

## LexisNexis® Expert Commentaries

### David Heckadon on the Differences Between US and Canadian Patent Prosecution

The following article summarizes some of the important differences between US and Canadian patent application procedures. The objective of this article is to help corporations, inventors and their patent lawyers obtain both US and Canadian patents without falling into common traps, or needlessly giving up their rights.

**1. First-to-Invent or First-to-file.** The US is a “first-to-invent” country. As such, inventors should keep detailed invention records and logbooks if they ever need to show that they were the first inventor. Moreover, such detailed records should be kept even though there have been recent legislative moves to change the US to a first-to-file system, since inventions made before the change may still be subject to the first-to-invent system.

In contrast, Canada (like most of the world) is a “first to file” country. As a result, you can not “swear back” behind your filing date to show that you have the invention earlier, or challenge a competitor under a US-style Interference<sup>1</sup> proceeding.

Since Canada (like most of the world) is a “first to file” country, US inventors are still encouraged to file their first (US or Canadian) patent as soon as possible to get a priority date on record. In addition, Canadian inventors considering filing in the US are also advised to keep detailed invention records to prove their earliest date of invention for their US patents. Such record books should be signed and dated by the inventor and witnessed by someone who can state that they “understand” the invention so described.

Moreover, Canada’s “first-to-file” system only settles disputes between two inventors who independently devised and applied to patent the same invention. The first-to-file rule does not settle disputes among inventors who have had some link or relationship between them, and are disputing who actually invented the invention. In such cases, it is important to establish the facts surrounding the creation of the invention. Therefore, properly maintained inventor notebooks may still be valuable.

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1. A “who invented first” procedure at the US Patent Office.

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Secondly, in the US, an inventor is given a one year grace period in which to an inventor may sell or make public his/her invention before filing their patent. Canada also offers a limited one year grace period – but with a serious catch! The Canadian one-year grace period is measured from the *filing* date in Canada, not from the filing date of any foreign priority applications. As such, if you disclose your invention anywhere in the world, you have to file directly in Canada within the same year. It is important that US based inventors keep this in mind such that they do not lose their corresponding Canadian patent rights.

Third, in Canada, prior art is worldwide (i.e.: all information available to the public anywhere in the world prior to the filing date of the application). This is much simpler than the US rule in which one year of the public use or sale of the invention bar applies only to activities occurring in the US (unless there is an accompanying “printed publication” describing the invention).

What this means is that prior use of the invention (by another) in Canada may not be a bar to obtaining a US patent – provided that there is no printed publication accompanying the invention. Stated another way, a public sale or use in Canada will only bar patentability in the US if the invention on sale or used in Canada was also patented or described in a printed publication. (This archaic provision has reduced significance nowadays due to publishing of the invention on the Internet.)

Fourth, Canada does not have a US-style statutory “on-sale bar”. As such, situations that would raise an “on-sale” bar in the US may not be bar to obtaining a Canadian patent. The exception to this is that inventor disclosures occurring in the year prior to the actual Canadian *filing* date are not citable as prior art. Therefore, the statutory bar dates for both the US and Canadian applications will usually be the same.

**2. What Is Patentable?** The US probably has the widest scope of patentable subject matter in the world. Patentable subject matter in the US has been famously described as “anything under the sun made by man”. Many people believe that almost anything is patentable in the US. Recently however, several US Federal Circuit decisions have limited the scope of patentable subject matter, as follows.

On Sept. 20, 2007, the Federal Circuit handed down the following two cases that are seen as limiting patentable subject matter.

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In *In Re Comiskey*<sup>2</sup>, the claims were directed to a business method involving arbitration to resolve a dispute. The court found the claims to be non-statutory since they “depended for their operation on human intelligence alone”. In this case, the court held that an inventor’s process must either be implemented by a specific type of machine or change materials to a different state to be patentable. A patentable claim could not be directed to a mental process alone.

In *In Re Nuijten*<sup>3</sup>, signal claims were held to be non-patentable since electromagnetic signals are transitory and non-tangible and do not fall within any of the four categories of patentable subject matter<sup>4</sup>.

In view of these above two cases, it is generally recommended for US practitioners to draft claims covering a physical manifestation of the invention (i.e. a showing how a process changes materials to a different state or thing).

Similar developments narrowing patentable subject matter are occurring in Canada.

In August of 2007, the Canadian Patent Office issued a Practice Notice stating that electromagnetic and acoustic signals are not patentable in Canada (reversing its previous position from 2005).

In addition, a claim was held to be not patentable in Canada if it relies on “professional skills” that “is carried out by a human and which relies on the intelligence and reasoning of the human to make a judgement”<sup>5</sup>

Regarding software, the US requires that a patentable invention produces a “useful, concrete and tangible result”. In Canada, to be considered patentable art, the invention must produce a change in character or condition and must produce “an essentially economic result relating to trade or industry”.

In the US, higher life forms may be patented. In contrast, in Canada, higher life forms (e.g.: multi-cellular, differentiated organisms) are not patentable (whereas gene sequences, and

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2. [No. 06-1286, 499 F.3d 1365 \(Fed. Cir., Sept 20, 2007\)](#)

3. [No. 06-1371, 500 F.3d 1346 \(Fed. Cir., Sept 20, 2007\)](#)

4. Being “a process, machine, manufacture or composition of matter”.

5. Commissioner’s Decision No. 1272

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animal and plant cells are patentable). Also, in Canada, methods of medical treatment are not patentable (however claims can be amended to “use” format which is allowable in Canada).

Lastly, methods of medical treatment are not patentable in Canada. However, you can patent “use” claims. As such, applicants for many years have sought to avoid the prohibition through method-of-use claims.

**3. Best Mode.** In the US, an inventor must patent their “best mode” of practicing the invention. Thus, under US law, a claim can be invalidated if it is knowingly directed to an inventor’s “second best” mode of practicing the invention.

In Canada, there is a statutory requirement that the patentee disclose the best mode where the invention is a machine but curiously there is no statutory burden to disclose the best mode if the invention is anything other than a machine. However, there is a common law duty of good faith in making a full and complete disclosure and there is some suggestion in the case law that such a duty extends to providing the best mode for all inventions.

Conceivably, it may be possible (at least for non-machine inventions) to obtain a Canadian patent directed to an inventor’s “second best” mode of the invention, while keeping their “very best” embodiment or method as a trade secret. Again, the law is presently uncertain on this point.

**4. No File Wrapper Estoppel or “Festo” Problems in Canada.** In Canada, there is no such thing as “file wrapper estoppel”! Canadian courts will not look at the file wrapper of a Canadian (or corresponding US) patent application to determine the essential elements of the claimed invention. This issue has been decided by the Supreme Court of Canada.

In addition, claim amendments made in Canada during prosecution do not narrow the scope of the issued claims. i.e.: there is no US “Festo” doctrine in Canada.

As a result, claims tend to be interpreted more broadly in Canada than in the US.

Based on the above, US based applicants are therefore encouraged to prosecute “boldly” in Canada as Canadian claims may well be entitled to a broader scope than in the corresponding US patent. The only caution to US (and Canadian) inventors is that

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their statements made in the prosecution of their Canadian patent application may possibly be used against them in litigation on their corresponding US patent.

**5. Duty to Disclose Prior Art.** In the US, the Applicant must disclose all relevant prior art they know about to the patent examiner. Failure to do so may invalidate the patent, and can lead to a charge of “inequitable conduct” against the Applicant’s patent attorney.

Canada is completely different. In Canada, there is no duty to disclose prior art to the patent examiner. However, the Canadian patent examiner can ask the Applicant about prosecution of corresponding foreign applications. If the examiner does make such a request, the Applicant must respond completely and honestly (within six months, and in “good faith”).

Generally speaking, Canada’s lower disclosure standard may help Canadian patent lawyers sleep better at night. However, in practical terms, it is still to the Applicant’s benefit to show all known references to the examiner (as this may make it harder to challenge the validity of the patent on the basis of these references not being considered). Besides, the US patent prosecution file history is available on-line anyways to Canadian patent examiners.

**6. Speed of Examination.** In the US, all non-provisional patents are automatically examined, and first Office Actions may issue 1 ½ years after filing the application. However, delays of several years before receiving first office Actions are not uncommon (especially in the biotech, software and business methods fields).

In response, the US has started an “Accelerated Examination” system where Applicants may receive their first Office Action within 1 year of filing (regardless of the area of technology). This system is still quite new and the results are not yet in. The major disadvantage to these applications is that the Applicant has to perform a detailed prior art search and also submit a “patentability report” (i.e. a detailed claims analysis) to the Patent Office. Many inventors are very resistant to do this due to US “file history estoppel” problems. Many litigators warn against this sort of “faustian bargain” with the US Patent Office. Strategies such as requesting acceleration of a narrow embodiment patent application while concurrently pursuing regular acceleration of a broad embodiment patent application are encouraged.

In Canada, examination must specifically be *requested*, and an examination fee paid. This must be done within 5 years of the filing date. Therefore, by delaying Canadian ex-

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amination, claims can be first prosecuted in the US and then the corresponding claims can be amended before prosecution in Canada. Remember, however, there is no US-style “patent term extension” in Canada, so it is not desirable to delay examination too long.

In Canada, it usually takes 2 to 3 years to receive a first Office Action after filing. Officially, the Canadian Patent Office is trying to provide a first Office Action on “80% of cases within 24 months of examination request”. However, an Applicant can request “Advanced Examination” which typically results in an Office Action issuing in 3 months. It is relatively easy (and cheap) to obtain Advanced Examination. All that is required is for the Applicant to state that “the failure to advance the application for examination is likely to prejudice the Applicant’s rights”. In contrast to the US, there is no requirement for the Applicant to first search the prior art to obtain Advanced Examination in Canada. As such, whenever there is a potential infringer in Canada (or when the inventor’s rights are otherwise “prejudiced”), it is recommended that the inventor request “Advanced Examination” in Canada immediately.

**7. Final Office Actions.** The US Patent Office issues Final Office Actions all too quickly and all too often. Often, any claim amendment made leads directly to a Final Office Action. In addition, proposed rules would also limit the number of “Request For Continuing Examinations” that an applicant can make. As such, it is increasingly important to “get it right the first time”. Applicants for US patents have fewer and fewer “second chances” to get their claims allowed.

In Canada, the filing of claim amendments generally avoids a Final Office Action being issued (provided the Applicant is making a good faith attempt to advance prosecution of the application). What this means is that applicants may wish to take a more “incremental” approach when introducing their amendments in Canada (as opposed to the US “get it right the first time” approach). As such, an applicant may be able to get broader claims in Canada.

**8. Divisional and Continuation Applications.** Although the US Patent Office is fighting hard to change this, the US still permits an applicant to file an unlimited number of continuation, divisional and continuation-in-part applications.

In contrast, Canada significantly limits these sorts of filings as follows.

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First, continuations-in-part applications are not permitted in Canada per se. The only exception is that a second patent application can be filed within a year of a first patent application, and keep the earlier priority date.

Second, any application that has been published can be cited against a later filed Canadian application. (In contrast to the US, this includes the inventor's own applications).

In view of the above, any new Canadian patent applications must be patentable on their own (unless filed within one year of a first Canadian priority application), and for which there has been no publication of an earlier patent application which would render it obvious.

Third, the US permits the filing of provisional patent applications. They are not examined, and simply exist to provide a one year period in which to file a regular patent application.

In contrast, Canada does not have provisional applications per se. However, as stated above, it is possible to file a first Canadian application with a minimum of documentation and then, within 1 year, file a second Canadian or PCT application claiming priority to the first application. However, to maintain priority, the first application must contain an adequate description (it must describe an invention on "its face") of the invention to support the claims that are ultimately prosecuted in the second filed application. As a result, this Canadian rule permitting a second application to be filed within one year operates very similar to the US provisional patent system.

In addition, Canada does have an interesting and unusual provision permitting the filing of an "informal" patent application. An inventor can obtain a filing date by simply filing an application that "on its face appears to describe an invention". There is no requirement to file claims (or drawings) with this application. The Canadian Patent Office will then send the Applicant a letter giving them 15 months from the filing date to "complete" the application without paying a fee. If not completed within the 15 months, the Canadian Patent Office will then send a Notice requesting completion within 3 months. Potentially, even after abandonment, the Applicant may still be able to "revive" the application within 1 year. As such, these pseudo-provisional Canadian patents may in fact have a very long life.

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Fourth, in Canada, voluntarily filing divisional applications can be dangerous as it may invite a “double patenting” rejection. The same is not true in the US where voluntary divisionals are permitted.

Fifth, in Canada, all applications publish at 18 months. In the US, it is still possible to file a non-publication request (provided the application waives the right to foreign file the case).

**9. Means Plus Function Claims.** In the US, there is a statutory provision limited “means plus function” claims to those embodiments presented in the patent application.<sup>6</sup>

In Canada, there is no such statutory provision limiting the scope of means plus function claims. As such, they tend to be interpreted more broadly under Canadian law. Consequently, it may make sense to add a few means plus function claims to US cases before filing them in Canada.

**10. No Excess Claim Fees in Canada.** In the US, there are excess claims fees when more than 20 claims, or more than 3 independent claims are filed. There is also a Patent Office proposed rule to limit an application to 5 independent and 25 total claims.

There are no excess claim fees in Canada. Also, there are no special fees for multiple dependent claims in Canada. Thus, it may well make sense for applicants to add more claims to their Canadian patent applications.

**11. Revival of Abandoned Applications.** In the US it is a costly process to revive an abandoned application, which must be done in a very timely manner. In addition, the Applicants must show that the abandonment was either “unintentional” or “unavoidable”.

In contrast, in Canada, applications can be revived within 12 months of the abandonment for a very modest fee. No explanation as to “why” such revival is required. You just pay the fee. Thus, if you have discovered an abandoned Canadian case, check immediately to see if you can revive it in Canada).

**12. Requirement to Name Inventors.** In the US, incorrectly naming the inventors will lead to the invalidity of the patent.

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6. [35 USCS § 112](#)

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In Canada, misnaming an inventor in good faith is not fatal to the validity of the patent (although it may effect the right to sue if the chain of title can not be established).

**13. Inventor's Signatures Not Required For Filing In Canada.** In the US, inventors must sign and file a signed Declaration or Power of Attorney. These signatures must be received before the case is even put in the queue for examination. As a result, failure to file the application without signatures can delay the issuance of the patent by several months.

In contrast, in Canada, it is not necessary for the inventors to file a signed Declaration or Power of Attorney. A petition signed by the Applicant's agent is filed instead. Furthermore, under the June 2007 Rules, it is no longer necessary to file an assignment from the inventors if the Applicant is other than the inventors. The Applicant now only needs to file an "Entitlement Document" that explains how the Applicant has acquired the right to file the application.

**14. Small Entity.** In the US, a small entity must have fewer than 500 employees (or be a university or non-profit agency). Filing as a small entity saves the applicant half of the regular filing fee.

In Canada, a small entity must have fewer than 50 employees (or be a university). Therefore, just because an entity is a "small entity" in the US does not mean that it is also a "small entity" in Canada. (i.e.: corporations having 51 to 499 employees are small entities in the US, but are large entities in Canada).

Moreover, filing as a small entity in Canada can be dangerous. The Supreme Court of Canada actually invalidated a patent after its maintenance fee was (incorrectly) paid at the small entity rate, and the error had not been corrected within 12 months. In July 2007, new legislation was enacted permitting the Canadian Patent Office to grant an extension to pay the proper (large) entity fee where the mistake was made in good faith, and without undue delay. Unfortunately, this provision is only at the *discretion* of the Patent Office.

Consequently, in view of the limitations and dangers of claiming small entity status in Canada, applicants are often recommended to err on the side of caution and pay all their fees at the large entity level.

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On the positive side, however, the small or large entity status is only determined once in Canada – at the initial time of filing the Canadian application. It does not need to be changed later.

**15. Extraterritoriality.** In the US, system claims have been found to be infringed even when one of the components of the system is located outside of the US.<sup>7</sup> This sort of extraterritoriality has not yet been held as an infringement in Canada

Secondly, US legislation prohibits the importation of a non-patented product when the product has been made by a process patented in the US. The same is true in Canada.

**16. Incorporation By Reference.** The US practice of “incorporation by reference” where one patent specification refers to another one for enablement is not permitted in Canada.

**17. Maintenance Fees.** In the US, maintenance fees are due 3 ½, 7 ½ and 11 ½ years after the issuance date of the patent.

In Canada, maintenance fees are due annually, on the anniversary of the filing date of the application (starting on the second anniversary of the filing). Prior to issuance, Canadian maintenance fees can only be paid by the attorney of record.

**18. Export Controls.** In the US, a Foreign Filing License is required before foreign filing a patent outside of Canada. A request for a Foreign Filing license is automatically made when a US patent application is filed. Although it is very easy to obtain a US Foreign Filing License, failure to do so may destroy US patent rights. Typically, Foreign Filing Licenses are only denied when the application is attempting to patent sensitive military technology. This may affect the drafting of the patent application itself as applicants are advised not to draft their patents to highlight their potential military applications.

Canada has no similar requirement to obtain pre-approval for filing a patent outside of Canada.

Also, in Canada, there is no requirement that Canadian inventors file first in Canada. As such, many Canadian inventors file first in the US, and then “foreign file” back into Can-

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7. [35 USCS ' 271.](#)

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ada. However, these Canadian inventors must still file their PCT application in Canada and not the US (unless one of the inventors or the Assignee is American).

**19. Export of Generic Pharmaceuticals From Canada to Developing Countries.** There is no “compulsory licensing” regime in the US or in Canada. However, Canada recently approved legislation permitting generic drug manufacturers to produce patented pharmaceuticals and export them to developing countries.

**20. No Patent Term Extension.** In the US, the term of a patent may be extended due to delays in obtaining regulatory approval from agencies other than the Patent Office. This provision of US law applies to drugs and pharmaceuticals and was enacted to compensate the patent owner that loses patent term during the early years of the patent because the product cannot be commercially marketed without approval from a regulatory agency.

There is no comparable “patent term extension” in Canada.

**21. PCT Late Entry.** Virtually all PCT countries require national phase filing within 30 or 31 months of the priority date. Canada is the lone exemption where filing 42 months after the priority date is permitted (by paying a small fee if filing after the 30 month date).

**22. Jointly Owned IP.** In the US, each owner can make, use, sell, or offer to sell, or sell all or part of the patent rights without accounting to the other owners.<sup>8</sup> As such, each co-owner can separately assign his/her rights to practice the patent to a third party without the consent of the other co-owners. As such, one inventor can sell or license his rights to the patent to any third party. For this reason, it is often extremely important that all inventors assign their rights to a corporation.

In contrast, in Canada, court decisions have restricted the rights of co-inventors from “diluting” the value of a patent vis-à-vis the other co-owners. For example, in Canada, co-owners can independently use the patented invention and assign their rights to another party, but they can’t license their rights to a third party without the consent of the other co-owners. In some Canadian provinces, the owner of a jointly-owned patent can’t dispose of anything less than its entire interest in the patent without the consent of the other co-owners. Also, in some Canadian provinces, the co-owner can not license its interest in the patent without the consent of the other co-owners, or must share profits with the other co-owners (absent an agreement).

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8. [35 USCS ' 262](#)

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**23. Litigation Differences.** In Canada, patent trials are by judge, not by jury.

In Canada, there is no US-style “Markman Hearing” on claim construction.

In Canada, there is no US-style doctrine of willful infringement or treble damages.

In Canada, obtaining an injunction is not automatic, even when infringement is shown. In fact, summary judgments on issues of patent validity or infringement are rare, especially when there is conflicting expert evidence (which is commonly the case). The same thing is becoming true in the US after the Supreme Court decision in eBay.<sup>9</sup>

In Canada, any person may, at any time, start an action for invalidity or non-infringement of a patent. As such, it is not necessary for a defendant to receive a “threat letter” or communication from the patent holder before a declaratory judgment action may be taken.

**24. Presumption of Validity.** In the US, issued patents are presumed to be valid and their validity is only challenged by “clear and convincing” evidence. In contrast, there is only a rebuttable presumption of validity for issued patents. A defendant need only show the patent to be invalid on a “balance of probabilities”. As such, it may be easier for a challenger to invalidate a Canadian patent than a US patent on the same invention against the same art.

**25. Prior User Rights.** In Canada, if a person acquired the invention before another person patented it, the first user has the right to use and sell the invention free of the patent.<sup>10</sup> However, it is arguable if these rights extend to methods or the right to make additional machines (beyond the one(s) that they first user initially had). In addition, such secret use would not destroy the novelty of the patent.

A similar provision exists in the US, but only in respect to business methods that were practiced for at least one year before the filing date of the patent and were used commercially by the first inventor.<sup>11</sup>

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9. [eBay v. MercExchange 126 S.Ct. 1837 \(2006\)](#).

10. '56 of the Canadian Patent Act.

11. [35 USCS ' 273\(b\)\(1\)](#).

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**26. Privilege.** In Canada, communications between a client and their patent agent are not privileged, but communications between a patent lawyer and their client are privileged, even when the lawyer is acting as a patent agent.

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Mr. Heckadon's practice focuses on patent application and prosecution experience involving technologies including medical devices, microfluidics, micro-electro mechanical systems, medical imaging and scanning devices, mechanical assembly and chemical analysis systems, internet and computer systems, business methods and design patents.

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