

Technology provider not liable for patent infringement without evidence of inducement or agreement to infringe a Canadian patent

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Technology companies often sell goods and services without knowing how their wares will be used and, almost always, without being able to control the technology's present and future use. Technology providers may try to protect themselves from liability by way of contract, but they may not have the bargaining power necessary to obtain adequate representations, warranties and indemnities, especially if the goods and services are provided as a result of a competitive request for proposals (RFP) process. In this context, what legal liability does a person assume for supplying computer hardware and software that end up being used to practise a patented method?

In *dTechs epm Ltd v British Columbia Hydro and Power Authority and Awesense Wireless Inc*, 2021 FC 190, the Federal Court of Canada recently confirmed that a party supplying hardware and software as a service (SaaS) cannot infringe a patent directed to a certain method if it does not *itself* practise any of the method's steps and if there is no evidence that it induced the infringement of the patented method. Moreover, an agreement to supply technology used to infringe a patented method is insufficient, in itself, to support a claim that a provider acted in concert with its customer to infringe a Canadian method patent.

In *dTechs*, the defendant Awesense Wireless Inc. (Awesense) had entered into a series of agreements with the British Columbia Hydro and Power Authority (BC Hydro), a Canadian electrical utility, to supply portable electricity sensors and related software services. The most extensive supply agreement between the defendants was the result of a competitive bidding process set up by BC Hydro to source technology for an elaborate electricity theft detection program. Under this agreement, Awesense supplied portable wireless sensors designed to be clamped on medium voltage lines, together with a cloud-based software application, which was ultimately integrated into BC Hydro's theft detection system.

The plaintiff, dTechs, brought a patent infringement action alleging that BC Hydro and Awesense, separately or acting in concert, directly or indirectly, infringed the Canadian 087 Patent, which was directed to a multi-step method for detecting atypical patterns of electrical consumption.

On the evidence and after interpreting the asserted claims, the Court in *dTechs* held the 087 Patent to be invalid and not infringed by BC Hydro. Furthermore, the Court went on to comment on Awesense's potential liability for patent infringement. The Court noted that Awesense had only supplied hardware and software to BC Hydro, and that Awesense itself did not perform the essential steps in the methods claimed in the 087 Patent (para 177). For these reasons, the Court observed, Awesense's supply of hardware and software to BC Hydro could not itself infringe the asserted claims, even if Awesense had known that BC Hydro had

bought its technology to infringe the 087 Patent (para 178). The Court also noted that even if BC Hydro employees might use Awesense's SaaS to perform calculations and analysis, this did not mean that Awesense performed these steps. Awesense exercised no control over the manner in which BC Hydro was using its software, and there was no evidence that Awesense had ever induced BC Hydro to infringe the asserted claims.

Canadian courts do not recognize contributory patent infringement liability (i.e., they do not hold defendants liable for *partially* infringing a patent claim, or merely *contributing* to an infringement). To get around this rule, dTechs alleged that the defendants had acted in concert to infringe the 087 Patent. dTechs' theory was that the supply of agreements between Awesense and BC Hydro embodied a "common design" to infringe the 087 Patent. The Court rejected this theory, as there was no evidence "to support an allegation of infringement by common design" (para 179).

The Court's comments in *dTechs* must be interpreted cautiously because the trial judge found the 087 Patent to be invalid and non-infringed by BC Hydro in any event. Nonetheless, the Court confirms that an agreement to supply hardware and software is insufficient to make a supplier jointly liable for patent infringement, even if the customer uses the supplied technology to infringe a method patent. Based on the Court's comments, it is likely that an agreement to supply technology that may be used for multiple purposes cannot evidence an agreement to use the technology for any infringing purpose (at least absent specific instructions to practise the patented method). In addition, it would seem that an arm's length supply agreement simply cannot evidence a "common design" to infringe a Canadian patent unless the parties in fact contemplated and agreed that the technology should be used to infringe that patent.

dTechs should offer additional comfort to technology companies concerned about their potential liability for supplying hardware or software or for responding to RFPs; provided that they do not control the use of their technology and that the technology has non-infringing uses, they are unlikely to incur any patent liability arising from their customers' use of the goods and services supplied.

Osler represented Awesense in the defence of dTechs' patent infringement action.