



## PATENT NOVELTY IN CANADA – JUST DON'T TALK ABOUT IT

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The test for whether an invention is anticipated (i.e. not “new”) has been more or less settled since a landmark decision by the Supreme Court of Canada in 2008<sup>1</sup>. However, many cases since then have shown that having a test, and applying it to the facts, are two very distinct things. When does something become “available to the public”? Does the test for novelty vary with the nature of the disclosure (i.e. prior use, publication, oral communication, etc.)? These questions and more were dealt with by the Federal Court of Appeal in *Wenzel Downhole Tools Ltd. v. National-Oilwell Canada Ltd.*<sup>2</sup>, rendered on December 20, 2012.

This decision matters to both patent litigators, who will better appreciate which disclosures can invalidate a patent, and how. Patent agents and practitioners may take away some best practices from the Court, which may allow them to better advise their clients about specific types of disclosures.

### Facts

Although this case deals with issues of novelty, obviousness and claim construction, this article will focus exclusively on the novelty issues.

At its core, this case is about family. Bill Wenzel of the appellant corporation filed a patent application on October 1, 1990, which was eventually granted and issued as Canadian patent 2,026,630 on May 17, 1994. The ‘630 patent relates to “a method of increasing the off-bottom load capacity of a bearing assembly”.

Prior to filing his patent application, Bill Wenzel worked with one of his four brothers, Ken Wenzel, in the oil field industry. The two parted ways sometime before 1990, and Ken Wenzel went to work with one of the respondent companies. Ken Wenzel provided services in the design and development of drilling tools in the oilfield industry.

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<sup>1</sup> *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.*, [2008] 3 S.C.R. 265, 2008 SCC 61.

<sup>2</sup> 2012 FCA 333.

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In the fall of 1989, Ken Wenzel designed a bearing assembly for a downhole drilling motor known as the 3103 assembly. The 3103 assembly was rented to a company called Ensco and used by them on a job in Texas in early 1990 – before the '630 patent was filed.

Wenzel Tools sued for infringement, claiming that the 3103 assembly violated the '630 patent. The respondents alleged that the '630 patent was invalid, primarily because the invention claimed is anticipated by the use of 3103 assembly in Texas.

At trial before the Federal Court, Justice Snider found the evidence showed that the 3103 assembly contained all the essential elements of the claimed invention in the '630 patent. It therefore would anticipate the '630 patent if it could be shown that "it became available to the public in Canada or elsewhere" before October 1, 1990.

Although the details about the Texas job are scarce, Justice Snider found that the 3103 assembly was available to the public. When the 3103 assembly was rented, Ensco was not bound by any obligation of confidentiality, and was thus free to use whatever information could be gathered during the rental. There were thus opportunities for examining the 3103 assembly, and Justice Snider concluded that the 3103 assembly was therefore available to the public.

Justice Snider arrived at this conclusion despite the fact that the 3103 assembly could not be visually observed in Texas because it was encased in a steel tube, and despite the fact that it does not appear that the 3103 assembly was dismantled prior to being returned after the rental. For Justice Snider, it was enough that any additional information from Ken Wenzel was available *should* the need have arisen, by for example, the 3103 assembly breaking down and needing repairs. For the Federal Court, the fact that the 3103 assembly was available for more than a visual inspection, and *could* have been dismantled, was enough to make it available to the public. The '630 patent was therefore invalid and unenforceable.

It was thus that this case came before the Federal Court of Appeal, which addressed the questions of novelty, and decided whether the claimed invention was anticipated or not.

## Judgement

As a "first-to-file" country, Canada applies the criteria of absolute novelty for patentability, with exceptions for inventor-related disclosures. Essentially, this means that the invention claimed cannot have publicly existed before the inventor filed for her patent. As we shall see, there are many ways that an invention can "publicly exist."

Wenzel Tool argued that Justice Snider erred on two fronts: i) she compared the 3103 assembly with the proverbial “book on a shelf of a public library” when the evidence showed that the claimed invention could not, and was not, observed in Texas, and ii) she disregarded the evidence that no person of ordinary skill in the art (POSITA) was present to examine the 3103 assembly and discern the invention.

The novelty criterion is codified in s. 28.2 of the *Patent Act*. This section states that the subject matter of the claim in question must not have been disclosed “in such a manner that the subject-matter became available to the public in Canada or elsewhere.”

In Canada, as in other jurisdictions, an invention is anticipated if, prior to its filing, an “enabling disclosure” has occurred. The Supreme Court of Canada explains that the test for anticipation has two parts: first, all the essential elements of the invention must be disclosed in a single disclosure (i.e. publication, use, communication, etc.); and second, assuming such a disclosure occurs, it must be “enabling”, meaning a POSITA must be able to arrive at the invention solely from the disclosure without undue burden.

Justice Gauthier, in writing for the majority of the Federal Court of Appeal, concluded that the question of anticipation turns on the first part of the test, sufficient disclosure. Justice Gauthier did not wish to revisit Justice Snider’s conclusion that the disclosure, if it in fact had occurred, was enabled.

The Court of Appeal found that adequate disclosure did occur: “My understanding, based on the relevant jurisprudence, is that becoming available (in the meaning of s. 28.2 of the *Act*) means that, the public, as defined earlier, had an opportunity to access the information that is the invention. As previously mentioned, it does not require that one actually took advantage of this opportunity” [Emphasis and brackets added].

In the present case, the Court concluded that it was enough that Dresco had unrestricted access to the 3103 assembly, and that the methods to open the 3103 assembly and examine it were known at the time. These opportunities made the subject matter of the invention available to the public. The Court offers the following analogy:

[...] It is true that opening the sealed joints to examine the internal structure may be a bit more tedious than lifting a hood but that does not detract from the validity of the analogy. As mentioned, this is not relevant; being available does not require that access to the information be easy, simply that it be possible using known methods and instruments. [Emphasis added]

The Court therefore upheld the finding of anticipation, and found the patent invalid.

Justice Mandamin, concurring with the conclusions of the Court, nevertheless dissented with regard to its anticipation conclusions. In his reasons, Justice Mandamin provides an excellent summary of the law of novelty in Canada, and how different types of disclosures (i.e. by prior publication, prior oral communication, and prior use) can anticipate an invention.

### ***Prior publication***

Anticipation by prior publication “requires that the invention be in fact disclosed in written documentation made available to the public, such as patent specifications, journal articles, and trade literature, including instruction and repair manuals and brochures.” When is such a publication “available to the public”? Justice Mandamin provides guidance:

Since disclosure must be assessed objectively, it suffices that the publication be available for consultation by the public (such as in a public library or over the internet), whether or not the publication has in fact been read: [...]. However, private manuscripts which are not publicly available or papers which are kept in filing cabinets or archives not normally accessible to the public do not meet the threshold since such documents are not objectively ‘available to the public’.

### ***Prior oral communication***

Justice Mandamin recognises that there are clearly evidentiary issues with oral communication disclosures. Still, where the evidence bears it out, anticipation by prior oral communication occurs “where [the invention] has been communicated orally to a member of the public who was free to use it as he or she pleased, insofar as that information allowed a skilled person to clearly understand the invention.” Such a communication becomes available to the public where an actual communication or conveyance of the information to the public has occurred. Simply keeping the information to oneself does not make it available to the public.

### ***Prior use***

Prior use alone is not enough to anticipate an invention. Anticipation by prior use requires evidence that a disclosure occurred as a result of the use such that the invention becoming available to the public. Even when this occurs, the disclosure must still permit enablement. Justice Mandamin explains that if observation of a use of the invention provides the POSITA with enough information for her to understand how the invention works (i.e. enablement), then the use anticipates the invention. Conversely, if such observation does not allow the POSITA to understand the invention, the use may provide sufficient disclosure, but it does not provide enablement, and it is therefore not anticipatory.

Applying these principles to the facts, Justice Mandamin disagreed with the conclusions reached by Justice Snider with regard to the *potential* oral communication of Ken Wenzel. The mere facts that Ken Wenzel was available for consultation to explain the 3103 assembly and its drawing do not make this information “available to the public”:

Being available for consultation is not the same as disclosing information. For an oral communication of information to be effective for the purposes of anticipation, the information must be actually conveyed. Someone like Ken Wenzel may well be sitting in an office, an airplane or a convention hall with all the information in his mind, however, that information cannot be deemed to have been available to the public unless it is established by positive evidence that it was indeed conveyed to the public by some form of communication. Simply put, “being available for consultation” is not a form of communication. This is equivalent of saying “had they asked me I would have told them”. This may well be true, but until someone effectively “tells them”, no information is conveyed.

With regard to prior use, Justice Mandamin found that the evidence pointed to a different conclusion than the one reached by Justice Snider, namely, that the facts demonstrate that the 3103 assembly in Texas was practically inaccessible to anyone.

Justice Mandamin therefore dissented with his colleagues, and found that the ‘630 patent was not anticipated by the use of the 3103 assembly in Texas. However, since he concurred with his colleagues on the obviousness analysis, he agreed that, ultimately, the claims of the ‘630 patent are obvious and therefore invalid.

The appeal was thus dismissed with costs.

## Conclusion

Although the Court provides much guidance on how anticipatory disclosures can invalidate patents in Canada, the lack of unanimity between the Justices means that litigators will have more fodder to argue anticipation, or defend against it. Although dissenting on the question of anticipation, Justice Mandamin’s eloquent summary of the law of anticipation in Canada may eventually be incorporated into a future judgement, and thus cannot be ignored.

For the patent prosecutor, this case provides useful fact patterns and lessons to better counsel clients who have made similar prior disclosures. More particularly, patent agents should obtain every single detail related to a client’s prior public disclosure, and not simply rely on assurances of confidentiality.

Ultimately, this Case does not detract from the cardinal rule of patent novelty - KISS (Keep It Secret Stupid).



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