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Book Review: Canadian Patent Law

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BOOK REVIEW

Canadian Patent Law, 2nd ed.

Stephen J. Perry & T. Andrew Currier
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The origin of patent law in Canada is traceable to British colonization of large swaths of territory in North America. In addition, the historical development of patent law in Canada owes significant debts to developments in patent law and institutions of the United States of America. These twin sources of influence have given Canadian patent law a unique flavor amongst many of the industrialized states with mature patent systems. There is a close relationship in statutory language and construction between Canadian patent law and United States patent law as well as patent law in England. Of course, this is not to suggest that there are no strong and palpable differences between the three regimes. In terms of scholarship and intellectual ruminations on patent law, the transplant of patent law from England to Canada was not followed by academic literature in the field by Canadians. To the contrary, early Canadian patent law was a plodding exercise in the mechanics of patent prosecution. Academic discourse in Canadian patent was sparse and inconsistent. The situation did not change much despite the exponential growth in the number of lawyers practicing in the field. This is not to suggest that Canada has been bereft of star performers in patent litigation. To be fair, the Canadian bar has produced its own significant share of superstars in matters pertaining to litigation in patent law. The list would include Frederick Fetherstonhaugh, the Marion brothers, Harold G. Fox, Q.C., Gordon Henderson, Q.C.[1] and Christopher Robinson, Q.C. Some of these leading barristers penned books on patent law. On this score, Harold G. Fox, Q.C.[2] and Gordon Henderson were pre-eminent. However, unlike the Americans such as Stephen Ladas, none attained sustained presence in terms of academic discourse on patent law.[3]

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1 Henderson was born in Ottawa, Ontario in 1912 and received a Bachelor of Arts degree from the University of Toronto in 1934. He graduated from Osgoode Hall Law School in 1937 and was the founding editor of the Canadian Patent Report.

2 Harold G. Fox, *Canadian Patent Law & Practice* (Toronto: Carswell, 1941).

3 This may be contrasted with the Americans who had established perennial presence in the academy. See for example, Stephen Ladas, *Patents, Trademarks & Related Rights* (Cambridge: Harvard University Press, 1930).

This state of affairs began to change with the emergence of Justice Roger Hughes and his authoritative treatise on patent law,[4] and professor David Vaver, with his commanding monograph on *Intellectual Property Law*.[5] Hughes and Vaver are contemporaries who have succeeded in planting Canadian scholarship on patent law firmly on the international ground for all to see. To their credit, the text, *Canadian Patent Law*, by Stephen J. Perry and T. Andrew Currier, follows in the worthy steps of Hughes and Vaver in providing an authoritative text on patent law in Canada.

Perry and Currier are not academicians; they are patent prosecutors. This is important because both authors clearly state that their intention in writing this book is to pay particular attention to the perspective of the patent prosecutor, while bearing in mind that the profession includes both prosecutors and litigators. It would be a mistake, however, to consider this book as directed solely to prosecutors — it is not. The book will be useful to litigators, students, as well anyone interested in patent law.

The book is an impressive 560 pages of readable arguments, diagrams, drawings, and recent court cases. The style of writing adopted by the authors is prudent, clear, and direct. The suggestions and advice are practical.

The book is divided into 23 chapters. Chapter 1 is introductory and deals with the broad spectrum of major types of intellectual property, namely, trade marks, copyrights, industrial designs, confidential information. The discussion also deals with the nature of interactions between the various types of intellectual property and offers clues as to which type of intellectual property rights regime may be better suited to a particular state of affairs.

Chapter 2 takes on the difficult task of unpacking the historical origins of patents. Much of the historiography of patent law has been tainted by ideology and historical revisionism. The preponderant bias is to place the origins of the patent system in the heart of the British Industrial Revolution. This book, however, does not suffer from such folly and is correct in placing the origins of the modern patent system in the Florentine and Venetian patent regimes, pre-dating the Industrial Revolution by nearly 150 years. As I have observed elsewhere,

> The modern patent concept in its substance, procedure, and political economics owes significant debts to the era from the medieval ages till late nineteenth century European industrialization.[6] Until the latter part of the nineteenth century, intellectual property was a farrago of diverse notions of rights presumably founded on or derived from intellectual exertions. It was from the inchoate assemblage of notions of property interests in the so-called creations of the mind that the modern patent regime derives. The irony here is that the pioneering clarity and integrity of the Venetian patent

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4 Roger Hughes, *et al.*, *Hughes and Woodley on Patents*, 2nd ed., looseleaf (Markham, Ont.: LexisNexis Canada, 2005).

5 David Vaver, *Intellectual Property Law: Copyrights, Patents, Trade Marks*, 2nd ed. (Toronto: Irwin Law, 2011).

6 Brad Sherman & Lionel Bently, *The Making Of Modern Intellectual Property Law — The British Experience, 1760–1911* (Cambridge: Cambridge University Press, 1999) at 209.

> system became tarnished with excessive instrumentalism in the application of patent systems by states.[7] [footnotes omitted].

A critical contribution of this chapter to the text is the fuller exposition of the influence of American patent law on early Canadian patent law. Although Canada was a British colony, the first patent statute in Canada, the *Lower Canada Patent Act of 1823*, was in fact modelled on the United States *Patent Act of 1823*.

Chapter 3 offers a theoretical basis for patent law in Canada. This aspect of the book is problematic and prone to controversy. The authors advance the bargain theory as the anchor of Canadian patent law. It posits that patents are like bargains between the inventor and society. This is a risky gambit by the authors. Patents are not really bargains and, if they were, the various parties in the alleged negotiation deserve censure for incompetence or professional malpractice, as it were. As I have stated before, no single theory explains the patent system.[8] The Canadian patent act, like similar legislations, yields to interpretation from a mélange of theoretical perspectives.

In the United States, its litigious approach to patent law and the uncertainties surrounding a patent grant, have given rise to a probabilistic concept of patents, where the nature of patents is conceived of as the ability to litigate against companies that infringe patents, rather than the idea that a patentee holds an absolute right to monopolize his/her invention.[9]

The uncertainties surrounding a patent are too profound and pervasive for any reasonable allegiance to the bargain theory. Most issued patents have no or little economic significance and, in fact, less than 2 per cent of patents are ever litigated to trial.[10] The uncertainties surrounding a patent encompass, *inter alia*, its validity, scope, and commercial value, and it is these that make the bargain theory a product of puffery on the part of patent prosecutors. More importantly, such a flawed theoretical premise is bound to skew judicial analyses, especially in matters such as assessment of damages, anti-competition claims involving patents, and sundry issues.

It is, therefore, not surprising that the patent system has defied a unified theory[11] despite the exertions of scholars on such diverse theoretical frameworks as the natural right theory, contract/disclosure of secrets theory, reward theory, and lately, classical and post-classical theories of patents. Various limitations on patents

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7 Ikechi Mgbeoji, "The Juridical Origins of the International Patent System: Towards a Historiography of the Role of Patents in Industrialization" (2003) 5 Hist. Int'l L. 403–422.

8 Ikechi Mgbeoji, "Justifying Intellectual Property by Robert P. Merges" (2012) 50:1 Osgoode Hall L.J. 291–299.

9 For a robust analysis, see Mark Lemley & Carl Shapiro, "Probabilistic Patents" (2005) 19:2 Journal of Economic Perspectives 75–98.

10 *Ibid.*

11 For a succinct account and analysis of the problematic nature of theories on patents, see Samuel Oddi, "Un-Unified Theories Of Patents — The Not-Quite-Holy Grail" (1996) 71 Notre Dame L. Rev. 267.

such as patentable subject-matter, duration of patents, nature of patent rights, render each theoretical proposition suspect as a basis for explaining patents.[12]

The bargain theory has been assailed by critics on several fronts. First, it has been pointed out that when secrecy of inventions is possible, inventors and industrialists would probably prefer other forms of legal protection of innovations such as trade secret laws.

Second, it is a matter of fact that even if the inventor held his/her invention secret, other inventors would eventually hit upon that same idea because inventions are ultimately called forth by the needs of society. Necessity, as they say, is the mother of invention. Once again, the theory in question confuses commercialization of inventions with the encouragement of inventiveness. Third, there is no way of objectively certifying that the monopoly granted the inventor is actually equal to the social benefit of the invention. Several inventions which have later proved to be of immense usefulness were somewhat "ahead of their time" when they were first made and patented, and earned nothing for their creators. A good example is the fax machine, invented in 1842, but not commercialized until the early 1980s.[13] Other examples include the automatic transmission which was invented in 1904 but was only commercialized in 1937; the cotton-picker (1850–1942); magnetic recording (1898–1939); penicillin (1928–1944); radar (1904–1935); silicon (1904–1948); television (1905–1940) and xerography (1937–1950). If a patent was a bargain, the negotiators in the above instances must have all been grievously mistaken as to what was the deal.

The better argument for patents would seem to be that patents probably serve as a useful incentive for the commercialization and industrialization of inventions. Thus, the crucial role which patents probably perform is to offer a profit incentive, encouragement, and security to those desirous of commercializing inventions.[14] The short point here is that anchoring a textbook in patents on one theory is fraught with enormous risks.[15]

Chapter 4 considers management aspects of patents. It deconstructs patents as business tools and as integral parts of any modern business plan. This is a welcome addition to the literature as the chapter makes a compelling case for a cost-benefit analysis of patent registration by businesses as well as individuals. Given the emer-

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12 United Nations, *The Role of Patents In The Transfer Of Technology To Developing Countries, Report Of The Secretary-General, United Nations* (New York: Martinus Nijhoff, 1964) at 9.

13 Samuel Oddi, "Beyond Obviousness: Invention Protection In The Twenty-First Century" (1989) 38 Am. U. L. Rev. 1097.

14 Melvin Kranzberg, "The Technical Elements In International Technology Transfer: Historical Perspectives" in John McIntyre & Daniel Papp, eds., *The Political Economy On International Technology Transfer* (New York: Quorum Books, 1986) at 31; Samuel Oddi, "The International Patent System And Third World Development: Reality Or Myth?" (1987) 63 Duke L.J. 831; Samuel Oddi, "TRIPS-Natural Rights and a Polite Form of Economic Imperialism" (1996) 29 Vand. J. Transnat'l L. 415.

15 Edmund Kitch, "The Nature and Function of The Patent System" (1977) 20 J.L. & Econ 265.

gence and persistence of patent-trolls,[16] the book breaks new ground in its consideration of patent trolls in the chapter on abuse of patent rights.[17]

Chapter 5 focuses on the issue of ownership in patent law. Inventorship spans the spectrum of joint inventorship, co-inventorship, master-servant relationships and other patent ownership scenarios such as government owned patents. In Chapter 6, the authors take on the complex task of delimiting patentable subject-matter. This is detailed exposition, via case law, of the nuances and complexities of section 2 of the *Patent Act* of Canada. The distinction between patentable and non-patentable subject-matter is often a matter of policy considerations taking into account the trajectories of technologies and the perceived need to protect new investments. The jurisprudence of patentable subject-matter is, of necessity, expansive.[18] The authors artfully explain Canada's schizophrenic attitude to genetic patents. The chapter systematically reviews cases on art, process, machine, composition of matter and manufacture. In addition, the authors tenderly discuss the subject of selection patents,[19] an arcane subject, even by the nerdy standards of patent lawyers. The doctrine of selection patents originated in the United Kingdom[20] but acquired the imprimatur of the Supreme Court of Canada in *Sanofi-Synthelabo Inc. v. Apotex*.[21] However, the Supreme Court has not conclusively settled the controversies that are inherent in selection patents in the context of ever-greening of patents. The chapter concludes with a prescient observation on the elasticity and changing dynamics of what constitutes patentable subject-matter.

Chapter 7 dwells on the topic of utility. Its analysis of the doctrine of sound prediction dovetails with the analyses in Chapter 8 of the requirements of specification. Like selection patents, the doctrine of sound prediction remains controversial, and prone to abuse. Disclosure is at the heart of the patent system.

Chapter 9 tackles the requirement of novelty. It distinguishes the criterion of novelty from obviousness. With the aid of diagrams, the authors highlight the importance of timelines in the construction of novelty. Obviousness or ingenuity is dealt with in Chapter 10. This is a problematic aspect of patent law as it often

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16 Timo Fischer & Joachim Henkel, *Patent Trolls on Markets for Technology — An Empirical Analysis of Trolls' Patent Acquisitions*, at 3, paper presented at "Opening Up Innovation: Strategy, Organization and Technology" at Imperial College London Business School, June 16–18, 2010, <http://www2.druId.dk/conferences/viewpaper.php?id=501834&cf=43> (last visited 24 March 2014); see also <http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1523102&rec=1&srcabs=1498390>.

17 Robert Merges, "The Trouble With Trolls" (2009) 24 Berkeley Tech. L.J. 1583, 1589; Peter S. Menell, "The Property Rights Movement's Embrace of Intellectual Property: True Love or Doomed Relationship?" (2007) 34 Ecology L. Q. 713, 722; Mark A. Lemley & Carl Shapiro, "The Patent Holdup and Royalty Stacking: Reply to John Golden" (2007) 85 Tex. L. Rev. 2163, 2173.

18 *President and Fellows of Harvard College v. Canada (Commissioner of Patents)*, 2002 SCC 76 at 158.

19 Duncan Bucknell, ed., *Pharmaceutical, Biotechnology and Chemical Inventions: World Protection and Exploitation* (Oxford: Oxford University Press, 2011).

20 See, for example, *I.G. Farbenindustrie A.G.'s Patents* (1930), 47 R.P.C. 289.

21 *Sanofi-Synthelabo Canada Inc. v. Apotex Inc.*, 2008 SCC 61 [*Sanofi*].

pertains to an elusive and subjective criterion. The value-laden nature of what constitutes inventive genius or whether a particular invention contains the requisite amount of ingenuity has often defied judicial clarity in assessment. Neither the *Beloit* test[22] nor the approach in *Janssen-Ortho*[23] clarified the best approach to determining ingenuity. The Supreme Court decision in *Sanofi*,[24] with due respect, did not bring about any clarity either. The contextual approach adopted by the Supreme Court is in some respects a conflation of enabling disclosure and ingenuity.

In chapter 11, the authors deal with the nitty-gritty of patent filing and prosecution. The practical and professional experience of the authors is apparent as they present a painstaking and rigorous framework for patent filing and prosecution in Canada. Of great relevance in this chapter is the focus on international filings under auspices of the Patent Cooperation Treaty (PCT). As more than half of filings in Canada originate overseas, the attention paid to PCT procedure is meaningful and rewards careful study. Chapter 12 deals with post-grant issues. In chapter 13, the authors examine issues pertaining to assignments, licenses and other conveyances.

The exclusive jurisdiction of the Federal Court is dealt with in Chapter 14. In chapter 15, attention is focused on the law and art of claims construction in patent law. This is of course the *raison d'être* of the patent system, at least, if the notion of patents as a contract is to be taken seriously. The authors use diagrams, drawings, and pictures to explain some of the divergent approaches adopted by the courts to give meaning to patent claims. The issue of infringement of patents is taken in chapter 16. Remedies for infringement is addressed in chapter 17. In chapter 18, the topic of pre-empting allegations of infringement takes centre stage. Helpful tips are offered to patent prosecutors on practical preemptive strategies. Chapter 19 is on defences to allegations of infringement while chapter 20 deals with abuse of patent rights. As I noted earlier, this issue, especially in the context of competition law hardly sits well with the concept of a patent as a bargain.

Chapter 21 looks carefully into the niche issue of pharmaceutical inventions in Canada. This is one area of patent law where there is a significant policy and legal point of departure from U.S. patent law. The authors detail the significant points in their review of Canada's Notice of Compliance (NOC) proceedings.

Chapter 22 continues the discussion on PCT by examining some of the key patent treaties implemented and operational in Canada. These include the Paris Convention, NAFTA, WTO-TRIPs agreement, Budapest Treaty and Strasbourg Agreement concerning the International Patent Classification. The concluding chapter turns to ethical considerations in the law and practice of patent law.

The supreme virtue of this book is that it is readable, contemporary and practical. Unlike a lot of patent law textbooks that take delight in being impenetrable and dense, the authors write clearly and in a succinct style. And for the substantive arguments in the book, the authors deserve praise. In sum, beyond providing a contemporary and accessible knowledge on Canadian patent law, this book provides useful and unique insights into areas of patent law not usually addressed by other authors, such as management of patents, post-grant procedures and actions for pre-

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22 *Beloit Canada Ltd. v. Valmet Oy* (1986), 8 C.P.R. (3d) 289 at 294 (F.C.A.).

23 *Janssen-Ortho Inc. v. Novopharm Ltd.*, 2006 FC 1234.

24 *Sanofi*, *supra* note 21.

empting infringement. These issues are treated with rare common-sense and clarity, greatly assisting the reader and enriching public discourse. For this and more, the authors deserve our thanks and appreciation.