



NO 'GOOD FAITH' ATTACKS AFTER A PATENT ISSUES: THE FEDERAL COURT OF APPEALS CLARIFIES S. 73(1)(A) OF THE PATENT ACT

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On July 18, 2011, the Federal Court of Appeal rendered its judgment in *Corlac Inc. v. Weatherford Canada Inc.*[1]. The case is of significant importance to applicants and litigants in Canada because it settles the law with regard to the duty of good faith owed by applicants to the Patent Office during the prosecution of their patent applications. However, it also raises questions about the applicability of s. 73 of the *Patent Act*, as well as about the long-held test for obviousness.

Weatherford brought an action before the Federal Court claiming damages resulting from the alleged infringement of Canadian patent No. 2,095,937. In answer and defence, Corlac argued *inter alia* that the patent application that was to become the '937 patent was technically abandoned during prosecution because the applicant failed to respond in good faith to a requisition. Therefore, the '937 patent should never have issued.

A brief review of the prosecution of the application is useful in understanding Corlac's argument. In May of 1993, Edward Grenke filed a patent application that eventually became the '937 patent. The initial petition named Grenke and a second person, Walter Torfs, as co-inventors. Torfs died in November of that same year, and in 1994, Torfs' widow assigned any of Torfs' rights in the patent to Grenke. Later in 1994, in response to a requisition from the Patent Office, Grenke swore in an affidavit that he was the sole inventor and that Torfs should never have been named as co-inventor in the initial petition. Grenke is the owner of the '937 patent, which was eventually licensed to Weatherford. At trial, Justice Phelan found that Grenke's belief that he was the sole person to have conceived the invention was not credible, and that Torfs' removal as a co-inventor by Grenke was motivated by Grenke's perception that Torfs had 'cut him out' of other patents. However, the judge never concluded that Grenke made a wilful misleading statement to the Patent Office.

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Section 73(1)(a) of the *Patent Act* requires the applicant to reply in good faith to any requisition made by an examiner. Failure to do so within the prescribed delay results in the abandonment of the patent application. Corlac alleged that Grenke's questionable motives for wanting to remove Torfs as a co-inventor, coupled with his non-credible belief that he was the sole person to have conceived of the invention, confirm that he did not meet his statutory duty of good faith when responding to the Patent Office's requisition. Therefore, the application should have been deemed abandoned.

After interpreting s.73(1)(a) in light of the Act and the relevant authorities, the Federal Court of Appeal rejected Corlac's argument: "To be clear, the concept of abandonment in paragraph 73(1)(a) operates during the prosecution of the application for a patent. Its operation is extinguished once the patent issues." [2] Once a patent issues, s. 73(1)(a) cannot be used to attack its validity. Rather, s. 53(1) of the Act must be used for alleged misrepresentations made to the Patent Office. The Court added that to conclude otherwise would be illogical:

An issued patent would be subject to retroactive scrutiny by the courts in relation to the submissions made by an applicant to the Patent Office during prosecution (generally many years prior), judged against unknown criteria. It is for the Commissioner to determine whether an applicant's response to a requisition from an Examiner is made in good faith, not for the courts. The courts do not issue patents. [3]

The Court added that *Lundbeck* [4] and *G.D. Searle* [5], two cases often relied upon by litigants to invalidate issued patents on s. 73(1)(a) grounds, do not stand for the "proposition that paragraph 73(1)(a) can be relied upon for the purpose of attacking the validity of a patent" [6].

This decision will no doubt please patent agents and applicants because it definitively removes one of the grounds for attacking the validity of an issued patent. However, it also raises numerous concerns about the applicability of s. 73(1)(a) in the prosecution of patents, both pre- and post-issuance.

First, the Court places a heavy onus on the Patent Office by requiring it to determine whether an applicant has responded to a requisition in good faith. Yet the Court does not proffer any guidelines on how to evaluate such a response. In looking at the present case for example, Grenke's affidavit may not rise to the level of a material misstatement or be wilfully misleading, but might it meet the lower standard of bad faith? If so, how can the Patent Office even come to that determination given that its very limited powers of inquiry would have prevented it from assessing Grenke's true motives?

Second, the Court refuses to retroactively scrutinize submissions made by the applicant to the Patent Office during prosecution of the patent application. Yet this scrutiny is standard practice when assessing an allegation of invalidity grounded on s. 53(1) of the Act. Courts also routinely look to past statements and acts of inventors

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when assessing utility, novelty, inventiveness and other grounds used to invalidate patents. Indeed, in the present case, the court looked to Grenke's testimony about past events when assessing Corlac's argument that he made wilfully misleading statements. The Court has not explained why an assessment of the merits of an allegation based on s. 73(1)(a) requires a different sort of inquiry than the one routinely undertaken for former statements and submissions made by the applicant.

Underpinning much of the Court's reasoning is perhaps a desire to avoid incorporating the U.S. doctrine of inequitable conduct in Canadian patent law. According to the Court[7], the doctrine "requires demonstration of both materiality and intent to deceive, a significantly higher standard than the general good faith requirement advanced by the appellants." It is described as the "atomic bomb" of patent law, and as "ever-expanding"[8]. The Court is justifiably right to fear a loosely-defined duty of good faith modeled on the doctrine of inequitable conduct. However, just as the U.S. doctrine was tightened, so too can the Canadian requirement of good faith in dealings with the Patent Office be restricted to invalidate those patents resulting from the most severe cases of malfeasance during prosecution.

On a side note, the Court also rejected Corlac's argument that the trial judge did not apply the four-step obviousness test as incorporated into Canadian law by the Supreme Court in Sanofi[9]. In what will surely come as a surprise to many patent agents, especially those who passed their validity exams in recent years, the Court stated that the Sanofi test is not "a compulsory legal test"[10] but rather a useful tool, and that failure to "explicitly follow the structure does not, in and of itself, constitute an error of law"[11] which is reviewable by a Court of Appeal on a standard of correctness. Since the trial judge followed the Sanofi test in substance, the Court would not revisit his analysis. It will be interesting to see whether future cases will apply the four-step obviousness analysis "in substance", instead of explicitly.

In conclusion, while the Court closed one door to s. 73(1)(a) attacks post patent issuance, it opened a few others by raising questions about the practicality of s. 73(1)(a) inquiries during prosecution, and about the obviousness test that was once thought to be settled law. It thus remains to be seen whether the Patent Office will be able to effectively distinguish between good and bad faith in responses to requisitions given the volume of applications it presently has to manage, and the limited powers of inquiry it possesses.

[1] 2011 FCA 228.

[2] *Ibid.*, par. 150.

[3] *Ibid.*

[4] *Lundbeck Canada Inc. v. Ratiopharm Inc.*, 2009 FC 1102, 79 C.P.R. (4th) 243.

[5] *G.D. Searle & Co. v. Novopharm Ltd.*, 2007 FC 81, [2008] 1 F.C.R. 477, rev'd 2007 FCA 173,

[2008] 1 F.C.R. 529 (*G.D. Searle*), leave to appeal refused, [2007] S.C.C.A. No. 340.

[6] *Corlac*, *supra* note 1, par. 151.

[7] *Ibid.*, par. 150.

[8] *Ibid.*, par. 128.

[9] *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.*, [2008] 3 S.C.R. 265, par. 67.

[10] *Corlac*, *supra* note 1, par. 67.

[11] *Ibid.*, par. 68.

