Patents and Industrial Designs – Year in Review 2017

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By Ken Bousfield

It has been a busy year in Patent Law, once again. There have been major changes, or clarifications, in the law, both as revealed in decisions in litigation, and as will soon take effect in major revisions of the subordinate regulations under the Patent Act and the Industrial Designs Act. Some of the important events of the year in patents:

1. The Supreme Court ends the “Promise of the Patent”

The headline event in patent law in Canada in 2017 was Supreme Court of Canada (SCC) decisions in AstraZeneca striking down the much abused “Promise of the Patent” doctrine, under which patent specifications had been deemed to involve an essential utility or promise, whether or not that promise had been explicitly recited, and whether or not there was any reasonable basis for inferring that such a promise existed. If the claims did not address that promise, then they stood to be held invalid. By contrast, in other cases, such as Eurocopter, exceptionally precise promises of utility were ignored by the Courts, and the claims held valid. As the SCC found, there was no basis in law for this arbitrary and capricious procedure. Our firm commentary by Patricia Folkins, Michael Fenwick, R. Scott MacKendrick is found in “Canada’s Supreme Court Rules on the Promise of the Patent Doctrine – Promise is Dead” and in “Supreme Court Curtails Inutility Challenges with its AstraZeneca Decision” by Adam Bobker, and in a further comment on the case, and by Noel Courage’s article on “Canadian drug patent enforcement”.

Interestingly, the criticisms made by the SCC in striking down the “Promise” doctrine appear also to have resonance with respect to the “Problem-and-Solution” examination procedure employed by the Canadian Intellectual Property Office (CIPO) – a procedure that is similarly without a basis in the Patent Act., and that, like the “Promise” doctrine, functions to undermine the economic basis of patent law. Ian McMillan and Cameron Gale point out that the training provided by CIPO to Examiners appears to stray from long-standing SCC precedent on patent claim construction in “Go your own way”.


CIPO has undertaken a substantial effort to overhaul the Patent Rules as part of Canada’s implementation of the Patent Law Treaty (PLT). Among the many changes to the rules, the delay in filing a Request for Examination will be cut from five years to three. Late National Phase Entry (NPE) up to 42 months will now be conditional on discretionary acceptance by the Commissioner of a Declaration showing that the delay was unintentional. The practical effect is to end 42 month late NPE, or as might be said “30 is the new 42”.

Additionally, the period for response to Office Actions will also be reduced, and, in many cases, an applicant seeking to take advantage of extensions of time will have to show that a due care standard has been met. The practical effect is likely to be a de facto elimination of extended periods for response.

The former “abandonment and reinstatement” procedure is to be substantially changed. Henceforth CIPO will provide notices of abandonment, and there will be a two-month period in which to reinstate, as of right. Any longer reinstatement will require a showing of due care. The practical effect is to cut the reinstatement period from one year to two months.

All of these changes make Canada a less hospitable jurisdiction in which to seek patents. The government often expresses concern that patent filings and innovation in Canada more generally, are falling behind the activity of comparable G20 countries as seen in a recent WIPO report. In that context, raising administrative hurdles to discourage patent applicants, and refusing patents on grounds unrelated to the substantive merits of the inventions is surely a curious
approach to meeting the government’s desire to advance innovation in Canada.

Our commentary, on the many proposed changes is found at "CIPO Consultation on Proposed Patent Rule Amendments to Implement Amendments to Patent Act – Eight Things You Need to Know", and in "Proposed New Canadian Patent Rules: Our Detailed Review – Part 1 and Part 2. The new rules are expected to come into force in the Spring of 2018. In keeping with the busy schedule of IP amendments, CIPO has also brought out new regulations for the PMNOC Regulations, discussed by Donald Cameron, Michael E. Charles in "Proposed New Regulations for PM (NOC) Proceedings and CSPs".

3. Industrial Designs Act – Design Rules

The Rules under the Industrial Designs Act have been extensively amended as Canada joins the Hague System for the International Registration of Industrial Designs. The Rules have received detailed review and have been subject to final comment. They are expected to come into force in the middle of 2018. Our commentary on the large number of changes is found in parts I and II of "Proposed New Industrial Design Regulations: Our Detailed Review".

4. IP and Territoriality – Enforcement

Territorial enforcement of Patent Rights is not always straight-forward when infringing activity spans borders. In Canada, the problems of enforcing rights against Internet-based defendants in seen in the SCC decision in Google v. Equustek Solutions Inc., [2017] 1 S.C.R. 34. In this case, the defendant, Datalink Technologies Gateway, had refused to comply with several court orders in BC, and, ultimately, fled the jurisdiction to evade enforcement. It continued to infringe using the Internet. Injunctive relief in BC was of little help to the rights-holder if the infringer could continue to operate over the internet from a non-Canadian location. Google was a third party service provider. The Court required Google to delist the infringer’s site. This decision, welcomed by rights holders, must be seen in light of the later non-contested US decision in Google LLC v. Equustek Solutions Inc., 2017 WL 5000834 (N.D. Cal. Nov. 2, 2017) granting an injunction against enforcement in the US. Further proceedings in Canada may follow. The case is discussed by R. Scott MacKendrick and Tamara Céline Winegust in “The Internet Has No Borders”.

5. IP and Territoriality – Forum Selection

Enforcement of a forum selection clause was the subject of the SCC decision in Douez v. Facebook Inc., 2017 SCC 33. The issue was whether a plaintiff could proceed in a class action suit against Facebook under BC law notwithstanding a forum selection clause in Facebook’s unilaterally provided “Terms of Use”. The SCC held for the BC plaintiff. This case raises important issues for the ability of internet service providers unilaterally to establish the terms of service, particularly where they affect rights of privacy. The case is discussed by Catherine Lovrics and Tamara Céline Winegust in “SCC finds Facebook’s Forum Selection Clause is Unenforceable”. Concerns about privacy and the Internet were also considered by Amanda Branch in "US Repeal of Privacy Rules Causes Concern for US Internet Users – What do the Changes Mean for Canadian".

6. IP and Territoriality – Patent Exhaustion by Foreign Sales

Territorial enforcement was also one of two questions addressed by the US Supreme Court in "Impression Products v. Lexmark International". In this case, the defendant re-manufactured printer cartridges for re-supply in the United States, including printer cartridges originally obtained outside the US. The patentee alleged that this was contrary to the terms by which the print cartridges were provided. The court held that the contract provisions were a restraint on trade, and that the “first sale” exhausted the patentee’s right. More controversially, the Court held that the first sales outside the territory also exhausted the patentee’s rights in the United States. Given the territorial nature of patent rights, as discussed by Ken Bousfield in "U.S Supreme Court on Patent Exhaustion: Impression Products v. Lexmark International" the economic implications of this decision may yield results not intended by the Court. This case has implications for many Canadian companies.

7. Calculation of Damages in Patent Infringement Cases – Apotex v. ADIR

Apotex infringed ADIR’s patent. ADIR sought to recover the infringer’s profit. Apotex sought to reduce the damages payable by alleging that, first, the profit should be calculated as relative to the next best available non-infringing alternative (NIA), since the infringer was only liable for that portion of profits casually related to infringement of the claimed invention; and, second, that it should be able to deduct the amount of non-infringing legal services provided with the pharmaceuticals. Following this second approach would have reduced Apotex’s damages to zero. The FCA agreed that
the NIA approach was required by SCC precedent. However, the FCA was not persuaded by the legal services theory. The case is discussed by R. Scott MacKendrick and Anastassia Trifonova in "The Requirement of Causation in an Accounting of Profits".


On June 22, 2017 the SCC denied leave to appeal from the 2016 Federal Court of Appeal decision in Pfizer v. Canada. That decision raised the standard required for an applicant to obtain judicial review of a decision of the Minister of Health under the PM (NOC) regulations. The new standard requires that the Applicant show that the Minister’s interpretation of the regulations was unreasonable. This case, and the high test that it imposes, are discussed by Adam Bobker, Shuo Xing in a "Case Summary of Pfizer v. Canada".

9. “Available to the Public”

In September 2012 America Invents Act (AIA) was signed into law. One of the changes it made was to establish the statutory bar for disclosure as “[…] on sale, or otherwise available to the public” under 35 USC 102(1). The main problem that wording was intended to solve was the problem of secret sales. Under the former law, even though the invention had not been made available to the public, nonetheless a non-public sale made more than one year before the filing date established a statutory bar to claims for the subject-matter of the secret sale. To end the problem of “secret sales” the AIA set the standard of “otherwise made available to the public”, i.e., only public activity would henceforth start the one-year statutory clock running. In Helsinn Healthcare v. Teva Pharmaceuticals, the defendant is seeking to reverse the clock on the AIA amendments. To much surprise, the defendant succeeded in its appeal to the Court of Appeals for the Federal Circuit. The case is now under consideration by the US Supreme Court. A decision is awaited. The case is discussed by H. Samuel Frost in his article “Federal Circuit: Helsinn Healthcare v. Teva Pharmaceuticals”.

10. Dosage Claims

The allowability of claims for dosages of pharmaceuticals has been a contentious topic in prosecution before CIPO. CIPO Practice Notice PN 2015-01 makes it difficult to obtain allowance of these claims. This is discussed in Range in Dosage Regimen Claims Found Not to Invoke Physician’s Judgment concerning Commissioner’s Decision C.D. 1418 in which a dosage claim was held not to be a matter of a physician’s judgement, and therefore patent eligible. This decision has implications for applicants seeking protection for pharmaceutical dosage claims.

11. Abstract Ideas: Separating Wheat From Chaff

Patent-Eligibility of Subject-Matter has been a constant area of contention in patent law for many years. Both the USPTO and CIPO have struggled with efforts to draw consistent guidance from recent case law, particularly in the context of the non-patent-eligibility of “Abstract Ideas”. As predicted by Stevens J., in Bilski8, “Abstract ideas” has become an amorphous catch-all. In an effort to draw order out of chaos, the USPTO has now developed a summary and classification of US case law up to the end of 2017 “Eligibility Quick Reference Sheet Identifying Abstract Ideas”. This is undoubtedly not the end of the Patent-Eligibility saga.

1 AstraZeneca Canada Inc. v. Apotex Inc., 2017 SCC 36
2 Eurocopter v Bell Helicopter Textron Canada Limitée, 2012 FC 113; aff’d 2013 FCA 219
5 http://www.wipo.int/hague/en/
6 581 US 1523 (2017)
7 Monsanto v. Schmeiser, 2004 SCC 34
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