DANGER OF DISCLOSURE UNDER WHAT CIRCUMSTANCES DOES THE RELEASE OF INFORMATION CONCERNING AN INVENTION MAKE IT UNPATENTABLE?

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Many companies in Canada are involved in specialized medical technologies, with products enabling the medical profession to push the boundaries of its activities ever further. Year after year, these companies spend heavily on R&D to develop effective medical technologies and to keep ahead of the increasingly ferocious competition. Typically, a maker of specialized medical technologies will develop products based on precise treatment goals for attacking a particular health problem. This aim can be achieved successfully by developing an effective technology that is medically appreciated and commercially profitable. As we all know, obtaining a patent valid for twenty years in Canada protects one's rights to an expensively developed invention and optimizes long-term profitability. To patent an invention, you have to show it is new and useful and demonstrate the inventive activity.

The criterion of novelty

Article 28.2(1) of the Patent Act stipulates that "the subject-matter defined by a claim in an application for a patent in Canada … must not have been disclosed … before the filing date … in such a manner that the subject-matter became available to the public in Canada or elsewhere." This rule could be reformulated by stating that the essential elements of an invention, including the inventive aspect of the invention in relation to what existed before, must not be part of the public domain before a patent claim is made.

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Public disclosure immediately prevents patentability of an invention in most countries in the world but not in Canada or the United States, where a grace period of one year following public disclosure is allowed before making a regular patent application. However, beyond the expiry of this grace period, the invention is no longer patentable in any country.

Each situation is a concrete case. When a court has to rule on whether an invention has been disclosed under Article 28.2(1) of the Act, it needs to analyze the level of the alleged public communication of the invention in two areas: the content and the addressee of the communication.

Development of specialized medical technology does not occur without outside contact, and manufacturers must generally join with collaborators in the clinical and industrial sectors during product development, necessarily sharing significant information on their inventions. Validation of the therapeutic potential of a proposed technology or the performance of clinical trials with a prototype involves third parties such as hospitals, research centres, universities or even other manufacturers. The challenge lies in building successful alliances without threatening the patentability of inventions.

Content

In Canada, the courts have developed certain tests to determine if an invention is new. With respect to the content of a communication in the form of a publication, it has been established in a ruling that an invention would not meet the criterion of novelty if a person skilled in the art of the invention found, in a single previous document, all the information needed from a practical point of view to produce the invention without having to apply any great ingenuity. Such a document must give instructions so clear that someone in the field following these instructions would be brought to the invention in every case and without possibility of error.

Recently, the appeals division of the Federal Court of Canada ruled on the novelty of an invention in the case of Baker Petrolite Corp. vs Canwell & Enviro Industries Ltd. in the context of the sale and previous use of a chemical product.

In this case, patent CA 2,005,946 (patent `946) belonging to the respondent Petrolite had been allegedly infringed by the plaintiff in appeal Canwell & Enviro Industries Ltd. and the City of Medicine Hat. Patent '946 covered various methods for removing hydrogen sulphide from natural gas. The invention aimed at reducing or eliminating secondary effects from use of a

product resulting from the reaction between an alkanolamine and an aldehyde. The triazine covered by patent '946 was known as a product of a chemical reaction between monoethanol amine (MEA) and formaldehyde.

In December 1987 and the following months, a mixture of MEA and formaldehyde was sold and delivered to clients in western Oklahoma. The sales were unconditional, and the product was not covered by any confidentiality agreement. The Court had to rule on the matter of whether the triazine sale in Oklahoma meant that the invention covered by Petrolite's patent '946 had been disclosed more than one year before the patent application was filed.

In terms of previous use or sale, the reading of a document probably does not apply, but the Court has to take account of the circumstances of the use or sale in question to know how a person skilled in the art would be led infallibly to the claimed invention. The Court relied on abundant jurisprudence from the United Kingdom, where similar clauses had to be interpreted in defining eight criteria providing for a determination of whether the content of a communication had disclosed essential elements of an invention. According to the Court, disclosure of an invention requires content such as:

1) the use or sale being of a nature to make the essential elements of the invention available to the public;

2) the use or sale being of a nature to allow for production of the invention;

3) the use or sale of a chemical product enabling its composition or internal structure to be discovered;

4) for a chemical product, analysis being possible for a person in the trade who is competent but not endowed with inventive genius through techniques that were known and available in the pertinent period;

5) in the case of a sale, it not being necessary for there to be more than one buyer (the buyer being, however, a member of the public and free to use the product in a chosen manner, without restraint);

6) it not being necessary to prove that the product sold was actually analyzed or could have been analyzed;

7) the complexity of an analysis or the time required not being pertinent;

8) exact reproduction of the product under analysis not being a valid criterion.

The Public

Although the Court provide detailed support of its ruling interpreting Article 28.2(1)a) of the Act in the area of content of communication, it went into less depth in interpreting the expression "became available to the public in Canada or elsewhere."

Petrolite argued that there is a major difference between the U.K. legislation and the European Convention on the one hand and the Canadian Act on the other. Petrolite argued that the words "made available to the public" should be distinguished from the Canadian Act that uses the words "became available to the public." The argument stated that the words "made available" implied that the public could have access to the information, whereas the words "became available" indicated rather that the public already had the information in question. The court did not accept this argument and instead adopted a broad interpretation of the law by stating that it made little difference whether the information was made available or became available; it was simply available.

In its defence, Canwell & Enviro maintained that, in essence, communication had not been made to the public because the deliveries to Oklahoma of the product covered by patent '946 had been made to the buyer's private property and that the product consequently was not available to the public. This argument failed, however, to take account of the fact that the buyer was a member of the public and that the trial judge had concluded that the sales were unconditional. The Court thus maintained that, to prove anteriority in the meaning of Article 28.2(1)a), there was no need to show that a given buyer or user analyzed or may have analyzed the product (what was in fact a chemical product); it sufficed to prove that the buyer could have done it.

The second argument made by Canwell & Enviro was that any person analyzing the product would keep the results secret and thus unavailable to the public. The Court did not accept this argument but instead referred to the conditions of the deal between seller and buyer to determine if the product had became available to the public.

According to the Court, the unconditional sale of a product to a buyer made the product available to the public. If the buyer could analyze the product unrestrained, that was enough to make it available to the public. The issue of how a buyer intended to handle the analysis and whether the buyer intended to disclose it remained merely accessory, according to the Court. In its conclusion, the Court held that it was the unconditional sale of the product, and thus the intention of the seller, that determined whether it had become available to the public.

In analyzing the judgment in this case, it appears that the intention, whether presumed or manifest, of the communicator of the information, as well as any conditions restricting this communication, are the criteria that determine if it became available to the public in Canada or elsewhere.

Conclusion

This decision by the appeals division of the Federal Court shows that the threshold in concluding that a communication has become available to the public is quite easy to cross. Under these circumstances, we cannot overemphasize the need to restrict the communication of information to collaborators involved in R&D. The signing of a confidentiality agreement remains an effective way of managing this situation and provides for eventual proof before the courts of a manifest intention to safeguard the confidential character of a communication before a patent application is filed.

The communication of essential elements of the invention even to one person, whether for provision of an explanatory document, a sale or permission to use a prototype, can be considered a communication that has been made available to the public if it is done unconditionally and to the extent that this person could divulge it without restriction. Inversely, the communication of essential elements of an invention made to many people who previously signed a confidentiality agreement would not be considered as having become available to the public.

You have to remain vigilant. In Canada, the public can be just one person!