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First-ever judgment on Canadian information technology patent signals caution for owners of broad patents

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For many years, leading information technology (IT) companies have squared off against patent owners around the world seeking to extract value from their IT patents. However, for a variety of reasons, no IT patent case had ever gone to judgment in Canada, leaving both patentees and IT-driven companies in the dark about the scope and strength of these patents.

In its decision in *MediaTube Corp v Bell Canada*, 2017 FC 6 (*MediaTube v Bell*), the Federal Court provided the first-ever guidance from a Canadian court on how to assess claim construction, patent infringement and patent validity of an IT patent in the telecommunications sector.

The case involved allegations by MediaTube that Bell Canada's IPTV offerings, called Fibe TV and FibreOp TV, infringed Canadian Patent No. 2,339,477 (477 Patent). This patent is directed to a system allowing users to instantaneously access telecommunication or broadcast services over a network comprising copper pairs wiring. Although the 477 Patent exemplifies analog technology, MediaTube argued that the patent covered Bell's digital packet-switched services.

The Court held the 477 Patent to be valid but not infringed by Bell. For companies managing IT patent portfolios or infringement risks, the following are key takeaways from this ruling:

- **Patent disclosure led to narrow reading of broadly-worded claims:** The wording of the 477 Patent claims was very broad, but the Court did not find the claims to be plain and unambiguous. Thus, the Court carefully reviewed the patent disclosure to limit the claims' scope based on a purposive reading of the disclosed invention. The 477 Patent's clear teaching of data transfer by analog signals precluded a reading of the claims that included digital signals. This narrow reading led to a finding that the patent was valid but not infringed.
- **Court receptive to non-publication prior art:** Based on strong evidence of events dating back to the late 1990s, the Court was quite receptive to evidence of prior art systems based on marketing literature, prototypes and displays at trade shows. However, the Court found the claims non-obvious because there was no reason to conclude that a skilled person would have adapted the prior art to arrive at the claimed invention. Still, numerous features in the claims and dependent claims were stated to lack inventiveness.
- **No significance to patent troll characterization:** The Court was unmoved by Bell's characterization of MediaTube as a "patent troll," noting that the term means different

> things to different people and is a matter of opinion. No cost consequences flowed from Bell characterizing the plaintiff MediaTube in this manner.

MediaTube was ordered to pay Bell's allowable costs with a 50% penalty to reflect the weakness of MediaTube's infringement case, which the Court found to be based upon a contorted claim construction. On the facts of the case, MediaTube was also ordered to pay Bell's full legal costs in respect of an unfounded punitive damages allegation based on alleged dealings between the parties.

The *MediaTube v Bell* decision signals that IT patents can be valuable but that they only offer protection for the invention they *actually* disclose. Canadian IT patentees should also take note that they may face very significant cost awards if they are unsuccessful in asserting overbroad patents.

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