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28th Annual Intellectual Property Law & Policy
Conference (2021)

Fordham Intellectual Property Law Institute

4-9-2021 9:15 AM

5B Patent Law Session. Patent Litigation

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Session 5B

Emily C. & John E. Hansen Intellectual Property Institute

**TWENTY-EIGHTH ANNUAL CONFERENCE
INTERNATIONAL INTELLECTUAL PROPERTY
LAW & POLICY**

Friday, April 9, 2021 – 9:15 a.m.

**SESSION 5: PATENT LAW
5B. Patent Litigation**

Moderator:

Myles Jelf

Bristows LLP, London

Speakers:

Simon Holzer

Meyerlustenberger Lachenal AG, Zurich

The Limitation of Patents by the Patentee in Patent Infringement Proceedings

Marjan Noor

Allen & Overy LLP, London

Use of Divisionals to Stifle Competition? UK Patent Court's Flexibility Provides the Antidote — Issue Estoppel and Broad Arrow Declarations

Stephen Burley

Federal Court of Australia, Sydney

The Conduct of Patent Trials: A Judge's Perspective

Ronald E. Dimock

Gowling WLG, Toronto

What Keeps the Doctrine Away?

Panelists:

Otto Licks

Licks Attorneys, Rio de Janeiro

Aloys Hütterman

Michalski, Hütterman & Partner, Düsseldorf

* * *

SIMON HOLZER: In the next few minutes, I would like to express my views on some recent developments in Swiss patent law, in particular the importance of some procedural provisions for Swiss patent disputes. For short background information, Switzerland has a typical continental European code of civil procedure. This means that litigation in general and also patent infringement cases are very much front-loaded. “Front-loaded” in this case means that the parties must assert and introduce their positions and evidence early in the proceedings since amendments later in the proceedings may be difficult or even impossible.

Additionally, in Swiss patent disputes a so-called judge-rapporteur is appointed. Normally, this is a judge with a suitable scientific background, and usually, after a double exchange of briefs by the parties, the so-called judge-rapporteur presents his preliminary opinion of the case to the parties. It is obvious that both parties may have an interest in supplementing or amending their position after receiving this preliminary opinion of the judge-rapporteur. Patentee, this is obvious, may be interested in amending his patents, if for example, the judge-rapporteur is of the non-binding view that the asserted patent lacks novelty or inventive step.

In practice, the possibilities of a patent owner to amend his patent after having received a written preliminary opinion of the judge-rapporteur after the second exchange of briefs have been increasingly restricted in Switzerland in recent years, and I will explain it in more detail. In the first ruling of August 6, 2019, the Swiss Federal Patent Court held that the patent owner could amend his patents, without any restrictions, only in his statement of claim or in the reply brief.¹ Further, the court concluded that if a defendant files new invalidity arguments or prior art, only for the first time in his rejoinder, then the patent owner may react to this by amending his patents — but only within a very short period of approximately 10 days. This means that the patentee is usually not allowed and not in a position to base his infringement claim on a new version of his patent as a reaction to the judge-rapporteur's preliminary assessment.

In a second ruling² of August 19, 2020, last year, the Swiss Federal Supreme Court had to deal with the following constellation: Again, the judge-rapporteur issued a preliminary written opinion after the double exchange of briefs and considered the patent in suit to be novel and inventive but invalid due to added subject-matter. Since in light of the mentioned case law of the Supreme Court, the patent owner could not amend his patent at this stage with inter partes effect anymore. However, he went to the Patent Office and asked for an amendment of his patent from the Swiss Patent Office. The Swiss Patent Office granted the amended version of the asserted patent, and the patent owner then filed this new version in the pending patent-infringement proceedings and argued that the amended patent was a new fact that had come into existence only now — i.e., only recently — and litigation based on the amended patent must therefore be admissible. Because of an exemption under Swiss procedural law, the filing of new facts after the double exchange of briefs is still possible if those facts came into existence only after the second brief.

¹ Bundespatentgericht [BPatG] [Federal Patent Court] Aug. 6, 2019, 4A_70/2019.

² Bundesgericht [BGer] [Federal Supreme Court] Aug. 19, 2020, 4A_583/2019.

A majority of the panel of judges of the Federal Patent Court concluded that the infringement proceedings should continue with the amended version of this patent. However, this was the first decision by the Federal Patent Court in Switzerland that included a dissenting opinion from two of the five judges. The minority was of the opinion that the newly amended patent was not a genuine new fact since the patentee could determine the timing of the amendment and could have asked for such amendment earlier. Therefore, it was no surprise that the case was appealed to the Swiss Federal Supreme Court, and the Supreme Court then concluded that the patent owner knew of the alleged added-matter issue and asserted violation of Article 123(2) of the European Patent Convention,³ at the latest, when reading the defendant's rejoinder and could and should therefore have amended his patent as a direct reaction to that rejoinder at that time. This means much earlier, and not only after the preliminary opinion of the judge-rapporteur.

Since the patent as granted no longer existed due to the amendment by the Patent Office, and because the newly amended version of the patent could not be introduced into the pending infringement case according to the Supreme Court, the initial infringement proceedings then became groundless and had to be written off without prejudice, according to the Federal Supreme Court. Therefore, the Federal Supreme Court lifted the Federal Patent Court's decision and dismissed the case without prejudice.

In my view, at least three key points can be taken from those cases by parties engaged in Swiss patent litigation. First, in patent infringement proceedings in Switzerland, as we learned, patent owners may amend their patents without restrictions only in the statement of claim and in their reply. Second, after the double exchange of briefs, a patent owner may amend his patent only if the amendment is a direct reaction to and was caused by invalidity arguments newly brought forward in the rejoinder of the defendant. The patent owner must implement the necessary amendments immediately after having received the rejoinder, and immediately means within approximately 10 days. If a patent owner amends his patent with the Swiss patent office after the exchange of briefs, and his amendment is not a direct and immediate reaction to new argument in the rejoinder, he may not submit the newly amended patent in the pending proceedings. Since the patent as granted no longer exists and the patentee cannot bring the new version into the proceedings, the case normally ends without prejudice and the patentee must bear the costs.

This rather strict approach of the Swiss courts with respect to amendments of patents during pending litigation has been justified by efficiency considerations by the courts. The courts normally state that it is important to avoid any delay of pending patent proceedings. However, from my view, procedural rules that prevent the patentee from amending his patent during litigation do not necessarily result in swifter proceedings. To the contrary, sometimes patent owners, who know that they will have only very few possibilities to fine-tune their patent claims if necessary, tend to base their complaint on more auxiliary claims from the beginning. This is

³ Convention on the Grant of European Patents, Oct. 5, 1973, 1065 U.N.T.S. 199.

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not efficient, in my view, if the parties have to deal with numerous (possibly unnecessary) auxiliary claims very early in proceedings.

In addition, if a patent is amended with retrospective effect by the Patent Office, and if this patent can no longer be brought into the proceedings for procedural reasons, then the infringement case as we heard ends with a ruling without prejudice according to Swiss law. This means that the patentee could initiate new patent infringement proceedings to enforce the amended version of the patent. Establishing new infringement proceedings is certainly not efficient compared to an additional round of briefs in the initial patent dispute.

In my view, it will therefore be interesting to see whether the pendulum in Swiss patent infringement cases will swing back again and whether future court decisions in patent matters focus again on substantive patent law issues, rather than on procedural questions like we saw in decisions of the past. Thanks.

MYLES JELF: Thank you very much, Simon. Thank you for stepping in to save my embarrassment there as the technology interrupted at the very second I was about to say hello to everybody. Before we jump into the question section, I'll just stop the session by saying good morning to everybody. Well, good morning if you're in the U.S. For those of us in Europe, good afternoon. For the truly committed dialing in from Asia, good evening.

We've got some fantastic things in the session today. Simon is kicking us off there with claim amendments during proceedings and we'll come back to the discussion there in a second. We've also got a session on declaratory powers of the courts concerning patents that don't actually exist and may never come to exist. We've got the ambit of equivalents of claims, and whether a doctrine recurrence is actually really needed. Lastly, we have possibly the golden-bullet topic for most practitioners: how to actually impress a live patents judge. I'm looking forward to that very much.

Just by way of housekeeping, to say as with the previous sessions, please feel free to raise questions on the Q&A as we go along. If we have time, we'll try and pull people up onto the stage to ask their question directly, but feel free to make wider-ranging points as well in the Q&A, and we'll try and direct people to those as we go along.

I missed introducing you, Simon. For those who don't know, I felt I should just posthumously introduce you. Simon is talking there about a topic very close to my own heart. Just by way, a very brief retrospective introduction, Simon is not only a very experienced and capable patent litigator at the well-known Swiss firm, Meyerlustenberger, but also very charming, and as I recall, a quite patient dinner companion. I can say no higher praise often than that.

Jumping back then to what Simon was talking about substantively, amendment during the course of proceedings — just by way of introduction to the Q&A session on that, it sounds like Swiss law took a very similar path to that of the UK. We used to have a system whereby there was very rarely ever any amendment during litigation. That's because we had rules that as soon as you wanted to amend the patent, you were required to explain when you first realized that you were sitting on a bad monopoly — and people were not, generally speaking, very happy to do that.

The rules changed with EPC 2000,⁴ and now we have a claim amendment. But we've ended up in a very similar place to Switzerland, in that for procedural-economy reasons, there's a cutoff point where you can no longer, as the arguments develop, keep putting in further iterations of the claims. That has led to a practice that people put up front great ranges of what are effectively auxiliary requests, conditional amendments, depending on if they're needed.

I'd be interested to hear from the members of the panel, in their various systems, are those procedural-economy reasons. Do you see that you get amendments or problems with amendments during the course of proceedings? Then if anybody feels moved to speak on that from the panel, we can see who wants to take the floor. Aloys?

ALOYS HÜTTERMAN: In Germany, as we all know, we have nullity suits, but there, it is not easy to get an amendment, at least not when you are at the appeal stage before the Federal Court of Justice, the Bundesgerichtshof. Here, we have seen quite a few decisions, where the Bundesgerichtshof have made clear, it's at the preliminary opinion of the Federal Patent Court — like in oppositions you get a preliminary opinion — and then you have to react. If you don't, then you cannot do that at a later stage. Or, if let's say your opinion is positive, and all of a sudden you still lose your case, then you can do it when you file the appeal. But you have to take the first chance to react. That goes for both sides; either you file a new request, search for new evidence, or you file some more material. But here, procedural economy is also very important.

MYLES JELF: I'll ask a quick question on this, do any of our systems allow — it sounds like in the German system, you can file further claims after you find out whether you won or lost. In the UK, you certainly can't do that. I was told quite emphatically by the Court of Appeal that I was not allowed to do that. Sir Robin Jacob, who may well be in the audience, was quite clear on the point. Waiting until you find out what the court thinks and then amending is not allowed. Does anywhere beyond Germany allow that post-finding amendment? Otto?

OTTO LICKS: In Brazil, it is codified that the patent owner will have the right to offer amendments. We have no limitation on that statutory right, whether it's in the trial or at the appeal stage. So it's codified to us that if there is patent subject matter available; the patent owner is allowed to submit the amendments.

MYLES JELF: Very good. A final comment from Aloys, perhaps?

ALOYS HÜTTERMAN: Well, we do have a system like that at the EPO⁵, of course. There, you can react once you have the Opposition Division's opinion, but please keep in mind, it's always the opinion of the first instance. If the appeal instance has a different view, then you may try to file something. Whether it's allowed is a different issue.

MYLES JELF: A final from you, Otto, on that point.

OTTO LICKS: In validity litigation, the appellate courts have taken two different approaches. Some appellate judges and panels will remand the case back

⁴ Convention on the Grant of European Patents (European Patent Convention), Oct. 5, 1973, 1065 U.N.T.S. 199 (as amended Nov. 29, 2000).

⁵ European Patent Office.

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to trial if they accept the amendments, and some will allow expert testimony at the appellate stage and decide on appeal without remanding the case back to trial.

MYLES JELF: Very good. Well, I think here looking at the time, we'll move on to our second talk now. There's a bit of a stream here, because we're going to talk about divisionals, which are perhaps another way arguably of having a second bite of the cherry. We move on to our second speaker, Marjan Noor. Again, a very well-known figure to many of us, very experienced and capable patent litigator, operating from an outfit called Allen & Overy in London, you may have heard of them. Having a blue-chip life sciences practice there is second to none.

Marjan is going to talk to us today about divisional patent applications, which in translation to the States, I think is probably a functional equivalent of a continuation in part. In particular, Marjan will discuss whether having that possibility of multiple divisional applications are the rightful friend of a patentee who is looking to protect a genuine invention in a hostile world, or whether they are more of the pernicious weed in the garden of IP about something that should be done. Marjan, handing over to you.

MARJAN NOOR: Thank you. Yes, as Myles says so, I'll be speaking about divisionals, and really divisionals if we take it from the perspective that they are a legitimate tool in the patent system, for example, to overcome objections such as the unity of invention requirement. Then it leaves the question, will they do cause certain uncertainties?

They raise a number of uncertainties. One of the uncertainties is that you don't know when they are going to be granted at all. In fact, you don't know whether any are about to be filed and then granted. This is in the context of a competitive product. Competitors have a situation where they can check to see whether any have been filed, they won't know when they're going to be granted and they won't know whether there are any submarine divisionals that may still be filed and then granted.

The other uncertainty is that you also have an uncertainty as to the scope of the divisional. The number of amendments, as we were talking about, can actually be made during prosecution. At times, those amendments are timed or can take place at a time when the patentee does have knowledge of the competitor's product. So therefore, from the competitor's point of view, there won't be absolute certainty as to what the claims of the divisional will look like and whether they will catch their products.

Then also, a competitor that tries to seek to clear the way of the parent patent obviously doesn't get certainty with respect to the divisional being an independent patent right and also having potential differences to the parent pattern that catches the competitor's products. Really with those issues in mind, you can either take the approach, which I won't be dealing with in this talk, that it can fall into the ambit of antitrust law, as to whether uses of divisionals in certain ways is anti-competitive. Only last month, the European Commission started an investigation against Teva with respect to its divisional practice.⁶ But I won't be looking at it from that side,

⁶ European Commission Press Release IP/21/1022, Antitrust: Commission opens formal investigation into possible anticompetitive conduct of Teva in relation to a blockbuster multiple sclerosis medicine (Mar. 4, 2021).

I'll be looking at it from the perspective of whether courts can show flexibility in dealing with the uncertainties that are caused by divisionals.

Really, it's looking at it from two perspectives, two mechanisms that the UK court has applied. One mechanism is what's called the Arrow declaration, which has been around for a while, but was broadened last year. A second approach is relying on the concept, the legal construct of issue estoppel, which was for the first time a decision, which we acted on last year, used as a mechanism for achieving certainty on divisionals.

Looking at the Arrow declaration first, this is really a concept where rather than challenging the validity of a patent and they're all saying that you don't infringe as a competitor, you're taking the shortcut, which is you're saying that a particular product was obvious at a particular date. If that's the case, then either the patent cannot be valid or your product doesn't infringe the patent, so it's that squeezed shortcut.

Previously, an applicant would seek a declaration from the UK court that a particular product is obvious or not new at the priority date. Up till last year, those Arrow declarations were very specific to the product that the particular competitive-product company has. It was aligned effectively for what they wanted to get freedom to operate on. Last year, in the *Mexichem* decision,⁷ the Court of Appeal held that you do not need to be specific to a particular product. There's no reason why a declaration can't go broader than that, it can actually cover an idea. In this case, it was an idea that two particular refrigerants were obvious at a certain date.

Now, you have to meet the requirements of an Arrow declaration, which is that it serves a useful purpose. In the case of divisional applications, the useful purposes are that it allows the declarant or the applicant to actually achieve certainty with respect to an idea such as the two refrigerants being obvious. Every patent that may be granted on any divisional that covers that concept, that idea, will therefore not be valid at least with respect to that idea. So it actually achieves certainty for anything that has not been granted yet. Because those divisional applications are not granted yet, there is no other statutory mechanism of getting certainty there.

The consequences of broadening the Arrow declaration are interesting not only for generics and biosimilar products, but also for innovative biologics products, which fall into the scope of a broader patent. That hasn't been tried, but there's a potential for tying in a product, maintaining the fact that that product is innovative, but still seeking an Arrow declaration with respect to the part that falls within a previous patent application. We can discuss that a bit more later if needed, if time allows. Those are arrow declarations for seeking certainty against an idea, a process, or a product that falls potentially within a divisional application.

The other mechanism is relying on issue estoppel. This is a case where a company has challenged a parent patent. In this case, Lilly had challenged the Genentech parent patent, but a divisional of that patent proceeded to grant, and that wasn't in the challenge.⁸ What Lilly argued as a preliminary issue is that those issues that overlapped between the parent patent and the divisional patent should estop Genentech from defending those issues. It effectively transposed the judge's

⁷ *Mexichem UK Ltd. v. Honeywell Int'l Inc.* [2020] EWCA (Civ) 473 (Eng.).

⁸ *Eli Lilly and Co. v. Genentech, Inc.* [2020] EWHC (Pat) 261 (Eng.).

findings from the parent onto the divisional patent application. Then we argued that the difference between the parent and the divisional was such, once those issues were estopped from being argued, that there was no validity, and therefore, the divisional patent should be held to be invalid through summary judgment.

In that case, it was the first time this has been done in the U.K., the judge went through the various issues that were found in the first instance decision and said that they formed the basis of the decision on the parent. Therefore, Genentech was estopped from arguing them. What followed was that the divisional patent was held to be invalid with respect to some of its claims. That's really a very streamlined, quick way of relying on an earlier decision to tackle the uncertainty of a divisional patent. That's all I was going to talk about. I'm happy to answer questions or discuss it broadly now.

MYLES JELF: Aloys, you had a point to make?

ALOYS HÜTTERMAN: Well, actually, you asked me before if I wanted to say something about the practice in Europe and where within Europe that's seen as controversial or problematic, too. To be honest, I don't think so. It seems that the fear of divisionals, similar to the possibility discussion we had a few years ago, is another area where Europe sees things much more relaxed. I'm not aware of any case in Germany where too many divisionals, or how divisionals were filed, ever played a role. Klaus is in the audience, maybe you can correct me if I'm wrong.

MARJAN NOOR: Actually, I'll just chip in there because one of the things I could have pointed out is, in Germany, the grant of the divisional very close to the potential time for the competitors launch in a bifurcated system can cause difficulties because the infringement action can be taken on the divisional patent, and then there isn't yet the time for the validity decision to come before the competitors launch. That is exactly, I think, in the bifurcated system where divisionals can cause that sort of uncertainty for timings. But yes, whether there's been a case or not is another matter.

ALOYS HÜTTERMAN: If I may add one sentence about EPO. At the EPO we had a president, Ms. Brimelow, who a few years ago thought that the divisionals were problematic, so we had a rule that you could not file them until the first patent application was pending. Well, but then we had another President, Mr. Battistelli, as you all know, and he thought that other things were more important, so Rule 36⁹ was put back in its original form. What they did is they increased the fees for second-, third-, and fourth-order divisionals and so on, which is a typical EPO solution, I would say.

What's noteworthy is we have a pending case before the Enlarged Board of Appeal about double patenting, whether it would be double patenting if identical claims were pursued but with different application dates. So you have the priority application and then the other application, and if identical claims can be granted for both. We have to see what comes out of that. But overall, I would think that in Europe and especially Germany, things are seen more relaxed.

MYLES JELF: Simon, observation from Switzerland?

SIMON HOLZER: Yes. When Marjan announced her topic, we also exchanged some emails, and then the discussion was whether competition law

⁹ R. 36 EPC.

could solve the problem. I read the press release, for example, of the European Commission of March 4, 2021, where they announced that they have opened a formal investigation against Teva for a potential abuse of divisional applications and extending the scope of protection of the divisional applications.¹⁰ I doubt that the EU Commission has understood the effects of divisional applications. I also doubt that competition law will provide legal certainty — what all the parties aim and look for. I doubt that competition law proceedings would solve that problem.

MYLES JELF: It seems to me that's a bit like the rabbit hole we went down with SPCs¹¹ and market authorizations. With SPCs in particular, if it's a legal right, you're entitled to apply for it. It's pretty difficult to say that you're acting abusively in making those filings. Equally to me, it seems like divisionals were included in the EPC to stop people filing three or four completely separate inventions and only paying one fee, and they've become a completely different thing. They've become a creature whereby you can keep trying to fine-tune the claims until you find the one that sticks. Whether that's right or wrong is quite a different thing to what was originally envisaged. Is this an Australian concept at all, Stephen, this idea of having multiple go's at the panel?

STEPHEN BURLEY: Yes, I've been fascinated by this because it's really a problem that's emerged in the context of what's soon going to be redundant, which is an innovation-patent system that we have, which are smaller versions with shorter terms. People would typically divide out claims after the proceedings have commenced, and add a series which amounted to a thicket of patents with claims to assert as they develop their infringement arguments. They have been the beginnings of the odd issue of estoppel argument in that context. But in Australia, they're going to abolish innovation patents fairly soon anyway, so I don't think we'll see it in that. We'll see it for standard patents more likely. I think it's more of a problem in Australia than it might be in the continental European countries. We're probably similar to the position that Marjan was talking about.

RONALD E. DIMOCK: Myles, if I could just make one comment about Canada.

MYLES JELF: Of course.

RONALD E. DIMOCK: In our patent quiver in Canada, we don't have an Arrow. We do not have the same divisional practice that's in place in the United States and elsewhere as Marjan described. The only way you can amend an issued patent — you cannot do that during the course of the patent trial— you can only do that in a reissue proceeding within four years of the grant¹² or in a reexamination in the patent office.¹³ Our practice in Canada is rather simple compared to what's been described elsewhere.

MYLES JELF: Very good. I think there's quite a lot to be explored in that, but we can perhaps come back to that in the general discussion at the end, if we

¹⁰ European Commission Press Release IP/21/1022, Antitrust: Commission opens formal investigation into possible anticompetitive conduct of Teva in relation to a blockbuster multiple sclerosis medicine (Mar. 4, 2021).

¹¹ Supplementary protection certificate.

¹² Patent Act, R.S.C., 1985, c. P-4, s. 47 (Can.).

¹³ Patent Act, R.S.C., 1985, c. P-4, s. 48 (Can.).

have time. I'll move us on, looking at the clock, to our next speaker, who is the Honorable Justice Stephen Burley, who has followed up a stellar career as an IP barrister practicing in Australia before the Australian courts by becoming, himself, a judge of the Federal Court of Australia. Stephen is today, hopefully, going to let us peek behind the curtain, or under the bench — no, behind the curtain, with some thoughts as to what happens in the courtroom that actually assists the woman or man who's making the arbitration decision. Stephen, over to you.

STEPHEN BURLEY: Thank you, Fordham, for all of your contribution to the event, which I find fascinating and wonderfully prepared and presented in this difficult time. My confession for this presentation is that it's a bit of a poacher-turned-gamekeeper situation. As Myles said, I was a barrister for quite a long time and I've been a judge for about five years. I just wanted to share some observations, which I've couched as 10 propositions as to the differences between the perspective of the judge and the perspective, perhaps of the party, a barrister, an advocate, or a trial lawyer.

The starting point is to remember that for the lawyers and the clients, the trial is at the end of the process. Practitioners have engaged in deep preparation so they are ready, and by the time the advocate stands up to present, everything about the case is at their fingertips. Whereas for a judge, the work is at the back end, if you like. The start of the process is the trial. Of course, you have the interlocutory stages, but really, the beginning of the deep preparation is at the trial, and then it goes into the judgment-writing process, which is a bit of a black box for many people. That's a subject of another discussion, perhaps.

The propositions that I wanted to make, some of them will be obvious, and perhaps some a little less obvious. The first point is: “in a patent trial, it's all about the claims”. You're going to lose the case if you don't get the judge on side with the specification and the claims. Sometimes, the central point as to the importance of the claims gets lost in the welter of detail that's presented in a hearing. So in opening and closing submissions and oral submissions, make sure that the construction arguments are clear and are related to the grounds of invalidity.

The second point, I've called quirkily: “ignore the judicial omnipotence assumption Part A.” The trial judge is unlikely to be across the detail of the case on day one. You can assume the degree of knowledge about it is probably a result of reading the opening submissions, and dipping into the patent. But experience tells me that reading lengthy expert evidence, affidavits, or declarations at the outset is unlikely to be of assistance because parties tend to give up arguments and abandon witnesses in the middle of nowhere never to call them. So it's not an efficient use of time as a judge to read all of the evidence before you sit on the bench. Don't be too alarmed if the judge doesn't know everything. You can guarantee that at the beginning of the case, the parties are going to know a lot more about it than the judge.

The third proposition can be simply put: “patentee, don't be greedy.” It only takes one valid claim to be infringed, so think carefully about suing on four patents and 50 claims. It's true, of course, that as a matter of theory, the more claims and the more patents, the better insurance there is against the successful invalidity action. But in reality, when I see that sort of thing in the statement of claim when

the case begins, I'm likely to assume that it's a dud infringement case or a bad patent. Refine the infringement case to its most essential elements, or at least explain why you've got so many.

The concomitant proposition for the defendant in a patent case is: "be bold." This applies to both clients and their lawyers. It's tempting to run a cross claim relying on multiple prior art documents and multiple interlocking grounds of invalidity. That temptation should be resisted. Too often, such cross claims are simply cover for sloppy thinking and a failure to make good strategic decisions about a grounds that are likely to fail. The harder the case, the fewer grounds should be run because the more complex the case, the more likely the best arguments are going to be lost in the noise. Clients can help here. Lawyers often include grounds because they fear criticism for not throwing in the kitchen sink, just in case something works. But as a result, we see cross claims covering multiple grounds and we've all seen that happen. It's much better if some pruning is done and a well-informed client can save costs and time by understanding the arguments, giving clear instructions, and perhaps pushing back a little bit on the Hail Mary ground.

The next proposition is: "ignore the judicial omnipotence assumption Part B." Just because a judge asks a question during the course of argument, does not mean that it's a loaded gun with the trigger being pulled. Quite often, though not always, it's simply a question of innocent curiosity, or trying to clarify a proposition put. Clients should not panic. We all remember, and I particularly remember, people going into a huddle after a question is asked wondering what the tea leaves mean. The judicial questions often reflect mere curiosity and an open mind, which I'm told from time to time is a good thing for a judge to have.

The next proposition is: "with experts, it's all about trust and verification." Dealing with experts in complex patent cases is a bit like being a NATO weapons inspector looking for signs of the development of weapons of mass destruction. I find myself dipping from one area of complex technology to the other and I can't confess to be across all of them. Certainly not enough for each case. I want an expert of genuine expertise who's going to give frank evidence not tailored to suit his or her client's case. If they're too polished or groomed, and I must say that those who have given depositions in the United States tend to be quite groomed, I don't like it. If it's too argumentative, I don't like it. If the expert overreaches their expertise, I don't like it. You need to be careful to make sure that your expert is not an advocate for your case but a genuine independent person who can assist. If you do that, then that expert won't lose the trust of the judge. Once lost, it's difficult to regain. An expert who's prepared to make sensible concessions and who gives clear opinion supported by reasoning provides just the sort of verification needed.

The next proposition is: "experts unite and lawyers stay back." Joint expert reports prepared before the trial in the preparation of evidence can be very useful indeed. It avoids the clutter of disagreement about semantics and enables them to get ready to give evidence in a way which is actually dealing with the points in dispute. We have in Australia the evocatively named "hot tub" for experts, where they hop into the witness box at the same time and give evidence. During that, they can ventilate their genuine disputes in discussion with each other and also be cross-examined. That's not to say that the client is abandoned. When they've got experts

who actually have opinions which support the case, they'll be adhered to. But it gives the judge a good chance to see genuine interaction and dispute.

Next point is: "ignore the judicial omnipotence assumption Part C." Don't assume that the judge understands when you've delivered a killer blow to an expert or another witness during the course of oral evidence. No matter how well-prepared you are as a judge, it's going to be necessary for lawyers to explain and repeat, preferably several times, what your best point was. For lawyers and everyone who's deeply enmeshed in the case, a "yes" answer to a simply put casual question in cross-examination can mean to them the game is up. But it may not be so obvious to the judge, particularly where both sides keep a poker face. So tell and retell the best points.

Related to that is the ninth point — we're getting to the end, I promise — "simplify, explain and expand." Oral and written submissions should go together. Aim to clarify and explain interrelationships between construction, infringement, and validity grounds — oral submissions can never do the detail. You need the written submissions to do that. But they should be interrelated and cross-referenced to each other, emphasizing the best points orally and explaining them. Nothing's worse than a transcript that does not link the argument with the ground and the evidence. Structure is everything.

My final point is: "a plague on patent trials?" This really arises in the context, of course, of COVID-19. It hasn't meant the end of oral hearings. In fact, I think they've been enhanced by the opportunity to use video technology, and at the same time, demonstrate the ability for people to come together very quickly. It's fantastic technology. I love it, and as an IP lawyer, I think it's wonderful how the world has stepped up to this.

Two further points to make: first, the use of the video technology such as we're seeing today enhances transparency and access to justice. Overseas clients can watch trials in Australia if they want to stay up all night, and busy witnesses can be beamed in from all over the world to give evidence. They can be cross-examined. It's a great surrogate. Secondly, video-conducted hearings are not the best way to conduct a trial. There's nothing like in-person hearings for bringing together the importance of the judicial institution and having people in the same room to be able to hear the process. That's a subject in itself that could occupy another seven minutes or seven hours, and no doubt, it will in due course. In-person hearings still have many advantages. But I suspect I'm probably close to finishing my time, so I'll finish there.

MYLES JELF: Thank you so much, Stephen. I feel that's very brave of you in a way to put yourself in the lion's den here, amongst all these practitioners, especially now we got to the Q&A bit of the exercise.

I suspect we're having a number of questions. One point that occurred to me as you were talking: you were properly highlighting the importance in our system, which is true of the UK system as well as many of the common-law systems, about live testimony from technical expert witnesses. Obviously, many systems around the world managed perfectly well without having that aspect. I think there's a different mindset perhaps that the patent is primarily a legal document that should be construed by the court as any other legal document. It might be like a statute or

a contract and it's for the person drafting it to make it complete enough for that to happen. I guess my question for you is, are there any times when you find that approach might be attractive? When you think, "There's this great circus happening all around me." Are there moments when you think, "I'd like to pack the circus up, and just leave me with the documents and I'll get back to you?"

STEPHEN BURLEY: Certainly, I found that there's no shortage of detail in patent cases, whether it's oral evidence or written evidence. Quite often, the written evidence is elucidated by the oral. I think you do find the experts giving oral evidence can sometimes just be unhelpful because they're not able to or prepared to elucidate further. The process of cross-examination is designed to cut that down.

I can't say that uniformly, having oral evidence is of benefit. But generally, I find that it breaks the body in terms of two experts with apparently equal expertise having an opportunity, whether by traditional cross-examination, or in concurrent evidence, to be able to explain their differences. Sometimes I wonder when it's all a paper system, how the decision-maker is able to decide which is the preferable view. That's really what I struggle with in non-oral hearing environments.

MYLES JELF: My observation is that expert evidence doesn't necessarily play that much of a role in non-live testimony systems, because it just can't. You have two pieces of paper, and who's to say which is right and which is wrong? Any questions or observations from our panel there?

MARJAN NOOR: It's interesting because when the hot tub started in Australia, there was thinking in the UK amongst practitioners whether that's something that should be embraced because it cuts through the issues and gets to the key points. One of the things which I also think is a symptom of the cross-examination is it sometimes becomes a battle as to not what are the correct views, but who is the expert that seems more influential to the judge. The hot tub might accentuate that even more. I wondered whether, in your experience, the hot tub overall has been a good thing, or whether you'd reverse the plot?

STEPHEN BURLEY: I do think it's a good thing. I think there are two components of the way we do the expert evidence. The first is the joint expert report, which is the precursor to the hot tub. It involves the experts conferring between themselves about their points of difference. That has had a very substantial effect of refining the differences between the parties. We now have our court registrars quarterback those sessions. They organize the conferences to take place. They sit in on them, they make sure the experts follow the agenda, and they produce a joint expert report. That's very valuable.

If you only had that, that's good refinement. Concurrent evidence does depend on the personalities of the witnesses. I think the judge has a role to play in that. In a way, it becomes more active for the judge. It also depends on the way the practitioners handle it. Generally, we find the practitioners, as they've become more used to the concurrent evidence, have become much more adept at handling it, including working out how to do cross-examination within the confines of it.

But there is a risk that in the excitement of the adversarial environment of the court, experts become a little bit more adversarial. Generally speaking, I find that they have a disciplining effect on each other. One respected expert giving the

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evidence in a concurrent session with another expert, whom they respect, is less likely to say completely silly things in order to win the case.

MYLES JELF: Aloys, I think you had a point that you were thinking to raise?

ALOYS HÜTTERMAN: I come from a country where this is all very, very different. Usually, if we have an oral hearing, then the judges know at least as much about the case than any of the sides do — usually they are much better. Also, oral hearings are very short. I think this is very effective. I think in the end, it's really that you don't always need an expert to explain to you what you read in the patent. If that's necessary, then in Germany the court can simply ask for an expert to come. Although that is not very common. In my opinion — of course I'm biased because I'm German — but I think the European, or let's say continental, way of having it more as a written procedure is extremely efficient. I think it leads to excellent results.

MYLES JELF: Well, that's the debate, I suppose. Sorry, Stephen?

STEPHEN BURLEY: I was going to say, certainly there are simple patents which don't require experts, and there are many of those, but when you get into the life sciences or areas of technology, then I think experts have a good way of...

ALOYS HÜTTERMAN: Well, also I think you should read some of the rulings that Klaus writes where they don't need experts, and it's top-notch. So it's also then up to the parties, in the written submissions, to really explain the situation, and the scientific and technical backgrounds. That works pretty well, I think.

MYLES JELF: It's interesting, all of us practicing generally in these big-ticket disputes, there are parallel litigation everywhere. But my observation, Aloys, is that we regularly find that there are arguments you can run in Germany that you can't run where you're going to have live testimony from an expert. I won't say which is the better system or not, but it's an observation. A last word from Otto.

OTTO LICKS: Thank you, Myles. I'm coming from a country that has a system of Napoleonic Code with the continental civil proceedings. I find the description from Burley fascinating. I wish we had in our jurisdiction hot tubbing and cross-examination. I think all legal systems try to do their best. They all try to get the correct and fair result. In the written-based proceedings, you may not have as many opportunities to bring evidence as you have in the common-law countries. Certainly, I've seen opportunities in my jurisdiction where this type of oral evidence could have cut down pages and pages of written opinions. Thank you.

MYLES JELF: Thank you very much. I'm conscious of the clock. We should probably move on to our final speaker. Last, but by absolutely no means least, we have Ron Dimock. He's a senior partner in the IP group Gowling's Toronto office. Like me, Ron started off as an engineer and, like me, he then fell into bad company. But he appears to have made the best of that though, having handled perhaps more patent cases than any other lawyer in Canada, since those times. We're very grateful today that Ron is going to talk to us about claim equivalents in Canada, and whether the march towards a formal doctrine of equivalence is something that is in fact needed at all. Ron, over to you.

RONALD E. DIMOCK: Thanks very much, Myles. Thank you, Fordham, for allowing me this opportunity.

My title is "What Keeps the Doctrine Away." That's the doctrine of equivalents. In Canada, as in other jurisdictions, courts have tried to find the right balance in construing patent claims to achieve two major objectives. Those objectives are, first, for the inventors, to give a fair, time-limited monopoly to encourage the disclosure of inventions. Second, for the public to have predictability in knowing the scope of protection of the claims against infringement. For many in the audience, the doctrine of equivalents is the applicable law. But not in Canada — and it's for good reason. Nonetheless, Canada does have a law that gives a fair and predictable interpretation of the claims. Moreover, it goes beyond just a simple literal reading of the claims of the patent. With that out of the way, I will turn to briefly review how we arrived at the current law in Canada.

The two-step approach was in vogue for most of the 20th century. The two-step approach consisted of first a literal or textual analysis of the claims, which is the case around the world, to determine if the accused's device had literally taken the invention exactly as described in the claims. But if no literal infringement was found, the courts then went on to a second step: a substantive analysis of the patented invention to determine whether in substance the accused device wrongfully appropriated the invention. In other words, infringement would occur if the accused device took the pith and marrow, or the spirit of the patented invention, even if not literally the claimed invention.

Going back to the imagery of the teeter-totter with the two-step approach. On one side, there's literal infringement, which protected the strict textual literal form of the invention. The literal analysis helped promote fairness and predictability to the public. The counterweight to that, to the literal analysis, was the substantive infringement analysis. As noted already, it protected not the literal claimed invention, but rather the substance of the patented invention. This helped address the problem created by the rigid textual analysis. As we know from around the world, the doctrine of equivalents tries to resolve that. But back in earlier days in Canada, it provided flexibility for the inventors to protect against interlopers from the appropriation that otherwise would have taken the pith, marrow, and spirit of the patented invention.

Now, the evolution toward the current law. We've had two, back-to-back decisions at the turn of the millennium by our Supreme Court in *Free World Trust v. Électro Santé*,¹⁴ and *Whirlpool Corp. v. Camco*,¹⁵ which adopted a one-step purposive construction approach. That approach was described at length in the *Catnic Components* case¹⁶ by the House of Lords in the United Kingdom, and our Supreme Court abandoned the two-step approach, which had been the law previously.

So, purposive construction, what is it really? Claims are read in an informed and purposive way, with a mind willing to understand, from reading the patent, how the invention is intended to work. With this reading of the claims, the scope of the claims can be broader than the literal meaning. With purposive construction, elements of the claim will then be determined to be essential. That is, cannot be

¹⁴ *Free World Trust v. Électro Santé Inc.* [2000] 2 SCR 1024.

¹⁵ *Whirlpool Corp. v. Camco Inc.* [2000] 2 SCR 1067.

¹⁶ *Catnic Components Ltd. v. Hill & Smith Ltd.*, [1982] R.P.C. 183.

substituted without affecting the way in which the invention works. While others in the claim may be held to be non-essential, the proverbial bells and whistles of a claim that can be omitted, substituted, or varied without affecting the way in which the invention works.

It boils down to being what is essential, and what is not essential. One presumes at the starting point of the essentiality argument that all elements of the claim are presumed to be essential. But that assumption is not immutable. It can be displaced, and the onus is on the patentee to do so. According to the tests laid out in these two cases in the Supreme Court of Canada, an element can be considered to be non-essential if it has the following. Either on a purposive construction of the words of the claim, the element was clearly not intended to be essential, or at the date of the publication of the patent, the skilled person would have appreciated that a particular element could be substituted without affecting the workings of the invention as described in the patent.

So, there's one important point to be made here, which is that non-essential is not the same as equivalent. Once relegated to the non-essential bucket, that element no longer figures in the infringement analysis. The question for infringement is not whether something in an accused device is equivalent to a non-essential element. That is, it matters not for a finding of infringement, that an accused device has an equivalent of a non-essential element, but rather there is infringement if the accused device takes all the essential elements, even if it omits or varies a non-essential element. It's different, but I believe it leads to a fair conclusion.

Now, earlier this morning there was a discussion about *eBay Inc. v. MercExchange*,¹⁷ I should say, just like we do not have the Arrow situation in Canada, we also don't have an *eBay* in Canada. In Canada, it is almost always the case where a patentee has succeeded at trial, it will be awarded a permanent injunction after trial. So, it's quite different than the case as described earlier today. Regarding Justice Burley's comments about the use of experts, and in the COVID world, I believe that we're going to adopt some of the practices that our Federal Court has taken on during COVID even after it, like the use of technology we're using here today to bring in fact witnesses from around the world that otherwise would have had to travel to Canada to testify. I think there are some benefits to be derived from this terrible pandemic otherwise, but that concludes my comments. Thanks very much.

MYLES JELF: Thank you, very much Ron. We're running a little behind the schedule, but just maybe one quick question. My question is from a UK perspective. We for many, many years had a purposive construction approach and then eschewed the doctrine of equivalence. Lord Hoffman, I think is in the audience, who has been a largely a great architect of that purposive construction approach.

Ultimately, the straw that broke Lord Neuberger's back, perhaps, with the purposive construction approach was what do you do if you have something where an integer of the claim is plainly not there? You have to construe something as meaning the opposite of what it actually is in order to achieve a fair solution to the

¹⁷ *eBay Inc. v. MercExchange, L.L.C.*, 547 U.S. 388 (2006).

patency? The rod being a spring, or the potassium being construed as being sodium. Have the Canadian courts had to grapple with those more graphic consequences of purposive construction?

RONALD E. DIMOCK: There have been debates about whether we should adopt the *Actavis* approach,¹⁸ which was prescribed by Lord Neuberger, which is contrary to what was prescribed by Lord Lenny Hoffman in the earlier cases. We're still debating that. For the moment, there seems to be a fairness approach taken by the courts.

Where there is one problem, some counsel and parties forget to look at the essentiality of a claim. So, there would be more claims succeeding on infringement if you could prove that some of the elements are non-essential. That, I think, is where we're going to be driving our law in the near future. Looking more at essentiality as opposed to the doctrine of equivalents.

MYLES JELF: Well, thank you very much. Are there any further questions in the panel? I think, looking at the clock. I think we started around ten minutes late and we're finishing about eight minutes early, so I'm calling that on time. How do we sound? Do we have time for further discussion, or should we wrap things there, do you think?

MYLES JELF: Simon, you have a question?

SIMON HOLZER: Thanks, Myles. Coming back to Ron's presentation. I would probably agree that omitting a feature is not the same as reading the feature beyond the literal meaning of the feature. The Swiss view with respect to omitting a feature or not having fulfilled a feature will probably be that the same requirements apply as in prosecution proceedings, whether you can omit the feature at all. Here, at the European Patent Office, we know that they gave up the non-essential test and it's merely a matter of original disclosure whether it is clearly and unambiguously disclosed that there is a device or a process without that feature.

MYLES JELF: Thank you, Simon. Otto, you had a last question perhaps?

OTTO LICKS: What I would ask, coming from a country that has a bifurcated system, is: if looking into those non-literal ways of finding infringement, would it be different in a court that has both jurisdiction on the scope of the claim for infringement and invalidity at the same time. Would it be a bit more limiting in countries that have the bifurcated system?

MYLES JELF: This is a hot topic, I think? Marjan, go ahead.

MARJAN NOOR: Yes. It restrains you quite considerably if you're in a non-bifurcated system because you always have to consider the impact of asking those equivalents questions to the validity arguments that you're running. Particularly, as reframed in the *Actavis* case, where it brings in the issue of whether something is obvious to a skilled person. That makes the squeeze and the tension even more difficult. I suppose, in a bifurcated system, which you would know better, it's not like EPO. I assume at some point you have to have an eye on the fact that if you're going to assert something in the context of the infringement system, then that's going to tie you when the validity case comes along later or at the same time, or separately. It's different in that sense to an EPO system where, unless there's national proceedings ongoing, you have a bit more flexibility.

¹⁸ *Actavis v Eli Lilly* [2017] UKSC 48.

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MYLES JELF: I wonder whether Aloys has a viewpoint there? Of course, my understanding is that the squeeze, or the equivalence is one of the rare aspects where the infringement court in Germany has to give some thought to validity through the Formstein defence. There's only so far you can run equivalence in the infringement court.

ALOYS HÜTTERMAN: Well, I mean, in my experience and also, I've heard a lecture from Professor Meier Beck some years ago when he was doing patents, the Formstein defence, and anybody may correct me if I'm wrong, does not play a role in practice at all. Because usually you would then simply have succeeded in nullity. In the end, at the Bundesgerichtshof, it's where it all comes together, if, of course, your revision is allowed.

Usually equivalence, and the question of where something is inventive or not, in my opinion, it's like if you have an X and Y axis. Usually it's not the feature where you can discuss whether X equivalently infringed, or not. It's not a feature, where you say, "I can, it's that obvious over the prior art." It really depends on the case.

On the other hand, in the German system, the courts are not isolated. Of course they read what parties write in nullity suits, how they defend themselves, and what they write in an infringement. If in one case you do it like that, and the other, you do it like that, then that may not be the smartest way to proceed. The court would likely have some questions for you.

MYLES JELF: Very good. I think, looking at the clock, we should probably draw a line on the things there. I'll just thank all our panelists so much for contributing their time and their thoughts today. I certainly enjoyed that session. I hope everybody in the audience did. Thank you very much to you all, and I look forward to catching up with you on the tables later on.