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Anticipation by Prior Sale

Since the major overhaul of Canada's *Patent Act* in 1989, a number of cases on the law of anticipation have been reported, including one, *Free World Trust v. Électro Santé*, at the Supreme Court of Canada level. In all of these cases, the alleged anticipation took the form of a published document. The Federal Court of Appeal in *Baker Petrolite v. Canwell Enviro-Industries* has recently clarified the law of anticipation in the first post-1989 case in which the alleged anticipatory event was a prior sale; the principles established will largely apply also in cases of prior public use.

Anticipation can arise from (i) prior acts of the inventor (or persons deriving information about the invention from the inventor) that occurred more than a year before the Canadian filing date of the patent application in question; or (ii) acts of anyone else prior to the Canadian filing date. (A warning to our American friends: Filing a US application within a year after an otherwise anticipatory act and then claiming Convention priority in Canada on the US filing will not avoid the need to file in Canada within the one-year grace period.) Apart from the foregoing grace-period distinction, there is no distinction between the type of act that would give rise to an anticipation, and no distinction between the applicable legal tests, in these two categories of cases.

Under §28.2 of the *Patent Act,* anticipation must be tested on a claim-by-claim basis. Pursuant to §28.1 of the *Act*, each claim has a claim date, which is in many cases the filing date of the Canadian application, but may also be one of any number of prior Convention priority filing dates or domestic priority filing dates. Which date applies depends upon which prior patent application is the earliest one that discloses the subject-matter of the claim.

Importantly, a prior sale or prior non-confidential use of an embodiment of the invention does not *per se* constitute anticipation. Under §28.2 of the *Act*, such alleged anticipatory act must have imparted knowledge

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of the subject-matter defined by any given claim "in such a manner that the subject-matter became available to the public in Canada or elsewhere". *Baker Petrolite* establishes eight rules to be used to determine whether this statutory provision has been satisfied, as follows:

1. Proof of sale to or use by the public of a product embodying the claimed invention is insufficient to prove anticipation. Disclosure of the invention is also required to constitute anticipation.

2. To be anticipatory, the disclosure must be an "enabling disclosure", namely one that enables a technically qualified person to make and use a useful embodiment of the invention within the scope of the claim.

3. When through reverse engineering or analysis it is possible to discover the invention without the exercise of inventive skill, the sale to even one purchaser who is free to use it as the purchaser pleases establishes anticipation.

4. It is not necessary to prove that anyone actually analyzed the sold product.

5. The amount of time and work involved in performing the analysis is not determinative of whether a skilled person could discover the invention. The question is only whether inventive skill was required. There must be evidence from which the exercise of inventive skill may be inferred; otherwise, it will be presumed that no inventive skill would be required to perform the analysis and discover the invention.

6. It is not necessary that the skilled person be able to reproduce the analyzed product. It is the subject-matter of the claim that must be disclosed through the analysis. Novelty of the claimed invention is destroyed if there is disclosure of an embodiment that falls within the claim.

In a chemical patent case, the following rules apply:

7. The prior sale or use of a chemical product will constitute enabling disclosure to the public if its composition can be discovered through analysis of the product.

8. The analysis must be able to be performed by a person skilled in the art in accordance with known analytical techniques available "at the relevant time", presumably in most cases meaning before the claim date. The analyst must without the exercise of inventive skill be able to learn the inventive composition.

Failure of Copyright Law to Protect Novel Software

Delrina v. Triolet Systems, a recent decision of the Ontario Court of Appeal, highlights the weakness of the copyright law to protect novel software. The case reaffirms some of the basic principles of copyright law in the context of a dispute involving a software designer who had designed a novel software product for his first employer and then designed similar competing software for a second employer (a company established by the designer) who sought to attract the very same customers as the first. The first employer unsuccessfully sued the designer and his company for copyright infringement, and the Court of Appeal upheld the trial judgment dismissing the claim.

The defendant Brian Duncombe completely redesigned the plaintiff Delrina's software product "Sysview", a performance monitoring program for monitoring Hewlett Packard computers. A month after leaving Delrina, Mr. Duncombe began the design of a competing product "Assess" to serve the very same purpose and to be sold to the very same customers as Sysview. There were many similarities in function, interface and programming details between Sysview and Assess. Yet Delrina lost its lawsuit. Why?

Many software designers understand that their products can enjoy limited copyright protection. What is not as well understood is that such protection is ineffective to protect ideas, algorithms, or any functionally determined attribute of a software product. So, for example, if the imitator's interface is similar to the originator's interface only to the extent of meeting the functional requirements of the interface, there can be no copyright infringement. There is no copyright in ideas, but only in expression. Where a given expression is necessary in order to achieve some functional purpose, then expression and idea merge, and in such case, there is no copyright protection for the expression. In a software context, the Court held that "if there is only one or a very limited number of ways to achieve a particular result in a computer program, to hold that that way or ways are protectable by copyright could give the copyright holder a monopoly on the idea or function itself" (which latter of course is prohibited by the copyright law).

Further, the mere similarity of expression, even where not strictly determined by function, is not sufficient to enable the originator to prevail. Similarity can arise because the imitator borrowed from what others were doing in the industry, or from his own previous work. Or the imitator might have been trying to meet styling or other criteria associated with the application in question. Such acts by the imitator might generate a work product in some respects resembling the originator's work, but the reasons for the similarity would not depend upon the imitator having copied the original work. When a software designer having a set of individual programming preferences undertakes a programming task similar to one that the designer had previously performed, it would not be surprising to see similarities between the first work and the second. But such similarities are not actionable unless the designer has copied the original protectable expression in the first work. If the second work is highly similar in

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many respects to the first, but the similarities do not arise from the copying of arbitrary original expression in the first work, then there is no infringement.

In finding for the defendant, the Court brought Canadian copyright infringement law more closely into line with U.S. law. The Court accepted that there might be wider copyright protection under Anglo-Canadian law by reason of the acceptance of skill and labour, as distinct from creative originality, as important factors in deciding whether a given work (or fragment) should enjoy copyright protection. But the Court affirmed that there is no copyright in ideas, and specifically "no copyright in any arrangement, system, scheme or method for doing a particular thing or process". The Court noted that the World Trade Organization Agreement incorporated into Canadian law provides that copyright does not extend to "ideas, procedures, methods of operation or mathematical concepts as such". The U.S. doctrine of merger of idea with expression (mentioned above) was expressly endorsed; the U.S. infringement analytical tool "abstraction-filtration-comparison" was also found to be helpful, if not essential, to "weed out" portions of the work not protected by copyright. The latter requires that a plaintiff's work be divided into its constituent elements, that the elements devoid of copyright protection by reason of functionality or the like be filtered out and rejected, and that a comparison be made of the residual copyright-protected elements with the defendant's impugned work.

What in the circumstances could Delrina have done to protect itself? Perhaps the following:

1. Patent the novel functional attributes of the software. These days, patenting novel software is commonplace, and can be effective as long as at least some of the novel functional attributes of the software are likely to persist and generate a market advantage for more than two or three years.

2. By means of a suitable contract of employment, constrain the employee's right to develop competing software for someone else. This is tricky because employees cannot be deprived of the right to work in their chosen field nor of the right to benefit from their own previous experience. But the mor nnme senior and the more "key" an employee is, the wider may be the constraint.

3. Introduce deliberate small glitches or irregularities in the software of the original work. If the same glitches or irregularities occur in the imitator's work, that is evidence that there was copying and not the fresh reworking of ideas by the imitator.

Recommendation:
Patent the novel functional attributes of the software; constrain by contract the rights of employees; and introduce deliberate small irregularities into the software to help detect copying.

BARRIGAR INTELLECTUAL PROPERTY GROUP
Barristers and Solicitors
Registered Patent and Trademark Agents

Suite 830, 1066 W. Hastings Street
Vancouver, B.C. V6E 3X1
(604) 689-9255
(604) 689-9265
email@barrigar.com

Suite 290, 1675 Douglas Street
Victoria, B.C. V8W 2G5
(250) 389-0387
(250) 389-2659
email@barrigar.com