratch-off coating covering both the printed indicia in said play area and the bar code" than would otherwise have been the case.

⁷⁷ As described in *Canmar Foods Ltd v TA Foods Ltd*, 2021 FCA 7 ("*Canmar Foods Ltd*") at para 50.

⁷⁸ *Pollard Banknote Ltd v BABN Technologies Corp*, 2016 FC 883 at paras 237–39.

Following comments such as Justice Locke's, Parliament appeared to have paid heed to this disquiet and stepped in to enact section 53.1 of the *Patent Act* in an effort to address this Supreme Court-created prohibition.⁷⁹ Section 53.1 of the *Patent Act* specifies:⁸⁰

53.1 (1) In any action or proceeding respecting a patent, a written communication, or any part of such a communication, may be admitted into evidence to rebut any representation made by the patentee in the action or proceeding as to the construction of a claim in the patent if

(a) it is prepared in respect of

- (i) the prosecution of the application for the patent,
- (ii) a disclaimer made in respect of the patent, or
- (iii) a request for re-examination, or a re-examination proceeding, in respect of the patent; and

(b) it is between

- (i) the applicant for the patent or the patentee; and
- (ii) the Commissioner, an officer or employee of the Patent Office or a member of a re-examination board.

Another instance where Parliament acted in response to comments made by judges in a decision arose with respect to the Patent Office's practice concerning small entity fee payments. In 2001, the Federal Court of Appeal released its decision of *Dutch Industries Ltd v Barton No-Till Disk Inc*, 2003 FCA 121 ("*Dutch Industries*").⁸¹ This decision overturned the Canadian Intellectual Property Office's ("CIPO") past practice to allow for top-up payments where a party erred and paid only a small entity filing fee, instead concluding that the Commissioner of Patents did not have the jurisdiction to accept top-up payments received after the deadlines imposed by the *Patent Act*.

⁷⁹ *Western Oilfield Equipment Rentals et al v M-I LLC*, 2021 FCA 24 ("*Western Oilfield Equipment Rentals*") at para 20; *Canmar*, *supra* note 79 at para 53.

⁸⁰ *Patent Act*, *supra* note 31 at s 53.1.

⁸¹ *Dutch Industries Ltd v Barton No-Till Disk Inc*, 2003 FCA 121.

On August 8, 2003, the Government of Canada announced its intention to amend the *Patent Act* in response to the decision of *Dutch Industries*. This announcement concerned proposed amendments to the *Patent Act* creating “a mechanism for the retroactive correction of past fee payments in situations where a fee was incorrectly paid at the lower small entity fee level instead of the higher large entity fee level.”⁸² Once the amendments were adopted by Parliament, the Federal Court of Appeal decision of *Johnson & Johnson Inc v Arterial Vascular Engineering Canada Inc*, 2006 FCA 195 concluded that the effect of the new subsection 78.6(1) alleviated the effect of *Dutch Industries*, instead allowing for top-up payments to be made.⁸³

Despite the apparent success of judges’ comments attracting Parliament’s attention in the cases of file wrapper estoppel and small entity payments, the obvious issues with attempting to rely on Parliament to step in, similar to attempting to rely on the Supreme Court of Canada to step in, is that it is quite possible that Parliament will never step in to rectify the area or issue of law.

“Significant and Valid” Criticism About Uncertainty in Canadian Patent Law

In the landmark decision of *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65, the Supreme Court of Canada noted the importance of judicial and academic commentary highlighting the uncertainty of conflicting precedents in the law, and reiterated the principle that the “existence of significant and valid judicial, academic and other criticism of [the court’s] jurisprudence may justify reconsideration of a precedent.”⁸⁴ Parliament has also taken notice and addressed uncertainty in the law when sufficient judicial discussion is raised, as exemplified in the section above. As such, academic, judicial, and other publications and commentary highlighting existing uncertainty and problems in an area of patent law may assist, even if unsuccessful in the first instance, in furthering the literature and

⁸² *Johnson & Johnson Inc v Boston Scientific Ltd*, 2004 FC 1672 at para 13.

⁸³ *Johnson & Johnson Inc v Arterial Vascular Engineering Canada Inc*, 2006 FCA 195 at para 6.

⁸⁴ *Canada (Minister of Citizenship and Immigration) v Vavilov*, 2019 SCC 65 at paras 9, 20, 39–40.

commentary for future appellate panels to take into account when trying to remove uncertainty or clarify conflicting jurisprudence through one or more of the options previously discussed.

To further the discussion, the authors have selected, as a subset, four areas of uncertainty in Canadian patent law which may be candidates for clarification based on the level of judicial, academic, and other criticism and commentary the areas have received.

(1) Inventive Concept

The first such area is the judge-made “inventive concept” of a claim. It is at the heart of the obviousness inquiry as framed by the Supreme Court of Canada in *Apotex Inc v Sanofi-Synthelabo Canada Inc*.⁸⁵ Later decisions have considered the identification of the inventive concept to be a matter of construction that is assessed in respect of each claim of a patent.⁸⁶ When construing the inventive concept, the courts have determined that judges must take into account all the essential elements of the claimed invention as defined by the claim in issue.⁸⁷

Despite the importance placed by the Supreme Court of Canada on the inventive concept to the obviousness inquiry, the Federal Court of Appeal in 2017 held that the concept of “the inventive concept” of a patent claim remains undefined, noting that the search for the inventive concept “has brought considerable confusion into the law of obviousness,” and recommended simply avoiding the inventive concept altogether until the Supreme Court provides a “workable definition” of it.⁸⁸ Later panels of the

⁸⁵ *Apotex Inc v Sanofi-Synthelabo Canada Inc*, 2008 SCC 61 at para 67.

⁸⁶ *Pfizer Canada Inc v Apotex Inc*, 2017 FC 774; *Eli Lilly Canada Inc v Apotex Inc*, 2015 FC 1016 at para 79.

⁸⁷ *Bridgeview Manufacturing Inc et al v 931409 Alberta Ltd cob Central Alberta Hay Centre et al*, 2010 FCA 188 at para 46.

⁸⁸ *Ciba*, *supra* note 62 at para 77.

Federal Court of Appeal have subsequently held the inventive concept to be the focus of the obviousness inquiry, without explicitly requesting clarification from the Supreme Court of Canada.⁸⁹

As has been noted by academics both before and after the release of both *Apotex Inc v Shire LLC et al*, 2021 FCA 52 (“*Shire FCA*”) and *Ciba*, the definition of the “inventive concept” appears to remain unclear.⁹⁰ Parties continue to argue that the inventive concept is both the focus of the obviousness inquiry, on the one hand, and should be avoided altogether, on the other, on the basis that both *Ciba* and *Shire FCA* are simultaneously binding precedent. This has left trial judges in the position of having to navigate between the two decisions and their teachings—suggesting that that the use, definition, and overall test for the inventive concept, and the obviousness inquiry itself, remains in dispute.⁹¹

(2) Claim Construction

Another area of law that has attracted criticism and commentary is claim construction, in particular the identification of the essential and non-essential elements of a claim. The Supreme Court of Canada has previously stated that in reaching a purposive construction of the claims of a patent, “the Court must identify elements of the invention as essential or non-essential,” with only essential elements being protected by the patent monopoly.⁹² Moreover, there is a presumption that all elements are essential unless proven otherwise.⁹³ However, as recognized in both academic⁹⁴ and judicial commentary, the

⁸⁹ See for example *Apotex Inc v Shire LLC et al*, 2021 FCA 52 (“*Shire FCA*”); *Tearlab Corporation v I-MED Pharma Inc*, 2019 FCA 179.

⁹⁰ Norman Siebrasse, “A New Framework for Construing the Inventive Concept” (May 26, 2021), online: <http://www.sufficientdescription.com/2021/05/a-new-framework-for-construing.html>; Sealy-Harrington, Joshua, “The Inventive Concept in Patent Law: Not So Obvious” (2015) 27 Intellectual Property Journal 385, Available at SSRN: <https://ssrn.com/abstract=2909205>.

⁹¹ See e.g. *Merck Sharp & Dohme Corp v Pharmascience Inc*, 2022 FC 417 at para 164 (“There is some debate in the jurisprudence as to whether the obviousness analysis requires identification of an inventive concept or whether the essential elements as construed by the claims is the more appropriate endpoint”).

⁹² *Whirlpool Corp v Camco Inc*, 2000 SCC 67 (“*Whirlpool*”) at paras 45, 49.

⁹³ *Free World Trust v Électro Santé Inc*, 2000 SCC 66 (“*Free World Trust*”) at para 57.

⁹⁴ See e.g. Ronald E. Dimock et al, “Protection Against Infringement of Patents in Canada” (2021) 36 CIPR 58; Norman Siebrasse, “Reconciling the Two Essentiality Tests in Free World” (January 11, 2021), online:

tests described by the Supreme Court to ascertain a claim's essentiality⁹⁵ appear inconsistent and in dispute.

One example of the judicial commentary highlighting the inconsistency of the test itself can be seen in Justice Locke's (as he then was) comments in the Federal Court decision of *Shire Canada Inc v Apotex Inc*, 2016 FC 382:

[134] Since this is a discussion on the essential elements of a claim, and because I have been asked to consider both the intended meaning of the claim and whether certain elements thereof affect the working of the invention, I take this opportunity to comment on an aspect of the test for determining whether a claim element is essential or not. Consideration of that test begins with an extract from paragraph 55 of the SCC decision in *Free World Trust* which is discussed above, and which is reproduced here for convenience:

For an element to be considered non-essential and thus substitutable, it must be shown either (i) that on a purposive construction of the words of the claim it was clearly not intended to be essential, or (ii) that at the date of publication of the patent, the skilled addressees would have appreciated that a particular element could be substituted without affecting the working of the invention, i.e., had the skilled worker at that time been told of both the element specified in the claim and the variant and "asked whether the variant would obviously work in the same way", the answer would be yes: *Improver Corp. v. Remington*, supra, at p. 192. In this context, I think "work in the same way" should be taken for our purposes as meaning that the variant (or component) would perform substantially the same function in substantially the same way to obtain substantially the same result. In *Improver Corp. v. Remington*, Hoffmann J. attempted to reduce the essence of the Catnic analysis to a series of concise questions, at p. 182:

(i) Does the variant have a material effect upon the way the invention works? If yes, the variant is outside the claim. If no: –

(ii) Would this (i.e.: that the variant had no material effect) have been obvious at the date of publication of the patent to a reader skilled in the art? If no, the variant is outside the claim. If yes: –

(iii) Would the reader skilled in the art nevertheless have understood from the language of the claim that the patentee intended that strict compliance with the primary meaning

<<http://www.sufficientdescription.com/2021/01/reconciling-two-essentiality-tests-in.html>>("Siebrasse, 'Reconciling the Two Essentiality Tests in Free World'").

⁹⁵ *Whirlpool*, supra note 92 at para 44; *Free World Trust*, supra note 93 at para 55.

was an essential requirement of the invention? If yes, the variant is outside the claim.

[Emphasis in original]

[135] A careful reader will note that the series of three questions from Improver which is quoted by the SCC does not appear to be entirely consistent with the two-part analysis earlier in the paragraph for determining whether or not an element is essential. The first part of the SCC's characterization of the analysis ("on a purposive construction of the words of the claim [the element] was clearly not intended to be essential") corresponds roughly to the third question in Improver. The second part of the SCC's characterization ("at the date of publication of the patent, the skilled addressees would have appreciated that a particular element could be substituted without affecting the working of the invention") corresponds roughly to the first and second questions in Improver. However, under the Improver test, the defendant need only be successful on one of the questions. In order for the patentee to establish that a claim element is not essential, it must succeed on all three questions. On the other hand, the SCC's characterization of the analysis appears to indicate that the defendant must be successful on both parts of the analysis, and that the patentee can establish that a claim element is not essential by succeeding on just one part.

Moreover, the presumption of essentiality in claims construction has given rise to an unfortunate situation, as noted in the following comments made by the Federal Court of Appeal in the case of *Canada (Attorney General) v Benjamin Moore & Co*, 2023 FCA 168 at paragraph 43:

[43] Purposive construction is a difficult exercise even for judges, who nowadays appear to be relying more and more often on the presumption that all elements of a claim are essential unless established otherwise by the patentee or the applicant. This has resulted in a situation which, according to some, like the authors of a recent article entitled "Protection Against Infringement of Patents in Canada" (Ronald E. Dimock et al, "Protection Against Infringement of Patents in Canada" (2021) 36 CIPR 58), may not have been the result foreseen by the Supreme Court when it rendered its decisions in *FREE WORLD TRUST* and *WHIRLPOOL*. It appears to me that if there is indeed an overuse of this presumption, it places much emphasis on the art of claim drafting with little regard, at least before the issuance of a patent, to the fact mentioned in *AMAZON* that claims can be expressed in a manner that is deliberately or inadvertently deceptive (*AMAZON* at para. 44).

The unforeseen situation pertaining to the presumption of essentiality mentioned by the Federal Court of Appeal is described in the article entitled "Protection Against Infringement of Patents in Canada" in the following way:⁹⁶

⁹⁶ Dimock et al, *supra* note 94.

[page 14] What appears not to have been foreseeable by the Supreme Court was that patent counsel would so readily concede questions of claim element essentiality (and that the courts would so readily accept essentiality). Consequently, few cases reveal the parties contesting the essentiality of a claim element; instead, analytical battles are fought almost exclusively on the “purposive meaning” of elements. The effect is that the essentiality analysis (recognized by the Supreme Court in *Free World Trust* as being an important analytical step to prevent an infringer from breaching a patent monopoly with impunity by switching “bells and whistles”) has become an afterthought. As a result, it is suggested that purposive construction has failed to provide the degree of protection against infringement intended by the Supreme Court.

[...]

[page 42] It is not clear whether the “onus” described by the Supreme Court was intended to be an evidentiary onus, a legal onus, or both. A merely evidentiary onus, once discharged, puts the question of essentiality into play and requires the alleged infringer to rebut the evidence or risk an adverse determination on the issue. This is very different from a legal onus that imposes an unshifting legal (or ultimate) onus on the patentee to show substitutability on a balance of probabilities.

(3) Double Patenting

The next area of patent law that is rife with confusion and has attracted critical commentary is the law of double patenting. Pursuant to the *Patent Act*, a patent should be granted for one invention only and one invention should have only one patent granted for it. In contrast, where a single patentee holds two or more patents related to similar subject matter, the judge-made law of double patenting becomes relevant.

The law of double patenting, and the resulting invalidity of a patent claim, was given substance by the Supreme Court of Canada in the *Whirlpool* case,⁹⁷ which proscribed two forms of double patenting that could lead to the invalidity of a patent claim:

⁹⁷ *Whirlpool*, *supra* note 92 at paragraph 37.

(1) “Coterminous” or “same invention” double patenting occurs when at least one claim of the second patent is identical or “conterminous” with one claim of the first patent.

(2) “Obviousness” double patenting occurs when the subject matter of at least one claim of the second patent is obvious or not “patentably distinct” over a claim in the first patent.

One of the principal purposes of the double patenting prohibition outlined by the Supreme Court of Canada in the *Whirlpool* decision, when patent terms ran from 17 years after the date of their grant, was to prevent the “evergreening” of an invention, whereby a patentee could improperly extend the period of monopoly for an invention by obtaining a series of patents with uninventive modifications. When a single patentee had two patents nearly or completely identical patents expiring on different dates, the concept of, and concerns about, “evergreening” was readily understood.

The situation today is different. The life of a patent extends from its filing date, not its grant. “Evergreening” is therefore no longer a concern for divisional patents that have the same filing date—and consequently the same expiration date.

Nevertheless, patents based upon divisional applications are still attacked under the doctrine of double patenting, with some arguing that the prohibition against double patenting with respect to divisional applications still has validity in the case of pharmaceutical inventions, wherein the existence of successive patents can provide a patentee with an advantage in PMNOC proceedings.

There is also the twist that in the case of divisional patents, the attack is restricted to only those divisional applications that were filed “voluntarily” and not in a response to a requisition by the Examiner—a so-called forced divisional.⁹⁸

But why should it matter how the divisional arose? If there is no actual “evergreening” occurring, or harm done, with a forced divisional, what is the harm of a voluntary divisional?

An article posted in January 2024⁹⁹ raises several concerns with respect to the current state of the law of double patenting and, after citing a recent decision of the Federal Court,¹⁰⁰ which describes the divergence in the case law regarding divisionals, concludes with hope for judicial clarification and legislative intervention:

Double patenting and its impact on divisional practice is an area of Canadian patent law that can be difficult to navigate because the tradeoffs are not necessarily clear when decisions have to be made during prosecution, assessing whether two claims are patentability distinct is difficult, and the impact of decisions may not arise until a patent is being enforced in litigation. I expect that the uncertainty around forced and voluntary divisionals as well as the new rules on claim fees and patent term adjustment will result in further pressure to clarify double patenting and perhaps introduce something similar to the US terminal disclaimers or other procedural steps to reduce the risk to patent applicants.

(4) Patentable Subject Matter With Respect to Computer-Based Patents

The fourth area of patent law concerns the question of patentable subject matter with respect to computer-based patents. Section 2 of the *Patent Act* defines an invention to be “any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in

⁹⁸ *Consolboard Inc v MacMillan Bloedel (Sask) Ltd* [1981] 1 SCR 504; *Abbott Laboratories v Canada (Minister of Health)*, 2009 FC 648 at para 193, reversed in part, 2010 CarswellNat 1962 (FCA).

⁹⁹ Alan Macek, “Double Patenting Again” (January 19, 2024), online: <https://www.slaw.ca/2024/01/19/double-patenting-again/>.

¹⁰⁰ *NCS Multistage Inc v Kobold Corporation*, 2023 FC 1486.

any art, process, machine, manufacture or composition of matter.” Subsection 27(8) of the *Patent Act* states that “[n]o patent shall be granted for any mere scientific principle or abstract theorem.”

In 1981, the Federal Court – Appeal Division, specified that where the only novel aspect of a patent claim is a “mere scientific principle or abstract theorem,” a claim will be unpatentable even though it specifies a practical application such as using the theorem on a computer.¹⁰¹

The following year, the Supreme Court of Canada, after examining the definition in Section 2, established that to be considered a patentable art, an invention must pertain to practical applications of scientific principles and abstract theorems.¹⁰²

The Federal Court of Appeal in 2011 interpreted the Supreme Court of Canada’s comments about the “practical application” of abstract ideas to mean that “because a patent cannot be granted for an abstract idea, it is implicit in the definition of ‘invention’ that patentable subject matter must be something with physical existence, or something that manifests a discernible effect or change.”¹⁰³ As discussed:¹⁰⁴

It is arguable that the patent claims in issue in this case could fail on the same reasoning, depending upon whether a purposive construction of the claims in issue leads to the conclusion that *Schlumberger* cannot be distinguished because the only inventive aspect of the claimed invention is the algorithm — a mathematical formula — that is programmed into the computer to cause it to take the necessary steps to accomplish a one-click online purchase. On the other hand, it is also arguable that a purposive construction of the claims may lead to the conclusion that *Schlumberger* is distinguishable because a new one-click method of completing an online purchase is not the whole invention but only one of a number of essential elements in a novel combination. In my view, the task of purposive construction of the claims in this case should be undertaken anew by the Commissioner, with a mind open to the possibility that a novel business method may be an essential element of a valid patent claim.

Proper claims construction was therefore required.

¹⁰¹ *Schlumberger Ltd v Canada (Patent Commissioner)*, 1981 CarswellNat 138F.

¹⁰² *Shell Oil Co v Commissioner of Patents*, [1982] 2 SCR 536, 44 NR 541 at 547.

¹⁰³ *Canada (Attorney General) v Amazon.com, Inc*, 2011 FCA 328 (“Amazon”) at para 66.

¹⁰⁴ *Ibid* at para 63.

Following the release of the *Amazon* decision, CIPO, through the Manual of Patent Office Practice (“MOPOP”), specified that rather than construing the claims, patent examiners were instead to assess patentable subject matter using a problem-solution approach. This approach was deemed an error by the Federal Court in 2020.¹⁰⁵

Another appeal from a rejection by the Registrar was brought on the same basis as that in *Choueifaty*, as the rejection occurred prior to the case’s release. By the time the appeal was heard in 2022 CIPO has revised the MOPOP in a way that still included the problem-solution approach.¹⁰⁶

After allowing the appeal on the same basis as *Choueifaty*, the court in *Benjamin Moore FC* considered what instructions to remit to the Patent Commissioner. Upon reviewing the submissions proposed by the parties and the intervener, the Intellectual Property Institute of Canada (“IPIC”), the court adopted IPIC’s suggested test to assess the patentability of computer-implemented inventions.¹⁰⁷ Namely, that the patent examiner should:

- (1) Purposively construe the claim.
- (2) Ask whether the construed claim as a whole consists of only a mere scientific principle or abstract theorem, or whether it comprises a practical application that employs a scientific principle or abstract theorem.
- (3) If the construed claim comprises a practical application, assess the construed claim for the remaining patentability criteria: statutory categories and judicial exclusions, as well as novelty, obviousness, and utility.

¹⁰⁵ *Choueifaty v. Canada (Attorney General)*, 2020 FC 837 (“*Choueifaty*”) at paras 32–40.

¹⁰⁶ *Benjamin Moore & Co v Canada (Attorney General)*, 2022 FC 923 (“*Benjamin Moore FC*”) at paras 10–12.

¹⁰⁷ *Ibid* at paras 43, 52.

Upon appeal, the Federal Court of Appeal allowed the appeal insofar as it eliminated the instructions the Federal Court remitted to the patent examiner, instead ordering the Commissioner to redetermine the patentability of the patents in issue “in light of the most current version of the MOPOP with the benefit of these reasons.”¹⁰⁸ The reasons in turn highlighted various unresolved issues on the subject of patentability to be “determined in an appropriate case.”¹⁰⁹ In particular, the court noted:

94 In other words, if the only new knowledge lies in the method itself, it is the method that must be patentable subject matter. If, however, the new knowledge is simply the use of a well-known instrument (a book or a computer) to implement this method, then it will likely not fall under the definition found at section 2 without something more to meet the requirement described at paragraph 66 of Amazon.

95 The Commissioner also appears to be concerned that unless the concepts of novelty or ingenuity are considered in the determination of patentable subject matter, an applicant may be able to seek, through clever drafting, a monopoly defined by the claims encompassing subject matter that is not patentable (Amazon at para. 44). According to the Commissioner, this would not be addressed in the exercises carried out under sections 28.2 and 28.3 of the Act. Unfortunately, at this stage, I cannot add more than what has already been said, given the generality of the representations made before us.

96 At the end of the hearing, the panel urged the Commissioner to cooperate with IPIC so as to properly bring the issues that remain to be determined by Canadian courts, by issuing the decision that applies the appropriate purposive claim construction approach and provides reasons that fully engage with these remaining issues.

97 This appeal raised challenging questions in an area fraught with complexities. The manner in which these questions were raised was also most unusual, which did not contribute to their expeditious consideration. It also made it more difficult for the Court to give the participants the guidance, or at least some of the guidance, that they were seeking. Finally, as mentioned at the hearing, and despite IPIC's representations in that respect, this decision had to be issued in both official languages, as IPIC made its submissions in French, and further considering the importance of this decision and its broad impact extending beyond the interests of the participants.

Following the release of *Benjamin Moore FCA*, numerous commentators opined on the continuing unsettled state of the law, further highlighting the need for clarification.¹¹⁰

¹⁰⁸ *Canada (Attorney General) v Benjamin Moore & Co*, 2023 FCA 168 (“*Benjamin Moore FCA*”) at para 98.

¹⁰⁹ *Ibid* at paras 80–81.

¹¹⁰ See e.g. Ian McMillan, Louis-Pierre Gravelle, and Andrea Ngo, “Expect Moore of the same from CIPO after Federal Court of Appeal rejects Patentable Subject Matter Test” (August 21, 2023), online: <<https://bereskinparr.com/news-insights/insights/expect-moore-of-the-same-from-cipo-after-federal-court-of-appeal-rejects-patentable-subject-matter-t/>>; Gaspard Petit and Benoit Yelle, “Hesitation over software patents in Canada” (August 2, 2023), online: <<https://www.lavery.ca/en/publications/our-publications/4338-hesitation-over->

Conclusions

As recognized by the Supreme Court of Canada, “intermediate appellate courts [which include the Federal Court of Appeal] are often the court of last resort.”¹¹¹ Therefore, while Parliament and the Supreme Court of Canada each has taken its part, albeit infrequently, in coming to the rescue of certain issues of patent law that needed correction, recent history indicates that the responsibility to “correct” bad patent law—law that is confusing and uncertain in light of competing precedents—now lies almost entirely in the hands of the Federal Court of Appeal.

In appropriate appeal cases, litigants are therefore encouraged to ask the Federal Court of Appeal to sit as a panel of five judges. The Federal Court of Appeal should be receptive to such requests and moreover, on its own initiative, adopt the Ontario Court of Appeal’s practice to more readily convene five-member panels “where it appears it may be necessary to depart from its previous decisions which are found to be wrongly decided or in serious conflict with other judgments.” Litigants are also encouraged to ask Federal Court trial judges to identify and explain in their reasons why certain key issues of patent law need clarity from the Federal Court of Appeal. If any one of these steps are taken, it would be a boon to the development of patent law in Canada.

It is hoped that no matter how it happens, when the Federal Court of Appeal is in a position to clarify the law in any one of the four examples described above, that it respectively answers the following questions:

1. What is the inventive concept of a claim? Should it always play a role in deciding obviousness? When would it not?

software-patents-in-canada.html>; Brian Y Lee and Roch J Ripley, “Canadian Federal Court of Appeal on Subject Matter Eligibility: Try, Try Again” (August 10, 2023), online: <<https://gowlingwlg.com/en/insights-resources/articles/2023/federal-court-of-appeal-subject-matter-eligibility/>>; Maya Medeiros, Christopher A Guerreiro and Brian Chau, “Federal Court of Appeal overturns test for subject-matter patentability of computer-implemented inventions” (September 5, 2023), online: <<https://www.nortonrosefulbright.com/en-ca/knowledge/publications/5b4cc57a/federal-court-of-appeal-overturns-test-for-subject-matter-patentability>>.

¹¹¹ *Kirkpatrick*, *supra* note 4 at para 180.

2. What is the correct test for an element of a claim to be assessed as inessential to that claim? In that test, what is the onus of proof to upset the presumption of essentiality of that element? Should there be a presumption?
3. Should a claim be invalidated for double patenting even though it expires on the same day as its double, thereby avoiding the problem of evergreening?
4. What is the test for unpatentable subject matter with respect to computer-based patents? What considerations should the Canadian Patent Office and the court take into account before proceeding to consider other aspects of patentability?