

## Ten Reasons you Need a Canadian Patent

**Your may have heard that it's not worthwhile to patent your company's technology in Canada, with its smaller market, its conservative judicial remedies and its skepticism toward software-based patents.**

Here are 10 reasons why this narrative is wrong.

### 1. Infringers have easy options

In 2011, the U.S. expanded its "*inter partes review*" system for challenging patents. Having an inexpensive, one-sided administrative procedure available to threaten an adverse patent would be expected to dramatically improve the negotiating position of a potential infringer, and the statistics bear out this hypothesis: There has been a tenfold increase in IPR filings since the 2011 overhaul, with the majority of cases ending in settlement. No such asymmetric *inter partes* proceedings are available to potential infringers in Canada. The only reliable forum for infringers to undermine Canadian patents is the Federal Court, where they risk monetary judgments and injunctions against infringement.

### 2. U.S. infringers can derail ongoing litigation

The flood of IPR filings has also affected litigation: In 60-70 per cent of cases where an IPR is filed during ongoing litigation — even if filed shortly before trial — U.S. courts have granted a stay of litigation pending the outcome of the IPR proceeding, which usually lasts 12-18 months. In Canada, there is no authority for a stay of patent litigation pending the outcome of an administrative challenge. Once initiated, a Canadian patent action will continue through discovery to trial.

### 3. Parallel U.S.-Canada litigation hedges IPR risk

A Canadian patent can insure against the risk of U.S. litigation being stayed due to an IPR filing. Rather than allowing your company and its U.S. counsel to sit on their hands for 18 months waiting for the IPR to resolve, you can keep up the pressure on the defendant by pursuing enforcement of your Canadian patent. Your company and its U.S. counsel can keep the defendant spending money and producing information in Canada while you stay involved and develop the case. We've handled several such cases and they dramatically reduce the frustration of IPR for plaintiffs while creating a real headache for defendants.

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#### **4. Canada provides a preview of merits**

Given the similarity in the two countries' patent laws, a parallel Canadian enforcement action can give U.S. counsel insight into how U.S. courts would likely treat their case, thereby informing U.S. litigation strategy.

#### **5. Discovery Arbitrage**

Despite the similarities in their substantive law, U.S. and Canadian courts have significantly different discovery rules, which can be leveraged in parallel U.S.-Canadian proceedings to obtain information otherwise unavailable. While this information isn't ordinarily admissible in the parallel proceeding, it can inform your company's decision-making and is often the subject of discovery agreements between counsel relaxing the default exclusionary rules.

#### **6. Software patents may fare better than in U.S.**

In 2014, the U.S. Supreme Court struck a serious blow to the patentability of software-related inventions under U.S. law. As a result, the U.S. may have become more hostile to software-related inventions than Canada, with less than 12 per cent of challenged U.S. patent claims being upheld according to some estimates.

#### **7. Canadian patent lawyers are inexpensive**

The currently high U.S. dollar-Canadian dollar exchange rate, coupled with other economic factors in Canadian legal practice, can mean a discount of 50 per cent or more on Canadian patent filings and enforcement.

#### **8. Fewer Costs**

The Canadian patent office allows patentees to delay substantive examination of their applications for up to five years, allowing you to defer costs until you know you need Canadian protection.

#### **9. Fewer upfront decisions**

This five-year window also lets you defer strategic decisions about the final form of the Canadian patent. This lets you focus protection on commercially relevant features.

#### **10. Canadian industry is thriving**

Canada has the 10th largest GDP in the world, driven by its mining, oil and gas, automotive manufacturing and telecommunications industries. Canadian patent protection is essential to competitiveness.

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