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Patent Laws Of The United States And Canada: Similarities And Differences

by Roy V. Jackson*

INTRODUCTION

A patent agent in Canada finds that most of the applications to be prepared are filed first in the United States Patent Trademark Office, and then filed with no substantial change in Canada. Under reciprocity arrangements that favor Canadian agents, they can deal directly with the Patent Office in Washington, frequently interviewing examiners, and often the U.S. patent prosecution is completed before the Canadian case is examined. If it is successful, allowance in Canada usually follows almost automatically.

On the other hand, a Canadian attorney in the United States, working primarily on foreign cases, may prosecute very few U.S. cases, and spend much time editing U.S. cases for filing in other countries, usually including Canada, and prosecuting them while keeping in touch with the U.S. prosecution history. The result is a special perspective from which to view the differences between the U.S. and Canadian approaches to patent laws, in a broader international context.

I. MAJOR SIMILARITIES

1. Background

In both the United States and Canada, power is shared between a Federal Government and its territorial units - States or Provinces, respectively. In both, the Federal Government administers the patent law. Also in both, there are two levels of court systems, with overlapping or exclusive jurisdictions depending on the subject matter and remedies sought. In the United States, trial jurisdiction over patent matters is in the Federal District Courts; in Canada there is overlapping jurisdiction, but the majority of patent cases are tried in the Federal Court. Both countries owe the basic concepts of their patent systems to the ancient Statute of Monopolies, passed by the British Parliament in 1623.

2. Current Statutes

The United States Constitution expressly provides for a patent law

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in Article I, Section 8: "The Congress shall have power . . . to promote the progress of the useful arts, by securing for limited times to . . . inventors the exclusive right to their . . . discoveries." The latest basic patent statute, Title 35 of the U.S. Code (Title 35), dates back to 1952. The Canadian Patent Act (Patent Act), which also dates back to 1952, has many of its basic principles modeled upon earlier United States patent laws, including its definition of an invention: ". . . any new and useful art, process, machine, manufacture or composition of matter . . ."¹ Despite subsequent divergence due to changes in the U.S. laws, there are still large areas of major similarity.

3. *Some Specific Similarities.*

(a) The Term of Patents is the same in both countries — seventeen years from the date of grant or issue. Unfortunately, there is no maximum limit for the term counted from the filing date, such as is found in most European domestic patent systems. A maximum limit would avoid the disruption in industry caused by the issuance of claims that are unreasonably delayed and have been in prosecution for many years: by that time, the technology covered will become accepted through independent developments.

(b) Patentable Subject Matter. In this area, both systems have similar standards of novelty and inventive level. Rejections by the Examiners in both countries are appealable to an Appeal Board. On contemporary and controversial subjects, such as methods including computerized steps, or involving living matter, the appeal decisions have conformed generally to the U.S. pattern. However, Canadian case law has tended to depart from the U.S. interpretation of the terms "art, process, machine, manufacture or composition of matter." For instance, claims to methods of medical treatment, which in principal have been approved by the U.S. cases, were disallowed by the Supreme Court of Canada.²

(c) Presumption of Validity. In both countries, an issued patent is presumed to be valid, subject to rebuttal by appropriate evidence. The statutory presumption in Title 35 applies independently to every claim of a patent.³ In Canada the presumption of validity extends to every aspect of validity: novelty, inventive step, utility, ambiguity, sufficiency, or any failure to meet a statutory requirement.⁴

(d) "First-To-Invent" Systems. Both of our systems legally define a date called the "date of invention," and grant protection only to an invention that has not been known or used by any person other than the inventor before that date. In other words, the right to a patent can de-

¹ Patent Act, R.S.C. ch. P-4, § 2 (1970); 35 U.S.C. § 101 (1982) [hereinafter Patent Act].

² *Tennessee Eastman v. Commissioner*, 1974 S.C.R. 111.

³ 35 U.S.C. § 282 (1982).

⁴ *Id.* at § 47.

pend on proof of a complicated legal construction, rather than being based on the public record of a filing date. The act of an invention is so subjective that its precise timing is incompatible with abstract legal definition. Experience suggests that the first-to-file system, found in all other industrialized countries as well as in the European Patent Convention, is far more in keeping with the needs of contemporary research and development.

(i) There are minor variations in “first to invent” rules between the two systems, as might be expected in such a conceptual jungle. As defined in Title 35, “first to invent” essentially means first in the United States.⁵ In other words, the only public use or knowledge that counts must be found in the United States. An earlier patent or printed publication, however, anywhere in the world is a bar, which amounts to a legal presumption that it is accessible to anyone in the United States, and raises the much-debated question “What is a printed publication?”. Even a “laid open” foreign application has been held to qualify as a printed publication.⁶ In Canada under the Patent Act, it’s a little less complicated; first to invent means first anywhere.

(ii) Both Title 35 and the Patent Act share “statutory bars.” In both systems, even the first inventor can lose the right to the issuance of patent because of a statutory bar. Statutory bars are created by the use or sale of the invention within the country in which the patent has been applied for, or a description published in a patent or printed publication anywhere that antedates the filing date of an application by a statutory time period - the “grace period.” In the United States, the “grace period” is a year after such use, sale or publication.⁷ If an application is filed on the same invention in another country, and the foreign patent issues before the U.S. filing date, that grace period applies to the foreign filing date.⁸ The first inventor also can lose his rights by “abandonment.”⁹ In Canada, the Patent Act allows two years to file, but the two-year grace period does not apply to an earlier patent that is the foreign version of the Canadian application for the same invention.¹⁰

(iii) Both countries belong to the Paris Convention. That means that the priority date of the first filing is preserved for subsequent foreign filings made up to a year later, but only if the benefit of the International Convention is claimed. Because of the two-year Canadian grace period, however, Canadian filings corresponding to a first filing elsewhere (in the U.S. for instance) do not need the one year benefit of the International Convention as a defense against prior publication, use or sale. It can sometimes be useful, however, because it overcomes the blocking ef-

⁵ 35 U.S.C. § 102(b) (1982).

⁶ *In re Wyer*, 655 F.2d 221 (C.C.P.A. 1981).

⁷ 35 U.S.C. § 102(d) (1982).

⁸ *Id.* at § 102(c).

⁹ *Id.* at § 282.

¹⁰ *Id.* at § 28.

fect of any foreign version of the inventor's Canadian application, in the unlikely event that the foreign patent should issue during the Convention year. That situation has already been mentioned as the only exception to the two-year grace period in Section 28 of the Canadian statute. (It can happen, for instance, if a patent application is filed in Belgium soon after a Convention first filing in the U.S., and the Belgian patent issues before filing in Canada).

(iv) Both Canadian and U.S. multinational corporations share the dangers of reliance on domestic grace periods. If a company with international interests relies on the grace period for domestic filing after a publication or sale, it can lose all rights to a patent in an important foreign country. A disclosure before the first filing date is a statutory bar in all countries that have first-to-file systems, which means most of the world. So the U.S. and Canadian grace periods often serve as a trap for over-enthusiastic marketing managers who count on the grace period in the U.S. or Canada to rush a new product onto the market before filing an application in their own country.

(e) Priority of Invention. This subject involves the question "Who is the first inventor when more than one application that claims the same invention has been filed?" If the conceptual complications of the first-to-invent systems already described aren't enough to make a first-to-file system look good, the convoluted procedures that the U.S. and Canada have worked out to answer that question should be more than sufficient.

(i) Interference proceedings are used to determine priority of invention in the United States. Under the judicial interpretations of 35 U.S.C. § 102 an invention requires two steps: conception and reduction to practice. The latter may be either actual or constructive and must be linked to conception by a degree of activity constituting something called "diligence." The body of administration and law involved in this interference process would probably be sufficient to administer a complete first-to-file patent system.

(ii) In Canada, conflict proceedings between pending applications correspond to U.S. interferences, but do not involve questions of priority between a pending application and an issued patent. Under Section 45, the first inventor is the person who can prove that he has formulated, either in writing or orally, a description that "provides the means for making that which he has invented."¹¹ The definition enables the inventor to establish his date as whenever the description was formulated. A reduction to practice as recognized in the United States is not an element in the determination of date of invention in Canada. Where two or more applications for the same invention are filed, the Commissioner of Patents will determine first inventorship on the above basis, using affidavit evidence only. The losing party in this proceeding can

¹¹ *Christiani v. Rice*, 1930 S.C.R. 443, 456, *aff'd*, 1931 A.C. 700 (P.C.).

then start over in the Federal Court (previously called the Exchequer Court) if sufficiently displeased with the Commissioner's decision.

(iii) An attack on an issued patent based on priority of invention is treated differently in the two countries. Title 35 U.S.C. treats interferences between pending applications and issued patents like those between applications.¹² In Canada, only the Federal Court has jurisdiction to declare a patent invalid. The alleged first inventor is not entitled to invalidate the patent unless a) the subject matter of the invention was made available to the public before the filing date of the application for the issued patent, or b) an application for the patent was filed that should have been put into conflict proceedings with the application for the issued patent.¹³

II. MAJOR DIFFERENCES:

1. Background

The Canadian Statute differs more fundamentally from the U.S. system in provisions taken from United Kingdom statutes, and in provisions unique to Canada. The Canadian court traditions and procedures are also closer to the British model.

(a) Under certain conditions, the claims of a U.S. application are entitled to the benefit of the filing date of an earlier-filed U.S. application.¹⁴ There must be continuity of prosecution between the two applications, and the filing date benefit applies only to the subject-matter disclosed in the earlier U.S. application. If there is new subject matter, it takes its own filing date. Canada does not enjoy the benefit of continuation or continuation-in-part applications, although the Rules under the Patent Act introduce another kind of "internal priority." An applicant filing an amendment to the original application cannot add subject matter that is not included in the disclosure. However, the applicant may file the subject matter of the amendment in a "Supplementary Disclosure" (with claims supported by the added disclosure).¹⁵ This "Supplementary Disclosure" assumes the same filing date as the amendment request.

(b) Products Used for Food or Medicine. Like several other countries, but not the United States, Canada has limitations on patents for these kinds of products. Section 41(1) of the Canadian Act, prohibits claims to a substance if it is produced by a chemical process and is intended for food or medicine. The process itself may be patentable and a product-by-process claim to the substance may be allowed. Fortunately, the Supreme Court of Canada has held that a process claim is patentable if the product is novel and has properties that were not obvious, even if it would have been obvious to produce such a product by the process

¹² 35 U.S.C. at § 135 (1982).

¹³ *Id.* at § 63.

¹⁴ *Id.* at § 120.

¹⁵ Rules 53-57, promulgated pursuant to the Patent Act.

steps.¹⁶ After several U.S. courts had debated the patentability of a process that depends entirely on the novelty and non-obviousness of the product, the Court of Appeals of the Federal Circuit held in 1985 that such a process claim is not allowable.¹⁷

(c) **Products Made by a Patented Process.** Such products are not currently covered under Title 35. The U.S. Congress is considering legislation that would make the sale or use of the product of a patented process an infringement of the process patent. However, Canadian jurisprudence holds that process claims cover the sale or use of the product of the process wherever made. In Canada there is also a rebuttable presumption that a substance of the same chemical composition and constitution was produced by the same process. In fact, product claims that depend on process claims are likely to be rejected by the Patent Office for redundancy.

(d) **Compulsory License Provisions.** There are no provisions for compulsory licensing in Title 35. In Canada there are two kinds:

(i) "Abuse" provisions apply to patents that have not been "worked" in Canada within three years after the grant.¹⁸ They are subject to the grant of a compulsory license following proof of circumstances supporting certain defined "abuses," including failing to work the invention in Canada without sufficient reason, or to supply the demand for the patented product. These compulsory licensing provisions bring Canada's law in line with that of most other industrialized nations, other than the U.S.

(ii) Compulsory licensing of patents relating to food and medicines are the best-known (one might say most notorious) consequences of the Canadian Patent system. The politically sensitive provisions in Section 41 of the Patent Act probably owe their existence to the fact that about 95% of Canadian patents are owned or controlled by foreign corporations, combined with strong public opposition to high proprietary drug prices, which are seen as a compulsory tribute to foreign companies that have most of their research investment located outside Canada. However, legislative changes in this area are being considered.

(e) **Jurisprudence.** The United States courts rarely refer to decisions in foreign jurisdictions concerning patent matters. On the other hand, the jurisprudence found in English cases, although not binding, is usually accepted by Canadian courts as persuasive, despite the fact that the English decisions are based upon a first-to-file system. Other U.S. decisions are based upon a first-to-file system. U.S. decisions are frequently cited in argument, but seem to have had little persuasive force even in areas where the statutory provisions are similar, as already men-

¹⁶ *Ciba v. Commissioner*, 1959 S.C.R. 111.

¹⁷ *In re Durden*, 763 F.2d 1406, (Fed. Cir. 1985), 226 U.S.P.Q. 359.

¹⁸ 35 U.S.C. §§ 66-73 (1982).

tioned in the area of the definition of invention.¹⁹

(f) Maintenance Fees. Maintenance fees were introduced into the United States statute by amendment in 1982.²⁰ They do not exist in Canada, but they have been a subject of debate since 1960 when a Royal Commission recommended the introduction of a system of annual renewal fees.²¹

(g) Reissue. Both countries provide for the reissue of a defective or inoperative patent.²² Only the U.S.A. has an intervening rights provision referring expressly to claims in the reissue patent that differ from those in the original to protect businesses that would be hurt by such claims.²³ Canada has an intervening rights provision that refers to claims of the original patent,²⁴ which originated in a long-lost provision of the U.S. law. It provides that every person who has "purchased, constructed or acquired any invention" that is later patented, may without liability use or sell the "specific article, machine, manufacture or composition of matter" that constitutes that invention. In some circumstances, this justifies early filing in Canada. This provision may apply to claims in a Canadian reissue patent that are identical or similar to claims in the reissue patent, but not to claims that differ from those in the original patent, such as those referred to in 35 U.S.C. § 252.

(h) Marking of a Patented Article. Marking is not required by Title 35, but failure to mark may bar recovery of damages prior to suit for infringement or other notice.²⁵ In Canada, the patent owner is required to mark the patented article with the word, "Patented," and the year when the patent issued. The penalty for not marking is a fine of \$100.²⁶ There is no other sanction, statutory or otherwise.

(i) Reexamination. There is nothing in the Canadian law that corresponds to the U.S. reexamination proceedings.

(j) Specification and Claims. Claims "particularly pointing out and distinctly claiming" the subject matter of the invention are required by Title 35.²⁷ But under the Canadian Act, in addition to the requirement for claims to the novel "things or combinations" that constitute the invention,²⁸ the specification is required to "particularly indicate and distinctly claim the part, improvement or combination" which the inventor claims as his invention.²⁹ This seems to amount to the same thing as the

¹⁹ See text accompanying n.1, *supra*.

²⁰ 35 U.S.C. § 41 (1982).

²¹ Royal Commission on Patents, Copyright & Industrial Designs, Report on Patents of Invention, 62 (Queen's Printer, Ottawa 1960).

²² 35 U.S.C. § 251 (1982); Patent Act, R.S.C. ch. P-4, § 50 (1970).

²³ 35 U.S.C. § 252 (1982).

²⁴ *Id.* at § 58.

²⁵ *Id.* at § 287.

²⁶ *Id.* at §§ 24 and 77.

²⁷ *Id.* at § 112.

²⁸ *Id.* at § 28(2).

²⁹ *Id.* at § 36(1).

Jepson Type claim format in U.S. practice, and also to the required form for European claims, which must have an introduction acknowledging the closest prior art and a characterizing part defining what is new. Judging by the form of claims in most U.S. patents on improvement inventions, many U.S. attorneys seem to have ignored the provisions of Rule 75(e) of the Rules of Practice and the jurisprudence cited in Anthony W. Deller's *Patent Claims*,³⁰ which together provide strong reasons for distinguishing between old and new elements in such inventions. Their Canadian associates normally see little need to edit corresponding applications in Canada to meet the specific requirements of Section 36(1), so long as the specification contains a "statement of the invention" corresponding to the broadest claim.

Editing U.S. cases for filing in other countries is frequently complicated by the failure of the original description to distinguish between old and new elements. Sometimes it is necessary to review the invention with the inventor to determine just where in the original description the real inventive novelty is described, resulting in new insights and changes that require a new foreign filing license and a refiling of the U.S. case. These experiences suggest that the European approach can lead to more thoroughly thought-out patent drafting that also conforms to the U.S. Rules of Practice and the Canadian Patent Act.

³⁰ A. DELLER, 3 PATENT CLAIMS 1-37 (2d ed. 1971).