



Good Faith Advocacy and the Global Perspective

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by Michael Schiff

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It is becoming increasingly clear that Canadian businesses need to develop and pursue a globally-oriented legal strategy.

Even if a business's primary market is North America, there are legal issues that can blossom beyond national boundaries and then rebound to have consequences here. Environmental control, trade and competition law, intellectual property, and a range of other legal issues can all have international ramifications.

What this means is that companies should engage legal counsel with both the vision and the energy to address issues when they arise abroad. Associate counsel may be retained in foreign jurisdictions to advise on and address local requirements — but there needs to be oversight from lead counsel in the home country. If foreign counsel is given autonomy to make their own strategic choices, they may take a divergent path that will be to the company's peril.

A recent illustration comes from the written dialogue that patent agents have with the Canadian Intellectual Property Office (CIPO) when they are in the process of applying for a patent. This dialogue determines what scope of patent protection CIPO will grant for a company's invention. Traditionally, patent counsel could tell CIPO anything it wanted about the client's invention, as long as what was said did not amount to fraud. However, when Canada's *Patent Act* was rewritten in 1996, there was an explicit duty placed on patent agents to respond to CIPO "in good faith".

The Federal Court of Canada has now given the "good faith" wording some teeth. A new standard is emerging for dealing with CIPO: a standard that has important ramifications for how patent counsel should manage each company's patent estate — both at home, and abroad.

When legal matters are contested between two sides, each side has an opportunity to advocate its own position. The lawyers act as strong proponents for their clients' respective points of view: in fact, they are obliged by the ethics of their profession to represent their clients zealously, within the bounds of the law. However, where there is a power imbalance, courts may expect the stronger side to use its leverage with restraint: for example, the treatment of tenants by landlords, or the treatment of employees by the companies they work for.

The dialogue between a patent applicant and CIPO is even more one-sided, because the hypothetical opponent (someone who might want to use a closely related technology) is not even there. CIPO attempts to protect the public interest in a general sense by making the applicant justify the coverage it is seeking in its application. Still, the debate is *ex parte* (with only one party being represented), so

the Federal Court has imposed a requirement that patent counsel deal with CIPO according to a more scrupulous standard of good faith.

For exactly the same reason, patent law in the United States imposes an explicit duty of candor when dealing with the Patent Office there (USPTO). Patent attorneys are required by federal regulation to disclose to the USPTO any and all information they have that is material to the patentability of the invention claimed in the application. This means that they are obliged to give the USPTO copies of any articles or other published information that they have about close prior inventions. If the applicant has data that the invention may not work in the manner claimed, this also must be given to the USPTO. If the patent attorney fails to comply with the duty of candor, courts can later find that the applicant is guilty of *inequitable conduct*. This means that the patent cannot be enforced against someone copying the invention, and the attorney may lose their license to practice.

The doctrine of inequitable conduct effectively came to Canada two years ago in a case about the anti-inflammation drug celecoxib (sold under the brand name Celebrex®). In its application for the patent, the company's agent told CIPO that similar compounds that were previously known were not selective for a particular cell-surface receptor. But the company had a publication that showed this wasn't true. The Federal Court decided that by not providing the information to CIPO, the patent owner had failed to deal with CIPO in good faith, and the patent had effectively been abandoned in the application stage.

Last fall, the Federal Court also effectively invalidated a patent granted for the Alzheimer's drug memantine (Ebixa®). During the course of the application, the company's patent agent provided CIPO with four previous publications which he said steered readers away from the use of memantine for this purpose. But the applicant knew full well that another published article led to the opposite conclusion. In this case, the Court arguably went beyond the U.S. doctrine — not just requiring that applicant provide CIPO with the published information, but also refereeing what patent counsel could say about it.

How far will the good-faith requirement go in Canada? This area of law is still evolving, and we will have to wait and see. Patent agents in Canada sometimes file applications that start off with claims that are so broad that they cover previous inventions. They rely on CIPO to narrow the claims in the course of examination. But if an agent had no reasonable belief that the original claims were patentable, then how can filing the application in this condition satisfy the good faith requirement? Arguably, the application was abandoned right out of the starting gate, and the patent owner may never be able to assert the granted patent against a rival.

There is also the matter of what I call *interjurisdictional estoppel*: the principle that what you say in a legal context in one country can come back to bite you somewhere else around the globe.

Consider a situation in which a company has a new patent application for a second-generation product. There is an earlier application already on file for the first generation product which mentions the second generation product as a possible extension. The company's patent agent in Canada tells CIPO that the earlier application doesn't provide enough information about the second generation product to defeat what is claimed in the new application.

But suppose the company's patent agent in Europe has already told the European Patent Office that the second generation product is patentable in the earlier application, and gets generous coverage for it. How could it be proper to tell EPO one thing about the earlier application, and then say exactly the opposite to CIPO later on? Someone challenging the Canadian patent could say that the company had not dealt with CIPO in good faith, and the patent is invalid.

When pursuing patent coverage in several jurisdictions in parallel, patent counsel is often tempted to let the local associate make autonomous choices. Our illustration about the second generation product shows this is a mistake. Instead, lead counsel managing arguments made in all countries, to ensure

that the company's position is consistent around the globe. Foreign associates shouldn't make prosecution choices in terms of the technology of the invention. Instead, their role should be to render the position chosen by lead counsel into local parlance according to local patent law.

The reasons for taking a global view of a company's intellectual property estate will continue to expand. A tempered and internationally consistent position will help ensure robust and sustainable protection for a company's evolving business. ■

Original sources: Patent Act s. 73(1)(a); 37 CFR § 1.56; G.D. Searle & Co. v. Novopharm Ltd., [2008] 1 F.C.R. 477; Lundbeck Canada Inc. v. Ratiopharm Inc., 2009 FC 1102.