



Intellectual Property Institute of Canada
Institut de la propriété intellectuelle du Canada

Intellectual Property Institute of Canada (IPIC) Response to CIPO and ISED's *Consultation on substantive patent law harmonization issues*

Submission to the
Canadian Intellectual Property Office
and
the Strategic Innovation Policy
Section (SIPS) of Innovation Science
and Economic Development Canada

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INTRODUCTION

The Intellectual Property Institute of Canada (IPIC) is the professional association of patent agents, trademark agents and lawyers practicing in all areas of intellectual property law. Our membership totals over 1700 individuals, consisting of practitioners in law firms and agencies of all sizes, sole practitioners, in-house corporate intellectual property professionals, government personnel, and academics. Our members' clients include virtually all Canadian businesses, universities and other institutions that have an interest in intellectual property (e.g., patents, trademarks, copyrights, and industrial designs) in Canada or elsewhere, as well as foreign companies that hold intellectual property rights in Canada.

IPIC is pleased to respond to the request by the Canadian Intellectual Property Office (CIPO) and the Strategic Innovation Policy Sector (SIPS) of Innovation Science and Economic Development Canada for comments on substantive patent law harmonization issues.¹

Based on a review of the user proposals by IT3, FICPI and AIPPI on various issues for substantive patent law harmonisation, IPIC supports and recommends some proposals and changes on Grace Period and Conflicting Applications, especially on the topic of double-patenting.

¹ https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr05097.html.

GRACE PERIOD

In general, IPIC favors flexibility regarding grace periods based on the following reasons:

- Startups, small and medium-sized enterprises (SMEs), and academic researchers are often pressured to publish or otherwise disclose the results of their studies, discoveries and prototypes – earlier and with less consideration for IP protection than larger corporations – in favor of business or research opportunities; and
- Stricter grace period rules would impose undue burden and costs, especially on under-financed startups, SMEs, and academic researchers.

Even when entrepreneurs understand that patent protection for their invention is important to their business success, some of them consider that disclosing their invention at a conference, trade show, or meeting with investors around the filing of U.S. provisional applications is necessary to secure funding. Despite experience and knowledge, securing any meaningful funding can take as long as a year or more. Accordingly, for entrepreneurs, a flexible grace period would support their business success and survival.

IPIC has observed this practical reality play out with various applicants and, therefore, is concerned that a stricter and more complex grace period would place undue burdens on applicants in Canada.

As a result, IPIC provides the following views on the proposals by IT3, FICPI or AIPPI on various issues set out in the consultation documents:

(a) Duration

IPIC supports the proposals by FICPI and AIPPI for a duration of 12 months for a grace period; and opposes a shorter duration, such as the 6 months proposed by IT3.

(b) Calculation from

IPIC supports the proposals by IT3 and AIPPI for the calculation of the grace period from either filing date or priority date, whichever is earlier. Implementing this change in Canada would provide applicants (especially Canadian SMEs) much needed supplemental time for organizing and coordinating patent filing strategies. It would also bring Canada into closer harmonization with the U.S., avoiding a common pitfall resulting from confusion with Canada having a different calculation.

(c) Disclosures resulting from the proper publication of an application by an office at 18 months are not graced

In general, IPIC does not support the proposals by IT3, FICPI or AIPPI, which restrict grace periods by type of prior disclosure. IPIC supports the status quo in Canada, in which published disclosures resulting from the proper publication of an application by an office are graced.

Restricting grace periods by type of prior disclosure is unnecessarily confusing and unfairly prejudices SMEs, and in particular entrepreneurs and start-up companies. Small companies often raise funding in stages, which limits their ability to seek global patent protection at an early stage while continuing research and development. Additional funding does not always come soon enough to enable the company to file international applications or proceed with national phase entries on a speculative basis before they have had an opportunity to cultivate business opportunities in other countries. A rule excluding patent application publications from the grace period thus has a disproportionate adverse impact on small companies and increases the barrier to entry in competition with established large and multinational companies.

(d) Statement or declaration requirement

IPIC does not support a statement or declaration requirement of pre-filing disclosures for obtaining a grace period. Such a requirement imposes burdens without any corresponding benefit.

The proposed statement or declaration requirement does not solve any problem that requires a solution. The IT3 position is that the statement or declaration is needed to provide notice to third parties. However, there is no reason to conclude that third parties would benefit from such notice. If a grace period applies to pre-filing disclosures, in the absence of a notice the third party would already understand that disclosures by the applicant or those acting for the applicant within the grace period are excluded from considerations of patentability.

On the other hand, this requirement would create extra burden and cost for applicants, especially for Canadian startups or SMEs; it would also create additional burden on patent offices to record such statements or declarations.

Beyond any administrative burden, it is sometimes difficult to assess whether claimed subject matter was disclosed, or whether a disclosure was enabling and made available to the public.² An applicant who makes a good faith determination against filing a statement or declaration may subsequently find the validity of their patent challenged simply because they failed to satisfy a complex administrative rule.

(e) Publication of the application for which the grace period has been invoked

Since IPIC does not support a statement or declaration requirement for a grace period, IPIC also does not support accelerated publication of a patent application due to the grace period.

(f) Defense to Intervening User (DIU)

DIU is a new concept proposed by IT3 for incentivizing submission of a statement or declaration regarding prior filing disclosures (PFD); however, as noted above, IPIC does not support a statement or declaration requirement for grace periods, and thus does not support IT3's proposal.

² For example, in *Wenzel Downhole Tools Ltd. v. National-Oilwell Canada Ltd.*, [2012 FCA 333](#), anticipation turned on whether a bearing assembly in a downhole drilling motor had been “made available” during a rental to a third party. In a 2-1 split decision on the issue of anticipation, the Federal Court of Appeal found it had been made available, because the public had an “opportunity to access” the assembly, despite the assembly being encased in a metal casing, special tools would have been required, and those tools would not usually have been available on- 5 site: paras. 69, 74-77. Whether the public actually took advantage of the opportunity was irrelevant: *ibid*, para. 68.

PRIOR USER RIGHTS

IPIC is not in a position to support or recommend any changes from the *status quo* in Canada. Given that the prior user rights provisions in section 56 of the *Patent Act* were only amended in December 2018 and the dearth of case law interpreting the amended provisions, as well as the variety of approaches raised in the consultations, it is premature to commit to any particular model for prior user rights (“PURs”).

At this time, IPIC does support the concept of PURs for clearly defined activities, as well as a requirement that the prior user act in good faith.

CONFLICTING APPLICATIONS

IPIC supports the following views on conflicting applications:

(a) “Distance” between the two applications, i.e., difference in content between the first and the second applications

IPIC supports the current standard of novelty only, consistent with the proposals by FICPI and AIPPI. IPIC does not support IT3’s proposal to consider common general knowledge/obviousness for the “distance” analysis.

(b) Anti-double patenting

IPIC supports limiting anti-double patenting to novelty-type double-patenting only (claims having identical scope), consistent with the proposals by IT3 and FICPI.

IPIC re-iterates its long-standing concern with Canada’s strict double-patenting law and practice. As noted in IPIC’s submission on the amendments to the *Patent Rules* pre-published in the Canada Gazette, Part I,³ the strict Canadian rule against double patenting is not aligned with the U.S., or even Australia, which was cited as a model in the Regulatory Impact Analysis Statement (RIAS) or the accompanying Cost Benefit Analysis (CBA).⁴ In the U.S., obviousness-type double patenting can be overcome by a terminal disclaimer.⁵ Australia prohibits only same-invention double patenting and permits overlap.⁶ This lack of alignment poses a trap for applicants accustomed to different rules in their countries of origin.

Because double patenting is contingent on the construction of the original and divisional claims, it can be difficult for applicants or patentees to know in advance whether CIPO or the courts will consider two inventions to be patentably distinct. To avoid this uncertainty, applicants are advised to advance claims to all possible embodiments to trigger a unity of invention objection. Sometimes these claims are not available from foreign prosecution until examination of the Canadian application is underway, resulting in withdrawals from allowance, and prolonged

³ IPIC, “Submission on the Rules Amending the *Rules, Amending the Patent Rules*, Canada Gazette, Part I, Volume 155, Number 27, July 3, 2021”, August 3, 2021, at pages 13, 16-17, [https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/vwapj/IPIC_AmendedPatentRules-submission_Aug3_2021-IPIC.pdf/\\$FILE/IPIC_AmendedPatentRules-submission_Aug3_2021-IPIC.pdf](https://www.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/vwapj/IPIC_AmendedPatentRules-submission_Aug3_2021-IPIC.pdf/$FILE/IPIC_AmendedPatentRules-submission_Aug3_2021-IPIC.pdf).

⁴ CIPO, *Rules Amending the Patent Rules: A Cost Benefit Analysis*, May 2021.

⁵ 35 USC §253(b); 37 CFR §1.321(c), (d).

⁶ *Smith Kline Beecham p.l.c.’s Application* [2000] APO 54, cited in the Australian Patent Manual of Practice and Procedure, chapter 2.18.6 at <https://manuals.ipaustralia.gov.au/patent/2.18.6-same-invention>.

pendency. Under amendments coming into force on October 3, 2022, instead of withdrawing allowance, it will be necessary to request continued examination and pay a fee that is twice as much.

IPIC recommends implementing terminal disclaimers in Canada.

Amending the *Patent Act* and *Rules* to extend divisional filings to inventions that are not the same as, but still patentably indistinct from, the invention of the original application or patent (what would be referred to in the US as a “continuation”), and protecting the public by requiring a terminal disclaimer that stipulates all such patents to be owned by the same person and expire on the same day, would likely permit an appropriate scope of protection for incremental inventions, reduce prolonged examination in many cases, and harmonize patent law with our largest trading partner.

In a real example, Canadian Startup A, due to limited resources, could only draft about one patent application per year for filing in the U.S. and in Canada. This pace was sufficient for Startup A as, in the U.S., it had been able to supplement each patent application by filing continuation or divisional applications to expand its patent protection. However, Startup A could not do the same in Canada due to stricter double-patenting law and practice. Startup A decided to shift its main market and fund-raising activities to only the U.S.

For many startups and SMEs, drafting and prosecuting a patent application require a significant commitment, as these activities usually tie up key resources, including top engineers, funds, etc., when the same resources could be used for other revenue-related activities. Almost all startups and SMEs look for ways for maximizing the value of their existing IP which will, consequently, increase chances of their success and survival in Canada and in other jurisdictions. Accordingly, the ability to expand the scope of patent protection through voluntary divisional applications would support that growth.

For the U.S., the filing of divisional/continuation applications is a preferred way to expand patent protection from a single patent application. The level of risk for filing divisional applications/continuation applications in the U.S. is relatively small for startups and SMEs, as the USPTO provides administrative procedures (i.e., terminal disclaimers, to address double patenting rejections, and benefit obtaining/expanding scope of patent protection).

FUTURE COLLABORATION

IPIC thanks CIPO and SIPS for the opportunity to respond to the Consultation on substantive patent law harmonization issues.

While IPIC does not have any particular recommendations on issues relating to Prior User Rights, IPIC encourages CIPO and SIPS to consider our comments and recommendations on Grace Period and Conflicting Applications, especially on the topic of double-patenting. IPIC would be pleased to review any of these points in more detail with CIPO and SIPS and looks forward to future discussions on this initiative.

If you have any questions or concerns regarding the IPIC submission, please direct them to IPIC CEO Adam Kingsley by email (akingsley@ipic.ca) or phone (613-234-0516).