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## Canada IP Focus 2006



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A series of recent decisions in Canada and the UK has established rules for the way courts interpret patent claims. **Robert H C MacFarlane** and **Adam Bobker** of Bereskin & Parr explain what the changes mean for rights owners

# Understanding construction at trial

**A**t the heart of every patent infringement action is the question: "What is the scope of the monopoly?" or, as sometimes asked: "What is the invention?" The groundbreaking decision of the House of Lords in

*Catnic Components Ltd v Hill & Smith Ltd* establishing a purposive construction rule and the further elaboration of this rule in *Improver Corporation v Remington Consumer Products Limited* (Patents Court) have had great influence in Canada.

In December 15 2000, the Supreme Court of Canada released simultaneously two landmark decisions on patent construction – *Free World Trust v Électro Santé* and *Whirlpool Corp v Camco Inc* – in which the Court followed these UK decisions and adopted the purposive construction rule as the law of Canada. While there was some ambiguity in the Supreme Court of Canada decision, it appears to have been resolved by the Canadian Federal Court of Appeal decision in *Canamould Extrusions Ltd v Driangle Inc*.

Last year, in *Kirin Amgen v Hoechst Marion Roussel Ltd*, the House of Lords also ironed out some misconceptions that had developed in the application of the purposive construction rule in the UK. On December 20 2005, Justice Hughes, who recently rose to the bench of the Federal Court after a distinguished career as an IP barrister in Canada, released a decision in *Pfizer Canada Inc et al v The Minister of Health and Mayne-Pharma (Canada) Inc*, in which he considers the history of the development of the principles of patent construction in the UK and Canada and sets out the modern approach in Canada.

As observed by Justice Hughes, it was not until the second decade of the 20th century that it was clear that a patentee who wished to cover the principle of operation of his machine, and not only the details of its construction, must say so in his claims and not just leave it to the jury. This ambiguity in the description of exactly what was the patent monopoly, and the consequent arguments about what could be considered

on in its determination, led to the famous quote by the US Supreme Court Justice Bradley in *White v Dunbar*: "Some persons seem to suppose that a claim in a patent is like a nose of wax which may be turned and twisted in any direction..."

## Robert MacFarlane



Robert MacFarlane is a partner and head of the litigation practice group at Bereskin & Parr. The Canadian Legal Lexpert Directory, among other publications, consistently recognizes him as one of Canada's foremost IP counsel. He has more than 28 years experience in IP litigation and has appeared at all levels of Canadian court including the Supreme Court of Canada. He is a registered patent agent in both Canada and the US and is a registered trade mark agent in Canada.

Robert has been lead counsel in numerous IP cases encompassing all areas of IP. He has represented clients in cases involving trade marks, copyright, confidential information and patents for pharmaceuticals, logging equipment, computer technology, fuel cells and blast furnaces, in addition to defending patents in NOA proceedings.

Robert was lead counsel before the Supreme Court of Canada for LEGO (Kirkbi et al) in their assertion of passing off in respect of the appearance of their products against Mega Bloks, and in *Apple v MacIntosh*, which decided the fundamental question of whether copyright can apply to computer operating systems.

Robert also had the distinction of being selected by the Attorney General of Canada to defend the Royal Canadian Mint in a patent action involving the minting of coins.

## Adam Bobker



Adam Bobker is a litigation partner with Bereskin & Parr. He was called to the Bar in 1997, and after spending his first few years in general commercial litigation practice, joined Bereskin & Parr's intellectual property litigation team in 2000.

Adam has been involved in litigating a wide range of IP disputes including patent matters in industries such as pharmaceuticals, farm equipment, vinyl windows, and die cutting. He has also worked on copyright and trade mark enforcement in areas such as cosmetics, film and alcoholic beverages; passing off actions involving office supply stores, toys and games and building products. In addition, Adam has been involved with confidential information cases in the areas of computer software and composite processes.

He has written and spoken on a variety of subjects in the IP field, including the use of expert evidence, interlocutory injunction practice, and anti-counterfeiting and grey marketing. Adam has appeared before all levels of the Ontario Superior Court and Federal Court of Canada and is a member of the Advocate's Society and the Intellectual Property Institute of Canada (IPIC). He is currently serving on the IPIC anti-counterfeiting committee.

Justice Hughes points out that in Canada a two-step approach was taken to patent construction: “As matters developed in Canada, the Court would not, typically, first attempt to construe a claim, rather, it would go first to either validity or infringement and apply what was described as a “literal” reading of the claim. If the claim survived validity on a “literal” reading, then infringement would be considered “literally” and if there was no such infringement, then a second look at the claims on the basis of the “substance” was taken, as infringement was considered either literally or in substance.”

In Canada, the literal and substance approach to claim construction was conclusively replaced by purposive construction by the Supreme Court decisions in *Free World Trust* and *Whirlpool*. Like the *Catnic* case, in the Supreme Court, the context was determining whether a variant or equivalent of an element was within the scope of the language used to describe this element in the claim. For example, the *Free World Trust* case involved patents for “an apparatus that bombards different parts of the human body with low frequency electromagnetic waves.” The claims referred to “circuit means” to control the peak amplitude and frequency of the waves, whereas the accused device employed what was described as a microcontroller to perform

that function. The question was whether the accused device infringed despite the fact that a microcontroller was used in place of “circuit means”. Supreme Court Justice Binnie noted that the *Improver* questions, although not exhaustive, “encapsulate the heart of Lord Diplock’s analysis.” He wrote:

“The appeal thus raises the fundamental issue of how best to resolve the tension between “literal infringement” and “substantive infringement” to achieve a fair and predictable result. There has been considerable discussion of this issue in Canada and elsewhere, which I will discuss briefly in support of the following propositions:

....

- e) The claims language will, on a purposive construction, show that some elements of the claimed invention are essential while others are non-essential. The identification of elements as essential or non-essential is to be made:
  - i) on the basis of the common knowledge of the worker skilled in the art to which the patent relates;
  - ii) as of the date the patent is published;
  - iii) having regard to whether or not it was obvious to the skilled reader at the time the patent was published that a variant of a particular element would *not* make a difference to the way in which the invention works; or
  - iv) according to the intent of the inventor, expressed or inferred from the claims, that a particular element is essential irrespective of its practical effect;
  - v) without, however, resort to extrinsic evidence of the inventor’s intention.
- f) There is no infringement if an essential element is different or omitted. There may still be infringement, however, if non-essential elements are substituted or omitted.”

The “circuit means” were held to be essential and, therefore, could not be varied, so there was no infringement.

It is noteworthy that Justice Binnie used the disjunctive “or” between (iii) and (iv) in his analysis. It suggests an alternative, whereas in *Catnic* and *Improver* there is no similar

alternative. Compare the questions in *Improver* for example.

- 1) Does the variant have a material effect upon the way the invention works? If yes, the variant is outside the claim. If no -
- 2) Would this (ie. 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 -
- 3) 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 was an essential requirement of the invention. If yes, the variant is outside the claim.

In *Westaim Corp v Royal Canadian Mint*, Justice Hanson of the Federal Court followed *Free World Trust* and implemented this alternative approach. She held that while a speci-

## The literal and substance approach to claim construction was conclusively replaced by purposive construction by the Supreme Court decisions in *Free World Trust* and *Whirlpool*

fied thickness of a layer of coated metal on a coin was intended by the inventors to be an essential element, it was not essential because a person skilled in the art would have known that it could be varied.

The decision of the Federal Court of Appeal in *Canamould Extrusions* provided an interpretation that greatly assists in resolving this “alternative/no alternative issue”. After citing both the five criteria from *Free World Trust* and the *Improver* questions themselves, the Court of Appeal observed:

“Hoffman J. added the following perspective on these questions at p. 190 [of the *Improver* decision]:

It is worth noticing that Lord Diplock’s first two questions, although they cannot sensibly be answered without reference to the patent, do not primarily involve questions of construction: whether the variant would make a material difference to the way the invention worked and whether this would have been obvious to the skilled reader are questions of fact. The answers are used to provide the factual background against which the specification must be construed. It is the third question which raises the question of construction and Lord Diplock’s formulation makes it clear that on this question the answers to the first two questions are not conclusive. Even a purposive construction of the language of the patent may lead to the conclusion that although the variant made no material difference and this would have been obvious at the time, the patentee for some reason was confining his claim to the primary meaning and excluding the variant. If this were not the case, there would be no point in asking the third question at all.

This shows that in cases of conflict between these two criteria, the inventor’s intention (as understood by a skilled reader) will govern.”

In *Kirin Amgen*, Lord Hoffman distinguished between the general rule of purposive construction and the application of the *Improver* questions, now known as the Protocol questions, for consideration of the issue of equivalents:

When speaking of the (*Catnic* principle) it is important to distinguish between, on the one hand, the principle of purposive construction which I have said gives effect to the

requirements of the Protocol, and on the other hand, the guidelines for applying that principle to equivalents, which are encapsulated in the Protocol questions. The former is the bedrock of patent construction, universally applicable. The latter are only guidelines, more useful in some cases than in others. I am bound to say that the cases show a tendency for counsel to treat the Protocol questions as legal rules rather than guides which will in appropriate cases held to decide what the skilled man would have understood the patentee to mean.

This is further elucidated by his discussion of supposed presumptions in patent construction. Lord Hoffman said the following: "I do not think that it is sensible to have presumptions about what people must be taken to have meant but a conclusion that they have departed from conventional usage obviously needs some rational basis."

In the recent *Pfizer* case, Justice Hughes notes that despite having come out four years earlier, *Whirlpool* and *Free World Trust* are "remarkably in agreement" with Lord Hoffman's reasons in *Kirin-Amgen*. Justice Hughes cites copiously from *Kirin-Amgen* and then asks and answers the following seven concise questions relating to the purposive construction of patent claims in Canada (the answers to which have been paraphrased and summarized):

1. *Who construes the claim?* The Court. The expert witness merely helps to put the trial judge in a position to do so in a knowledgeable way.
2. *When are the claims construed?* The claims are construed by the Court at the outset of its decision before considering issues of validity or infringement.
3. *As of what date are the claims to be construed?* The claims are construed as of the date the patent was issued and granted if

applied for pre-Oct 1, 1989 (when Canada had a "first to invent" system and applications were not public until issued) and as of the publication date for later filed applications.

4. *What the criteria for construction?* The identification, with the assistance of the skilled reader, of the "essential elements" of the invention based on the words used by the inventor, as the skilled reader would have understood them.
5. *What resources may be used for construction?* A claim is to be read in the context of the rest of the specification. Both "meticulous verbal analysis" and "simple dictionary approaches" are to be avoided. The Court may be assisted by expert witnesses in order to understand the context and particular meaning of words used. – (But see Rule 1)
6. *Through whose eyes is construction to be made?* A patent is addressed to the "ordinary person skilled in the art." The Court is to place itself in the position of a person acquainted with the surrounding circumstances as to the state of the art at the time who would understand the technical meaning that any particular word or words may have. The ordinary person would have the common knowledge of the day, but not special "in house" knowledge.
7. *What is to be made of the resulting construction?* Purposive construction may be capable of expanding or limiting the literal text of the claim. While the claims are to be read in a way that is sympathetic to the inventor's purpose, if the inventor has misspoken or created an unnecessary limitation in the claims there may be a "self-inflicted" wound. The construction must be made fair to both the patentee and the public. Once construed the Court may examine the issues of validity and infringement on the basis of that construction. This is the most recent statement of the principles of purposive construction as the law of purposive construction in Canada continues to evolve.



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