Patent validity challenges in Canada

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Once a patent issues in Canada, it is presumed valid by virtue of the *Patent Act*. The main venue in which validity is challenged is the Federal Court, although provincial Courts also have jurisdiction. Canada does not have post-grant proceedings such as those found in Europe (oppositions) or in the United States (Post Grant or *Inter Partes* Review) do. Instead, there is a re-examination procedure, as discussed below. However, the patent challenger does not have a participation right in such proceedings.

Challenging validity in Court

In litigation, the validity of a patent can be challenged either as a defence to patent infringement or as an action or counterclaim to impeach the patent.

If invalidity is pleaded either in provincial Court or only as a defence (as opposed to a counterclaim) in Federal Court, the decision of the Court on validity only applies *in personam* - with respect to the challenging party. However, in practice, a third party could likely leverage that decision to seek a declaration of invalidity in other litigation involving the same patent.

If invalidity is pleaded in either a Statement of Claim or Counterclaim in Federal Court, a successful decision of the Court renders the patent invalid *in rem*. This means the invalidity decision applies to everyone and not only the parties to the action. Such orders can only be sought in the Federal Court. In order to start an action to impeach a patent in Federal Court, the plaintiff must be an “interested person”, which is typically a low bar to meet. However, if a plaintiff starts an action to impeach a patent, they are obligated to pay security for costs into the Court pending the outcome of the proceeding. If successful, the security for costs will be paid out to the plaintiff. If unsuccessful, the defendant can ask that the security be released to it in payment or partial payment of any costs awarded in the proceeding. Both payments are accompanied by a modest amount of interest.

For further information on litigating an IP case in Canada, please see our summary here.

Re-examination

An interested party can submit a request for re-examination of any claim of a patent by filing prior art with the patent office and paying a fee. However, once the art is submitted, there is no opportunity for the requesting party to participate in the re-examination process. Furthermore, the patentee could be permitted to submit amended claims, which could result in the narrowing of the scope of the claim to circumvent the art submitted and thereby impact the likelihood of a successful validity challenge in future litigation. This is in contrast to an impeachment or invalidity allegation where such claims are likely to be held invalid by the Court if the same prior art is alleged.

Conclusion

When contemplating IP litigation in Canada, it is important to engage experienced counsel as the case can vary from U.S. IP litigation in many important respects, whether from a jurisdictional, procedural and/or substantive perspective.

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