

# BILL C-13 RECEIVES ROYAL ASSENT: CHANGE TO THE CANADIAN PATENT LANDSCAPE IN RESPONSE TO COVID-19

Posted on March 27, 2020

Categories: [Insights](#), [Publications](#)

All levels of Canadian government are taking extraordinary steps in response to the public health emergency of COVID-19. One such measure is the Canadian Federal Government's institution of a new statutory right to make, construct, use and sell patented inventions to the extent necessary to respond to the pandemic.

On March 25, 2020, [Bill C-13](#) (also known by its short title of “An Act respecting certain measures in response to COVID-19”) received Royal Assent. Pursuant to Bill C-13, a new Section 19.4 is added to Canada's *Patent Act*.

## **New Section 19.4 of the Patent Act**

Under this new Section, on an application by the Minister of Health, the Commissioner of Patents shall “authorize the Government of Canada and any person specified in the application to make, construct, use and sell a patented invention to the extent necessary to respond to the public health emergency described in the application” [emphasis added]. Canadian patent practitioners would appreciate that Parliament's use of the terms “to make, construct, use and sell” in this new Section is deliberate, as such language tracks the exclusive right, privilege, and liberty afforded to a patentee under Section 42 of the *Patent Act*.

Owners of patented inventions that may be affected by new Section 19.4 of the *Patent Act* won't be without compensation. Under new Subsection 19.4(5) of the *Patent Act*, such owners would be remunerated in the circumstances and in an amount considered adequate by the Commissioner of Patents, taking into account the economic value of the authorization and the extent to which the Government of Canada or other authorized person makes, constructs, uses and sells such patented inventions. The measure of this compensation is unknown and there are no current instances in which this or similar legislation has been invoked from which inferences can be drawn.

Despite the potential recurrence of “public health emergencies” in the future, the Commissioner of Patents shall not make authorizations under new Section 19.4 of the *Patent Act* after September 30, 2020.<sup>[1]</sup> Further, any such authorizations shall cease to have effect one year after being granted or earlier than one year after being granted, depending on the circumstances.<sup>[2]</sup> New Section 19.4 therefore appears to be tailored specifically to address COVID-19 related measures without substantially altering the rest of the existing *Patent*

Act.

### **A Mechanism to side-step Existing Statutory Requirements**

It is interesting to note that Parliament has considered the rights of patent owners in the context of public health before. For example, Sections 21.02 to 21.2 of the existing *Patent Act* facilitate access to pharmaceutical products to address public health problems afflicting many developing and least-developed countries, especially those resulting from HIV/AIDS, tuberculosis, malaria and other epidemics. That being said, while the broad powers given to the Minister of Health should not be taken lightly, the existing statutory patent regime may not be nimble enough to address the public health emergency that Canadians currently face.

Under the existing statutory regime, the Commissioner of Patents may authorize the use of a patented invention if the Government of Canada establishes that it “has made efforts to obtain from the patentee on reasonable commercial terms and conditions the authority to use the patented invention” and that “its efforts have not been successful within a reasonable period”.<sup>[3],[4]</sup> The exception to this requirement would be in times of “national emergency” or “extreme urgency” or when the use is related to a “public non-commercial use”.<sup>[5]</sup>

Rather than debate whether the COVID-19 pandemic falls within the scope of the foregoing exceptions, new Section 19.4 gives the Minister of Health a mechanism to bypass the requirements set out in Subsection 19.1(1), and a greater ability to focus its efforts in addressing the pressing public health needs of the nation. In addition, any decision made by the Commissioner of Patents under Section 19, as such decision relates to the Government of Canada’s use of a patented invention, is subject to appeal to the Federal Court;<sup>[6]</sup> no such appeal mechanism exists under new Section 19.4.

### **Conclusion**

It is important to reiterate that new Section 19.4 of the *Patent Act* is applicable to “public health emergencies” only, the rights granted therein are limited to a particular purpose (namely, to respond to the public health emergency), and the authority to grant rights therein and duration of such rights is time limited. Nonetheless, patent holders and their competitors should take notice of new Section 19.4 when engaging in negotiations with the Canadian government about their potential supply of patented goods. The provision may have the effect of weakening the rights of patent holders but may also provide opportunities for other companies to fill potential voids in supply to the Government of Canada.

by Pablo Tseng, Adam Chisholm, Tilaye Terrefe, and Keith Bird

[1] Subsection 19.4(9) of the *Patent Act*.<sup>[ps2id id='1' target='']</sup>

[2] Paragraphs 19.4(3)(a) and 19.4(3)(b) of the *Patent Act*.<sup>[ps2id id='2' target='']</sup>

[3] Subsection 19.1(1) of the *Patent Act*.<sup>[ps2id id='3' target='']</sup>

[4] Note the permissive language in the existing statutory language, and the mandatory language in new Section 19.4 of the *Patent Act*.<sup>[ps2id id='4' target='']</sup>

[5] Subsection 19.1(2) of the *Patent Act*.<sup>[ps2id id='5' target='']</sup>

[6] Section 19.2 of the *Patent Act*.<sup>[ps2id id='6' target='']</sup>

### **A Cautionary Note**

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

© McMillan LLP 2020