

PURPOSIVE CONSTRUCTION IN CANADIAN PATENT INFRINGEMENT CASES SINCE O'HARA

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1.0 INTRODUCTION

This paper analyzes the effect of the decision of the Federal Court of Appeal in *O'Hara Manufacturing Ltd. v. Eli Lilly & Co.*¹ on the application of the doctrine of purposive construction in Canadian patent infringement cases.

This is because *O'Hara* appears at first blush to limit the rights of the patentee in cases of infringement in substance. It is, however, suggested that *O'Hara* should be considered in light of the specific set of facts then before the court and should not be considered as an authority pointing away from the general approach taken by the House of Lords in *Catnic Components Limited v. Hill & Smith Limited*.² Indeed Canadian Courts since *O'Hara* have adopted the doctrine of purposive construction in patent infringement cases in accordance with the *Catnic* decision.

2 THE CATNIC DOCTRINE: PURPOSIVE CONSTRUCTION

Writing for the Court in *Catnic*, Lord Diplock criticized the tendency to treat textual infringement and infringement of the "pith and marrow" of an invention as if they were separate causes of action. He held that a patent

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¹(1988), 20 C.P.R. (3d) 342, 18 F.T.R. 177 (F.C.T.D.); revd. (1989), 26 C.P.R. (3d) 1, 23 C.I.P.R. 166, 99 N.R. 60, 28 F.T.R. 80n sub nomine *Eli Lilly & Co. v. Novopharm* (F.C.A.).

²(1975) 1 F.S.R. 529 (Ch.D.-Interlocutory); (1978), (1978) 4 F.S.R. 405, (1982) R.P.C. 183-197 (Ch.D.); affd. in part (1979), (1982) R.P.C. 183-218, (1979) F.S.R. 619 (C.A.); revd. (1980), (1982) R.P.C. 183-237, (1981) F.S.R. 60 (H.L.); (1983) F.S.R. 512 (Ch.D.-Ref.).

specification should be given a purposive construction, rather than a literal one.

Much of the application of this doctrine involves establishing whether the strict compliance with the particular descriptive word or phrase appearing in a claim would have been intended by the patentee to be an essential requirement of the invention, so that any variant on the wording of the claim would fall outside of the monopoly, even though the variant in question would have no material effect on the way the claimed invention worked. One of the most important elements of the doctrine therefore requires the Court, in cases of infringement in substance, to analyze the variant in order to ascertain whether it does in fact have a material effect upon the way the invention works. In *Catnic*, the House of Lords in this respect vindicated the position of Lord Reid, who had rendered the minority decision in *C. Van Der Lely N.V. v. Banfords Limited*³ ("hay rake" case).

One advantage of the doctrine of purposive construction for a patentee is that it holds that a patentee's rights may not be frustrated when an element of the specification which appears to restrict the patentee is found there only as an "accident of form".

3 THE O'HARA DECISION

The principles laid down by Lord Diplock in *Catnic* were applied by the Appeal Division of the Federal Court of Canada in 1989 in the *O'Hara* case⁴. The plaintiff there brought an action for infringement of a patent relating to an improved tablet coating apparatus. The Court of Appeal reversed the decision of the Trial Division, which had found that the claims of the patent had been infringed, on the ground that defendant had taken the substance of the invention claimed, even though its apparatus did not include an exhaust system in the place and manner defined in the claims of the patent.

The Court of Appeal applied the test established by Lord Diplock in *Catnic* by formulating the following question:

Would the specification make it obvious to a reader skilled in the art that the description of the patented machine as comprising "an exhaust inlet, flexibly biased against the exterior" of the drum could not have been intended to exclude machines in which the

³(1960), (1960) R.P.C. 169 (Ch.D.-Patent Infringement); affd. in part (1961), (1961) R.P.C. 296 (C.A.); affd. (1962), (1963) R.P.C. 61 (H.L.); (1964), (1964) R.P.C. 54 (C.A.-Patent Amendment); leave to appeal to the House of Lords refused (1964), (1964) R.P.C. 54-83.

⁴Note 1, above.

exhaust was not "flexibly biased against" the drum, but was mounted in a fixed position as close as possible to the drum?⁵

The Court of Appeal went on to say that, since the Court in a patent infringement action, is attempting to divine the intent of the inventor, it was not to conclude that strict compliance with a word or phrase used in a claim is not an essential requirement of the invention, unless it is obvious that the inventor knew that a failure to comply with that requirement would have no material effect upon the way the invention worked. The Court then answered the question it had posed in the negative, since the claims clearly required that the machine comprise the element missing in Defendant's apparatus. The Court doubted that the inventor realized at the time of his invention that the missing element was not necessary and that the machine he invented would work just as well if the exhaust was placed in a fixed position. It appears that the Court attempted to determine whether the inventor did or did not consider that the requirement in question was essential to his invention. Furthermore, the Court placed emphasis on what the inventor did or did not know with respect to the effect of the variant on his invention. It may appear at first blush that the Court placed an obligation on plaintiffs to demonstrate the knowledge of an inventor at the time of invention, with respect to any potential variant that may be introduced by a potential infringer, but it seems doubtful that this was the Court's intent in the light of at least three decisions rendered after the *O'Hara* decision and especially in the light of wording found in the specification of the patent in *O'Hara*. It seems that the patentee's uphill battle in this case resulted simply from the very wording of his patent.

The court in *O'Hara* set out an important excerpt of the disclosure, which read as follows:

"Positioned at a lower quadrant of the drum's peripheral apertured area is an exhaust inlet...this inlet has a curved surface...which is slightly spaced from the vented peripheral surface...of the drum. A number of rollers...are positioned on opposite sides of the exhaust inlet...and are adapted for sliding contact with the drum. For the purposes of this application the term "sliding" includes other forms of relative motion contact including rolling contact. It is essential that the exhaust inlet be positioned adjacent to the leading lower quadrant of the drum where the tablets tumble."⁶ (Our emphasis)

It is suggested that the Court's hands were tied by this clear literal reference to an essential element, that is, the exact positioning of the exhaust inlet.

⁵26 C.P.R. (3d) at p. 7.

⁶*Ibid.*, p. 3.

Since the rendering of the *O'Hara* decision, the Federal Court of Appeal has not seriously endeavoured to inquire as to the precise knowledge of the inventor with respect to potential variants and their effect on the way the invention claimed actually works. This would appear to be an additional inquiry not foreseen by the *Catnic* doctrine, and which would only be justified on the particular facts of the *O'Hara* case.

4 LATER DECISIONS OF THE FEDERAL COURT OF APPEAL

The Federal Court of Appeal has had the opportunity to reaffirm, or at least invoke, its reasoning in *O'Hara* in three later cases. These decisions demonstrate that *O'Hara* was decided on the strength of the particular facts of the case, and does not consist of a statement of principle additional to that found in *Catnic*, to be applied universally to Canadian patent infringement cases.

(a) THE COMPUTALOG CASE

On July 7, 1992, the Federal Court of Appeal gave its decision in *Computalog Ltd. v. Comtech Logging Ltd.*⁷ The Plaintiff had sued for infringement of a patent relating to a method of testing cement plugs in boreholes of abandoned oil or gas wells. The Trial Division found in favour of the Defendant on the question of infringement, while holding the patent valid. The patent taught a method for testing the quality of the cement of plugs in the boreholes of abandoned oil and gas wells. The method allowed the user to detect the presence of contaminating materials in the cement slurry that is deposited in a borehole and which serves as a plug. The method both detects the presence of contaminating materials and measures the quality of the material found. The method was therefore used as a way to determine the presence of something and as a means of measuring the quality of that thing.

The defendant used a method of determining the location of the plug in the borehole of a well. It was not, however, concerned with the quality or purity of the material located. The evidence at trial demonstrated clearly that the defendant was not interested in the purity or quality of the cement slurry in the plug and was only interested in merely locating the cement plug in question. The trial judge held that there was no infringement because the

⁷ (1991), 32 C.P.R. (3d) 289, 38 F.T.R. 269 (F.C.T.D.); rev'd in part (1992), 44 C.P.R. (3d) 77, 142 N.R. 216 (F.C.A.).

method used by the Defendant was simply used to establish the location of the plug in the borehole.

Despite the objects set out in the patent in suit, the Federal Court of Appeal did not agree with the trial judge's holding to the effect that the patent should be construed as only a method for testing the quality of the cement of the plugs in boreholes and not to locate the plugs. The patent clearly did not state that the patent teaches the location of the plug; it did so only by implication. The Court of Appeal held that the patent, taken in the context of the prior art, placed locating the cement plug and measuring density as intertwined operations. They were inherent operations, one with the other, and that they were in fact "inseparable" even if the patent dealt much more explicitly with density, integrity, and purity than with location. It was apparent to the Court that any measurement technique that concentrates on density will inevitably also provide location.

In the *Computalog* decision, the Court of Appeal did not refer to its decision in *O'Hara*. It did however cite the *Catnic* case with approval with respect to the interpretation of the patent, and did in effect interpret the patent in accordance with the doctrine of purposive construction as set out by Lord Diplock. The Court did not formulate the questions to be asked and the answers necessary for a finding of infringement in the manner set out in *O'Hara*. It stated that the purpose of measuring location was latent and implicit in the patent and gave that effect to the disclosure and claims, notwithstanding what may be described as a "mere accident of form".

(b) THE IMPERIAL OIL CASE

On December 4, 1992, the Federal Court of Appeal again had the opportunity to apply *O'Hara* in *Imperial Oil Ltd. v. Lubrizol Corp.*⁸ Once again, it made no reference at all to *O'Hara* but instead cited *Catnic* and *Beecham Canada Ltd. v. Proctor & Gamble Co.*⁹, a decision of the Court in approving the application of the doctrine of purposive construction to the interpretation of the patent in suit. In fact, notwithstanding *O'Hara*, the Court of Appeal went so far as to state that the notion of the "pith and marrow" of an invention in patent cases was a principle that remains "alive and well and applicable in the case before the court"¹⁰

⁸(1990), 33 C.P.R. (3d) 1, 39 F.T.R. 161 (F.C.T.D.); affd in part (1992), 45 C.P.R. (3d) 449, 98 D.L.R. (4th) 1, 150 N.R. 207 (F.C.A.); leave to appeal to the Supreme Court of Canada refused (1993), (1993) 3 S.C.R. vii, 50 C.P.R. (3d) v, 104 D.L.R. 94th) vii, 163 N.R. 79n (S.C.C.).

⁹(1981), 56 C.P.R. (2d) 214 (F.C.T.D.); affd. (1982), 61 C.P.R. (2d) 1, 40 N.R. 313 (F.C.A.); leave to appeal to the Supreme Court of Canada refused (1982), 63 C.P.R. (2d) 260n, 43 N.R. 263n (S.C.C.).

¹⁰(1992), 45 C.P.R. (3d) 449 (F.C.A.) Mahoney J., at p. 467.

Furthermore the lengthy reasons of Justice Cullen J., who rendered the decision in first instance, and was upheld by the Court of Appeal, nowhere mentions *O'Hara*. Instead, he referred to *Catnic* and *Beecham* in his discussion of the construction of a patent and his adoption of the purposive construction doctrine. The Court of Appeal could have posed an *O'Hara* type-test to the question of evaluating the impact of the variant of the invention invoked by the Defendant with respect to the succination ratio of its impugned composition in *Lubrizol* that case. Instead, the Court, having applied the purposive construction doctrine to the interpretation of the claims, then reconfirmed the pith and marrow doctrine, holding that the variant was immaterial and finding in favour of the patentee on infringement.

(c) THE GORSE CASE

It is interesting to note that in *Gorse v. Upwardor Corp.*,¹¹ the Court of Appeal in a patent infringement case, held for the defendant without reference to the *O'Hara* decision and without drawing on its logic. The Court did, however, apply a purposive construction to the patent in coming to the conclusion that the variant put forward by the defendant did not fall within the monopoly claimed.

¹¹(1989), 25 C.P.R. (3d) 166, 27 F.T.R. 256, 24 C.I.P.R. 49 (F.C.T.D.); affd. (1992), 40 C.P.R. (3d) 479, 140 N.R. 295 (F.C.A.).

5 CONCLUSION

The *O'Hara* decision does not appear to have started any trend in Canada towards the restriction of the rights of the patentee in cases of infringement in substance. The decision simply adapted the doctrine of purposive construction to the particular facts of the case and, more specifically, to an express provision of essentiality found in the disclosure. The Federal Court of Appeal could on at least three occasions have repeated the exercise carried out in the *O'Hara* decision, it has chosen instead to repeat and apply the doctrine of purposive construction set out in *Catnic* and in the *Beecham* decision of the Federal Court of Appeal, which pre-dates *O'Hara* by six years.

O'Hara is cited in the Federal Court of Appeal decision of *Feherguard Products Ltd. v. Rocky's of B.C. Leisure Ltd.*¹², but only in relation to a statement of law that comes from *Catnic*, even though *Catnic* itself is not cited. The same can be said for the Court's decision in *Mobil Oil Corp. v. Hercules Canada Inc.*¹³ where the reference is clearly to a statement of the law from *Catnic* with respect to whether literal and substantial infringement are two causes of action or one.

The purposive construction doctrine does not therefore automatically result in victory for the patentee when it is applied properly. It is suggested that the doctrine, insofar as it concerns the interpretation of the patent and the evaluation of a situation of alleged infringement, is the approach presently favoured in the Federal Court of Appeal. When applied in the manner suggested by Lord Diplock in *Catnic*, it should result more often than not in a fair ruling for both parties to patent infringement actions.

U.K. law may have changed by now, as a result of the Protocol on the interpretation of article 69 of the *European Patent Convention*, which applies to the relevant provisions of the *Patents Act of 1977* (U.K.) relating to the interpretation of the claims of a patent. There is some debate in Europe at this time on whether the whole of *Catnic's* purposive construction doctrine corresponds with the Protocol. Whether the two approaches are the same, and whether reference to Lord Diplock's formulation of the test is necessary or not, is something for European Courts to decide. Suffice it to say that in Canada, the decisions rendered by the Federal Court of Appeal and Courts of first instance since *Catnic* have established a satisfactory body of rules and principles to guide decisions in Canadian patent infringement cases.

¹²(1995) 60 C.P.R. (3d) 512 at p. 515.

¹³(1995) 63 C.P.R. (3d) 473 at p. 488.

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