SURVEY OF CANADIAN LAW

INDUSTRIAL PROPERTY: PART I

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I. INTRODUCTION

> It cannot be said that s. 36 of the [Patent] Act is happily phrased. It gives the impression of a mélange of ideas gathered at random rather than an attempt to enunciate, clearly and concisely, a governing principle or principles. This is perhaps understandable in that the section is the product of amendment over a period of many years. The language simply does not lend itself to a tight, literal interpretation. It is, and should be treated as, a parliamentary pronouncement, in general terms, of that which must be set forth by the applicant to the world before being qualified to receive the grant of monopoly under a patent.[1]

The foregoing statement from the Supreme Court of Canada is a welcome contribution to the Court's record of rendering sensible, non-technical decisions in industrial property cases.[2] By the time one gets to the Supreme Court, the issues that remain between the parties will have come into clear focus and have received careful study. This should tend to make the task of the Supreme Court easier than that of a lower court. In theory, as every law student is taught, litigants or their counsel should have clearly perceived the issues before trial, but their best efforts sometimes fail, their evidence may meet an unexpected reception, or a judge may unexpectedly seize upon a point that gives the action a new perspective. It is therefore a matter of some regret that leave to appeal to the Supreme Court may now be difficult to obtain.[3]

On the other hand, in patent and industrial design cases, the setting up of the Patent Appeal Board (P.A.B.) in the Patent Office on 1 July 1970 was a valuable innovation.[4] The Board is interested in and knowledgeable about patents and industrial designs. It has a significant opportunity to shape developments. Its decisions (or, more accurately,

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[1] Consolboard Inc. v. MacMillan Bloedel (Sask.) Ltd., [1981] 1 S.C.R. 504, at 518, 56 C.P.R. (2d) 145, at 155, 122 D.L.R. (3d) 203, at 212 (Dickson J.). *Cf.* Leithiser v. Pengo Hydra-Pull of Can. Ltd., [1974] 2 F.C. 954, at 959, 17 C.P.R. (2d) 110, at 114 (App. D.).

[2] The performance of the Supreme Court has been traced partially by the writer in *Grounds for Invalidating Patents*, 18 C.P.R. (2d) 222, at 258-59 (1975). Subsequent well-reasoned decisions have been those in Burton Parsons Chemical Inc. v. Hewlett-Packard (Can.), [1976] 1 S.C.R. 555, 17 C.P.R. (2d) 97, 54 D.L.R. (3d) 711 (1974) and, to be discussed herein, Farbwerke Hoechst A.G. v. Halocarbon (Ont.) Ltd., [1979] 2 S.C.R. 929, 42 C.P.R. (2d) 145; Monsanto Co. v. Commissioner of Patents, [1979] 2 S.C.R. 1108, 42 C.P.R. (2d) 161, 100 D.L.R. (3d) 385; Johnson & Son Ltd. v. Marketing Int'l Ltd., [1980] 1 S.C.R. 99; Compo Co. v. Blue Crest Music Inc., [1980] 1 S.C.R. 357, 105 D.L.R. (3d) 249; Shell Oil Co. v. Commissioner of Patents, 67 C.P.R. (2d) 1.

[3] *See* Federal Court Act, R.S.C. 1970 (2d Supp.), c. 10, s. 31 (*as amended by* S.C. 1974-75-76, c. 18, s. 9), and Supreme Court Act, R.S.C. 1970, c. S-19, ss. 38-44 (*as amended by* R.S.C. 1970 (1st Supp.), c. 44, s. 2, S.C. 1974-75-76, c. 18, ss. 4-6). It is understood that the Supreme Court is unlikely to give leave on a point that it has considered within the past decade.

[4] Thomas, *Patent Appeal Board*, 4 C.P.R. (2d) 30 (1972).

the decisions made by the Commissioner of Patents on its recommendations) have not been readily reversed on appeal to the Federal Court.[5] The Board has kept its procedures simple and flexible: it readily receives fresh evidence, allows applicants to reconsider their position and to submit amendments between the time of a hearing and the time a decision is rendered and may suggest how objections to an application can be overcome. By and large, its decisions and methods have been applauded.

In the Trade Mark Office there is no equivalent to the P.A.B. To relieve the Registrar of some of his load, he has been authorized to delegate trade mark opposition decisions to others[6] who have been variously designated as Chairman of the Opposition Board, Assistant Chairman of the Opposition Board, and Hearing Officers or Members of the Opposition Board. Each of these sits alone and there have been some inconsistencies in the decisions as well as some variations in practice from time to time. However, the great majority of oppositions turn on whether trade marks or names, when used for their respective wares, services or businesses, are likely to give rise to confusion, so that decisions are for the most part *ad hoc.*

At the intermediate level, between the Patent and Trade Mark Office tribunals and the Supreme Court of Canada, are the Trial and Appeal Divisions of the Federal Court of Canada. The Canadian industrial property statutes also give to the Federal Court original jurisdiction in actions relating to the validity and infringement of industrial property rights. Infringement actions may, alternatively, be brought in the provincial courts, but litigants have tended to resort to the Federal

[5] An unpublished review by Ross Carson of appeals from refusals of the Commissioner to grant patents shows that in the years 1974-79, the Commissioner was upheld by the Federal Court in ten cases and reversed in none. One of these was recently overturned in *Monsanto, supra* note 2, *rev'g* 34 C.P.R. (2d) 1 (F.C. App. D. 1977). Other reversals have occurred in Deere & Co. v. Commissioner of Patents, 59 C.P.R. (2d) 1 (F.C. App. D. 1982), and in Ciba-Geigy v. Commissioner of Patents, 65 C.P.R. (2d) 73 (F.C. App. D. 1982).

[6] Miscellaneous Statute Law Amendment Act, 1977, S.C. 1976-77, c. 28, s. 44.

Court except in cases of unfair competition and passing off where the jurisdiction of the Federal Court is unsettled.[7]

In England leading members of the industrial property bar have been appointed to the bench from time to time[8] but this has not occurred in Canada. There is much to be said for such appointments. It is trite but true that experience is a great teacher, and the problems encountered in daily practice may cause one to pause before accepting propositions which can be found in Canadian precedents but which deserve analysis rather than mere repetition.[9] As Professor W.R. Cornish has said in another context, "What is allowed to become habitual becomes scarcely deniable."[10] But notwithstanding the foregoing, there has been a clear trend in the Federal Court to sustain patents for commercially successful inventions.

Surveys tend to stress points with which a writer disagrees. Since the last Survey, there has been a multitude of decisions, particularly in trade mark opposition proceedings, and no attempt will be made to report them all. Rather, there is included a selection of the develop-

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[7] This is the result of the doubtful constitutionality of s. 7 of the Trade Marks Act, R.S.C. 1970, c. T-10. Some of the conflicting decisions are referred to by Walsh J. in Asbjorn Hogard A/S v. Northwest Tackle Mfg. Ltd., 56 C.P.R. (2d) 115 (F.C. Trial D. 1981). *See also* Banquet & Catering Supplies Rental Co. v. Bench & Table Rental World Inc., 52 C.P.R. (2d) 71 (Que. C.S. 1981); Flexi-Coil Ltd. v. Smith-Roles Ltd., [1981] 1 F.C. 632, 59 C.P.R. (2d) 46 (Trial D.) (Mahoney J.); Obus v. Bursten, 12 Nov. 1981 (Master, Ont. H.C.); Diamond Shamrock Corp. v. Hooker Chemicals & Plastics, 60 C.P.R. (2d) 166 (F.C. Trial D. 1982) (Walsh J.) and the last Survey, Hayhurst, *Annual Survey of Canadian Law, Industrial Property*, 11 OTTAWA L. REV. 391, at 452 (1979). It is unfortunate that our parliamentarians, in their quest for a new Canadian constitution, did not note the fading assumption that there is federal authority in relation to civil actions for unfair competition. Competition knows no boundaries and there is a need for one court that can deal with it. Dr. Fox, in THE CANADIAN LAW OF TRADEMARKS AND UNFAIR COMPETITION (3rd ed. 1972) at pages 405-06, discusses the jurisdiction of what is now the Federal Court under s. 20 of the Federal Court Act, R.S.C. 1970 (2d Supp.) c. 10, but if that section confers common law jurisdiction in relation to trade mark matters there are some passing off actions which involve non-trade mark activities, especially trade name cases.

[8] Outstanding examples have been Lords Moulton and Parmoor, Scrutton L.J. and more recently Graham and Whitford JJ. of the Patents Court. In the U.S. the Court of Customs and Patent Appeals (C.C.P.A.) has benefitted enormously from the experience of such former practitioners as judges Smith, Rich and Markey C.J.; that Court has been transformed, effective 1 Oct. 1982, into the Court of Appeals for the Federal Circuit (C.A.F.C.), removing much of the jurisdiction in patent cases (and some others) from the various Circuit Courts of Appeal.

[9] Favourite examples among practitioners are the proposition that obviousness is judged only at the patentee's date of invention and that there is no double patenting where claims are not precisely conterminous: *see* the last Survey, *supra* note 7, at 420-21, 424-25 and in the heading J. *Double Patenting*, at nn. 278-288, *infra*.

[10] W.R. CORNISH, INTELLECTUAL PROPERTY: PATENTS, COPYRIGHT, TRADE MARKS AND ALLIED RIGHTS 167 (1981).

ments which seem to the writer to have been of most significance between the time of the last Survey and the end of 1982.[11]

II. Recent Legislation and Regulations

Reference was made in the last Survey[12] to the termination of the Canada-France Trade Agreement,[13] entered into in 1933 to provide protection for various appellations of origin, among them such famous French appellations as Champagne and Bordeaux for wines, Evian and Vichy for mineral water and Roquefort and Pont-L'Eveque for cheese. The implementing Canadian legislation has now been repealed by an Act to Repeal the Canada-France Trade Agreement Act, 1933[14], the repeal being effective 15 March 1978.[15] French owners of appellations formerly protected pursuant to the Agreement and its implementing legislation will now have to rely upon whatever rights they may have at common law or under the Trade Marks Act.[16]

The Trade Marks Act was amended by the Miscellaneous Statute Law Amendment Act, 1981[17] to enable the Registrar to authorize others to act on his behalf in dealing with notices under section 44 of the Trade Marks Act. The object is, of course, to relieve the Registrar of some work and to speed section 44 proceedings. Some reference to such proceedings will be made later in the Trade Marks and Unfair Competition section of this Survey.[18]

The Copyright Act[19] was also amended by the Miscellaneous Statute Law Amendment Act, 1981[20] to remove an obstacle to the recording of copyright works for use by handicapped persons who are unable to read print. By the amendment, a copyright owner may allow recordings to be made in Canada for such use without bringing into operation the provisions of section 19 of the Copyright Act which would otherwise enable anyone to record the work, without the consent

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[11] *See also* I. Goldsmith, Patents of Invention (1981) and I. Goldsmith, Trade Marks and Industrial Designs (1982). (Both are reprinted from C.E.D. (Ont. 3rd).)

[12] Survey, *supra* note 7, at 395.

[13] 23-24 Geo. V, c. 31, Schedule, Art. II, and 25-26 Geo. V, c. 2, Schedule, Art. II.

[14] S.C. 1980, c. 2.

[15] Before the repeal, the French *Institut National des Appellations d'Origine des Vins et Eaux-de-Vie* had succeeded in obtaining an injunction and award of $12,000 damages against T.G. Bright & Co. by reason of the latter's use of the word "Champagne". By reason of the repeal, the Quebec Court of Appeal has held that there should be no injunction but that the damages award should remain: 10 A.C.W.S. (2d) 336 (1981).

[16] R.S.C. 1970, c. T-10, *as amended.*

[17] S.C. 1980-81, c. 47, s. 46 (*adding* a new subs. 6 to s. 44 of the Trade Marks Act).

[18] To appear in the forthcoming Part II of the Survey.

[19] R.S.C. 1970, c. C-30, *as amended.*

[20] S.C. 1980-81, c. 47, s. 9 (*adding* a new subs. 11 to s. 19 of the Copyright Act).

of the copyright owner, on payment of a small royalty. However, if the copyright owner allows any recordings to be made outside Canada for any purpose, it appears that this recent exemption given to him from the operation of section 19 does not apply. The Access to Information and Privacy Act[21] has amended section 17 of the Copyright Act to permit disclosure of certain documents and information without liability for copyright infringement; however, at the time of writing these provisions have not been proclaimed in force.[21a]

Since 1962 the Corporations and Labour Unions Returns Act,[22] usually referred to as CALURA, has required certain corporations resident in Canada to file annual returns concerning the amounts of royalties paid to persons outside Canada for patent rights, trade mark and trade name rights, copyright and industrial design rights. The former provisions have, by a recent amendment,[23] been replaced by new ones which require certain corporations that are incorporated in or carrying on business in Canada to file annual returns in prescribed form, specifying such information as the Governor in Council may prescribe, relating to transfers of technology received by the corporation or its subsidiaries from persons not resident in Canada. However, the corporations are not required to provide scientific or technical descriptions of any product or process. To require such descriptions might involve disclosure of vital confidential information. At the time of writing it is not known what information will be required by Order in Council.

In 1978 the Consolidated Regulations of Canada (C.R.C.) were published, containing Regulations that were in force on 31 December 1977.[24] Minor amendments to the Regulations have been made since then.[25] Of greater significance was the publication of Industrial Design

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[21] S.C. 1980-81-82, c. 111, Schedule IV, s. 5.

[21a] [Editor's note: the Access to Information and Privacy Act was proclaimed in force on 1 July 1983].

[22] R.S.C. 1970, c. C-31, subpara. 4(*b*)(*iii*)(*E*).

[23] S.C. 1980-81, c. 79, s. 2 (*inserting, inter alia*, new ss. 3 and 4.2).

[24] The Patent Rules are now cited as C.R.C. 1978, c. 1250, the Trade Mark Regulations as C.R.C. 1978, c. 1559, the Copyright Rules as C.R.C. 1978, c. 422 and the Industrial Designs Rules as C.R.C. 1978, c. 964.

[25] As to the Patent Rules: P.C. 1978-2637, S.O.R./78-673 (24 Aug. 1978) (112 CAN. GAZETTE PT. II, 3473); P.C. 1978-3162, S.O.R./78-790 (23 Oct. 1978) (112 CAN. GAZETTE PT. II, 3891); P.C. 1979-742, S.O.R./79-257 (16 Mar. 1979) (113 CAN. GAZETTE PT. II, 1090); P.C. 1981-725, S.O.R./81-241 (20 Mar. 1981) (115 CAN. GAZETTE PT. II, 1008); P.C. 1982-1044, S.O.R./82-391 (1 Apr. 1982) (116 CAN. GAZETTE PT. II, 1479).

As to the Trade Mark Regulations: P.C. 1978-2638, S.O.R./78-674 (24 Aug. 1978) (112 CAN. GAZETTE PT. II, 3478); P.C. 1978-3164, S.O.R./78-803 (23 Oct. 1978) (112 CAN. GAZETTE PT. II, 3914); P.C. 1982-1045, S.O.R./392 (1 Apr. 1982) (116 CAN. GAZETTE PT. II, 1480).

As to the Copyright Rules: S.O.R./78-665 (22 Aug. 1978) (112 CAN. GAZETTE PT. II, 3447).

As to the Industrial Designs Rules: S.O.R./78-666 (22 Aug. 1978) (112 CAN. GAZETTE PT. II, 3449); S.O.R./79-62 (28 Dec. 1978) (113 CAN. GAZETTE PT. II, 219); S.O.R./82-393 (1 Apr. 1982) (116 CAN. GAZETTE PT. II, 1481).

Policy Guidelines in April 1978 and Industrial Design Examination Guidelines in August 1978, of value to practitioners who need insight into the practice of the Industrial Design Office in relation to applications for registration of industrial designs.[26]

Reference was made in the last Survey[27] to the Charter of the French Language in the Province of Quebec.[28] The Regulations under the Charter have since been revised,[29] and the present interpretation of the Charter and Regulations by the officials who administer them (at the *Office de la langue française*) seems to be that the only trade marks affected are those used by businesses located in that province. However, persons shipping goods to Quebec may encounter reluctance on the part of dealers to rely upon this interpretation. On a literal reading of the Charter and Regulations it seems that trade marks adopted after 27 August 1977 and used in Quebec must have a French version if they include translatable words.[30]

III. Proposed Legislation

In February of 1979, Bill S-11, a proposed new Canadian Trade Marks Act, was introduced into the Canadian Senate. The Bill was subjected to heavy criticism, both as to its substance and draftsmanship, and it is understood that a revised Bill will eventually be introduced. A Bill to revise the Patent Act is to follow, based on unannounced policy decisions of the federal Cabinet.

With respect to copyright law revision, the federal Department of Consumer and Corporate Affairs has been the recipient of diverse representations on behalf of authors and their assigns on the one hand,

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[26] The Guidelines were published by and are available from the Industrial Design Office, Department of Consumer and Corporate Affairs, Hull, Quebec K1A 0E1.

[27] Survey, *supra* note 7, at 396-97.

[28] S.Q. 1977, c. 5.

[29] O.C. 1847-79 (27 Jun. 1979) (111 Gazette Officielle du Qué., 4987).

[30] For further discussion, *see* Lack, *Marking Requirements under Canadian Intellectual Property Laws*, 14 Bull. P.T.I.C. 866, at 891-93 (1982).

and copyright users on the other, and the Department has commissioned research studies, some of which have been released.[31] It is understood that the Cabinet will be asked to decide upon a copyright policy, following which a revision Bill will be drafted. A working paper on industrial designs has been written and publication is expected shortly.

On 29 May 1980, first reading was given to Bill C-32, entitled the Plant Breeders' Rights Act, sponsored by the federal Department of Agriculture and designed to give to plant breeders protection for new varieties, similar to that which is available in several other countries. Interested parties have been encouraged to express their views before further action is taken on the proposed legislation.

In April 1981 the federal Department of Consumer and Corporate Affairs gave limited circulation to proposals for amending the Combines Investigation Act,[32] giving to the proposals the cautious title, "A Framework for Discussion". In its short references to industrial pro-

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[31] The list of studies is as follows:
Published:
THE MECHANICAL REPRODUCTION OF MUSICAL WORKS IN CANADA (M. Berthiaume & J. Keon, 1980).
COPYRIGHT, COMPETITION AND CANADIAN CULTURE: THE IMPACT OF ALTERNATIVE COPYRIGHT ACT IMPORT PROVISIONS ON THE BOOK PUBLISHING AND SOUND RECORDING INDUSTRIES (A. Blomquist & C. Lim, 1981) (Supply and Services cat. no. RG44-1/7F).
AN ECONOMIC ANALYSIS OF A PERFORMER'S RIGHT (S. Globerman & M. Rothman, 1981).
A PERFORMING RIGHT FOR SOUND RECORDINGS: AN ANALYSIS (J. Keon, 1980).
COPYRIGHT OBLIGATIONS FOR CABLE TELEVISION: PROS AND CONS (S. Liebowitz, 1980).
THE IMPACT OF REPROGRAPHY ON THE COPYRIGHT SYSTEM (S. Liebowitz, 1981) (Supply and Services cat. no. RG44-1/8E).
CROWN COPYRIGHT IN CANDA: A LEGACY OF CONFUSION (B. Torno, 1981).
FAIR DEALING: THE NEED FOR CONCEPTUAL CLARITY ON THE ROAD TO COPYRIGHT REVISION (B. Torno, 1981) (Supply and Services cat. no. RG44-1/10E).
OWNERSHIP OF COPYRIGHT IN CANADA (B. Torno, 1981) (Supply and Services cat. no. RG44-1/9E).
TERM OF COPYRIGHT PROTECTION IN CANADA: PRESENT AND PROPOSED (B. Torno, 1981).
Unpublished but Forthcoming:
Remedies and Enforcement (A. Butler).
Audio and Video Home Taping: Impact on Copyright Payments (J. Keon).
Exemptions Under the Canadian Copyright Act (D. Magnusson & V. Nabhan).
Copyright and Computer Data Bases (J. Palmer).
Copyright and Computer Software (J. Palmer & R. Resendes).
Canadian International Copyright Relations Under the Berne and Universal Copyright Conventions (B. Torno).
Unpublished:
Registration: To be or not to be (M. Berthiaume).
Economic Considerations of Copyright (P. Hay).
Some Constitutional Considerations in Canadian Copyright Law Revision (W. Noel & L. Davis).
Canadian Copyright: Natural Property or Mere Monopoly (R. Roberts).
Collective Agencies for the Administration of Copyright (D. Smith).

[32] R.S.C. 1970, c. C-23 *as amended.*

perty, the document assumed that at least some industrial property owners abuse their rights by impeding competition and that remedies should be devised, perhaps by prohibiting specific practices and by making civil proceedings available to persons who claim to be adversely affected by alleged abuses. The published proposals are vague and the evidence furnished for the need of them is thin. This venture of the Department into the field of combines legislation and industrial property legislation has been received, like previous ones, with little enthusiasm by Canadian industry.

There may also be a legal problem of providing for civil remedies in combines legislation, at least under the present Canadian constitutional framework. A civil remedy is now provided for under section 31.1 of the Combines Investigation Act, at the suit of a person who has been damaged as a result of certain activities proscribed by or pursuant to the Act. Although an Alberta judge has held section 31.1 to be constitutional,[33] an Ontario judge[34] and a Federal Court judge[35] have held that it is not.

In keeping with the traditional concern of the French for the rights of authors, the government of Quebec has published a paper entitled *La Juste Part des Créateurs*.[36] The paper is divided into four chapters. Chapter I is concerned with showing that authors are poorly protected by the present Canadian Copyright Act. Chapter II sets forth corrective measures which the Quebec government said it intended to pursue immediately, including provision of a scheme to compensate authors for copying done in schools and public libraries and to remunerate artists whose works are exposed in certain museums, and setting up a bureau to advise and assist authors and to promote their interests not only locally but internationally. Chapter III is devoted to additional measures within the Canadian constitutional framework which the provincial government may undertake in the future, including setting up a public lending right to pay authors whose books are borrowed from libraries, making a surcharge at public performances to assist Quebec writers and requiring permits to be issued to perform certain works. Chapter IV, written in anticipation of Quebec achieving the constitutional rights to enact copyright legislation, proposes provisions which would increase the rights of authors.

Perhaps as a result of this activity in Quebec, the federal government, at Christmas 1981, announced a proposal to introduce a limited

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[33] Henuset Bros. Ltd. v. Syncrude Can. Ltd., [1980] 6 W.W.R. 218 (Alta.Q.B.) (Rowbotham J.).

[34] Seiko Time Can. Ltd. v. Consumers Distributing Co., 29 O.R. (2d) 221, 112 D.L.R. (3d) 149 (H.C. 1980) (Holland J.).

[35] Rocois Constr. Inc. v. Quebec Ready Mix Inc., [1980] 1 F.C. 184 (Trial D.) (Marceau J.). But in Bell Can. v. Intra Can. Telecommunications Ltd., 62 C.P.R. (2d) 21 (F.C. Trial D. 1982), Jerome A.C.J. declined to strike out a reference to s. 31.1 in a Statement of Defence and Counterclaim; *see also* Burnaby Machine & Mill Equip. Ltd. v. Berglund Indus. Supply Co., 64 C.P.R. (2d) 206 (Dubé J. 1982).

[36] Available from the Ministry of State for Cultural and Scientific Development, Quebec City, Quebec.

public lending right in Canada. It is understood that this will be a right to compensation, out of funds provided by the federal government, to Canadian authors whose books have been acquired by a minimum number of libraries, payments being based on borrowings monitored by designated libraries.

IV. PATENTS

A. *Subject Matter Capable of Being Patented*

1. *Computer Programs*

Reference was made in the last Survey[37] to the decision of the Canadian Patent Appeal Board rejecting, in *Schlumberger's Application*,[38] a claim which involved the use of a computer program. In its decision the Board set out criteria which would rule out the allowability of such claims unless some novel apparatus is specified in the claims. The requisite novelty of apparatus would not be found in old apparatus programmed in a new way.

An appeal from the Board's decision has now been decided by the Federal Court of Appeal.[39] The Court dismissed the appeal without commenting upon the criteria suggested by the Board. Leave to appeal further has been refused by the Supreme Court of Canada.[40] The claim in suit (not reproduced in the decisions, but available in the court records) was as follows:

> A machine operated method of processing well logging data, comprising:
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> (a) deriving a plurality of measurements representative of characteristics of an earth formation at selected depth levels over a section of borehole;
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> (b) machine combining at least some of said derived measurements from at least some of said selected depth levels over said borehole section to compute at least one input parameter for said borehole section;
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> (c) machine combining at least some of said plurality of derived measurements from at least some of said selected depth levels with said at least one input parameter to compute at least one output parameter for at least some of said selected depth levels; and
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> (d) machine combining at least some of said derived measurements with said at least one output parameter for at least some of said selected depth levels to recompute said at least one input parameter or compute another input parameter for combination with at least some of said plurality of measurements to produce output parameters representative of at least one formation characteristic.[41]

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[37] Survey, *supra* note 7, at 404-05.

[38] 106 C.P.O.R. 1 Aug. 1978, xviii (P.A.B.).

[39] Schlumberger Can. Ltd. v. Commissioner of Patents, [1982] 1 F.C. 845, 38 N.R. 299, 56 C.P.R. (2d) 204 (App. D. 1981).

[40] 40 N.R. 90, 63 C.P.R. (2d) 261 (1981).

[41] The claim can be seen in Federal Court file no. A-425-78.

In its reasons for judgment the Federal Court of Appeal characterized the invention disclosed as being for a process in which measuring instruments are passed through boreholes in geological formations to measure characteristics of the soil. The measurements are recorded on magnetic tapes and transmitted to a computer programmed according to specified mathematical formulae, then converted by the computer into useful information produced in human readable form, for example, charts, graphs or tables of figures.

The applicant argued that it was not claiming a mere computer program. However, the Court said that the only novelty in what was claimed was in the calculations to be made and the formulae to be used. If those calculations were not to be effected by computers but by men, the subject matter of the application would, in the Court's view, be mathematical formulae and a series of purely mental operations. Mathematical formulae, said the Court, must be characterized as a "mere scientific principle or abstract theorem" for which subsection 28(3) of the Canadian Patent Act[42] prescribes that "no patent shall issue". As to mental operations and processes, the Court said that these are not the kind of processes falling within the definition of "invention" in section 2 of the Act.[43] The mere use of computers to perform the calculations could not transform the processes into patentable subject matter. Speaking for the Court, Pratte J. said:

> I am of the opinion that the fact that a computer is or should be used to implement discovery does not change the nature of that discovery. What the appellant claims as an invention here is merely the discovery that by making certain calculations according to certain formulae, useful information could be extracted from certain measurements. This is not, in my view, an invention within the meaning of section 2.[44]

When the *Schlumberger*[45] application was in the Patent Office, the Patent Appeal Board had reviewed the judicial developments in the United Kingdom, and the United States Supreme Court decisions in *Parker v. Flook*,[46] *Diamond v. Diehr*[47] and *Diamond v. Bradley*.[48] The Board correctly predicted the outcome of *Flook*, where the Supreme Court construed the applicant's claims as seeking to protect a formula for computing a number. The decision of the Canadian Federal Court of Appeal[49] is consistent with the rejection of such a claim. However,

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[42] R.S.C. 1970, c. P-4.

[43] "Invention" means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter. But as to mental operations *see Re* Application of Itek Corp., 68 C.P.R. (2d) 94 (Patent Appeal Board — Commissioner of Patents 1981).

[44] *Supra* note 39, at 847, 38 N.R. at 301, 56 C.P.R. (2d) at 206.

[45] *Supra* note 38.

[46] 437 U.S. 584, 198 U.S.P.Q. 193 (1978).

[47] 450 U.S. 175, 101 S. Ct. 1048, 209 U.S.P.Q. 1 (1981).

[48] 209 U.S.P.Q. 97 (Sup. Ct. 1981).

[49] *Supra* note 39.

the United States Supreme Court was careful in *Flook* to say that a process is not unpatentable simply because it contains a law of nature or a mathematical algorithm, and it confirmed this in the *Diehr* case by holding that a claim drawn to statutory subject matter does not become nonstatutory simply because it uses a mathematical formula or computer program. Diehr claimed a method of molding rubber. A data base was put into a digital computer and, as the molding progressed, temperature measurements made inside the mold were fed to the computer which performed a calculation to determine when the mold should be opened. The Supreme Court, in a five to four decision, held that, unlike the situation in *Flook*, there was no attempt to pre-empt the use of a mathematical formula and no mere recitation of use of a mathematical formula in a particular technology. Further, the Court was at pains to point out that the claim must be construed as a whole and that it is a wrong approach to seek out the point of novelty in a claim, because novelty of an element (or of a combination for that matter) is not the relevant question when considering whether a claim is for subject matter which is patentable. When considering the latter question, novelty, unobviousness and utility are to be assumed. In the *Schlumberger* case the Federal Court of Appeal stated that what was new was the discovery of the various calculations to be made and of the mathematical formula to be used, but since the claimed process was of the *Flook* type, the statement about the point of novelty may be innocuous.

The *Bradley*[50] case in the United States can be understood only by looking at the decision of the Court of Customs and Patent Appeals.[51] Bradley claimed a computer system having a combination of elements including a "data structure" of four "means" for carrying out specified operations. These "means" were permanently programmed hardware elements ("firmware"). The Court of Customs and Patent Appeals regarded the claim as similar to a claim to a mechanical adding machine and allowed the claim. The Justices of the Supreme Court were equally divided (four to four) and rendered no opinion, and the lower Court's decision therefore stands.[52]

The Court of Customs and Patent Appeals, which undoubtedly has given more thought to the problem of protecting computer software than any other court, has applied a two step test, clearly set out in *In re Walter*.[53] (The test in its original form was stated in *In re Freeman*[54] and is therefore sometimes called the *Freeman* test.) The first step is to determine whether the claim directly or indirectly recites an algorithm, defined as a procedure for resolving a mathematical problem. If it does,

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[50] *Supra* note 48.

[51] 202 U.S.P.Q. 480 (C.C.P.A. 1979).

[52] No precedential weight can be given to the equally divided decision of the Supreme Court: Neil v. Biggers, 409 U.S. 188, at 192, 93 S. Ct. 375, at 379 (1972).

[53] 205 U.S.P.Q. 397 (C.C.P.A. 1980).

[54] 197 U.S.P.Q. 464 (C.C.P.A. 1978).

the second step is to analyze the claim as a whole to ascertain how the algorithm is implemented:

> If it appears that the mathematical algorithm is implemented in a specific manner to define structural relationships between the physical elements of the claim (in apparatus claims), or to refine or limit claim steps (in process claims), the claim being otherwise statutory, the claim passes muster. . . . If, however, the mathematical algorithm is merely presented and solved by the claimed invention, as was the case in *Benson* and *Flook*, and is not applied in any manner to physical elements or process steps, no amount of post-solution activity will render the claim statutory; nor is it saved by a preamble merely reciting the field of use of the mathematical algorithm.[55]

If the end product is a pure number, said the Court of Customs and Patent Appeals, one does not obtain a patentable process or apparatus merely by reciting the availability of the number for some particular use (as in *Flook*).

Nothing in the decision of the Canadian Federal Court of Appeal in the *Schlumberger*[56] case seems inconsistent with this test, and it is to be hoped that the Patent Appeal Board will, in view of the developments in the United States subsequent to its own *Schlumberger*[57] decision, reconsider the harsh guidelines that it laid down.

Those guidelines were applied by the Patent Appeal Board in another decision, *Re Application No. 096,284*,[58] when the state of the authorities in the United States and the United Kingdom was the same as at the time of the Board's *Schlumberger* decision. In its decision, the Board repeated virtually word for word its reasons in *Schlumberger*. One of the claims before it was for a process in which a computer was programmed to generate signals responsive to reflections of seismic energy. The Board said that whatever novelty was present lay solely in the algorithm, and the product was merely intellectual information. As has been noted, to focus on the point of novelty is a wrong approach. In fact, the claim before the Board was broadly expressed and not restricted to any particular algorithm, but this is similarly submitted not to be controlling because doubtless the claim would cover use of the applicant's algorithm so that, as the Court of Customs and Patent Appeals might say, the claim indirectly recited an algorithm. Arguably the claim, like that of *Schlumberger*, fell within the *Flook* category, though (as the dissenting Justices in *Diehr* pointed out) the line between *Flook* and *Diehr* may not always be easy to draw. In the *Walter*[59] case which, like *Schlumberger*, involved claims related to seismic prospecting, the applicant performed mathematical operations on two sets of signals to produce "partial product signals". The claims were rejected on grounds consistent with *Schlumberger*: though expressed in both apparatus and method terms they were drawn to mathematical methods

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[55] *Supra* note 53, at 407.
[56] *Supra* note 39.
[57] *Supra* note 38.
[58] 52 C.P.R. (2d) 96 (Comm'r of Patents 1978).
[59] *Supra* note 53.

for interpreting the results of seismic prospecting and fell within the holding in *Flook*. The Court of Customs and Patent Appeals distinguished its earlier *In re Johnson*[60] decision where claims were allowed, drawn to a computer implemented process in which mathematics were employed to remove noise from seismic signals.

It is an open question whether the Canadian courts will be influenced by the American decisions. In *Schlumberger* the Federal Court of Appeal cited no authorities, but reasoned from first principles. There is, however, a recent British decision worthy of attention. *I.B.M.'s Application*,[61] in the Patents Appeal Tribunal, was an application to revoke a patent that had been granted for a data handling system which could use a known computer programmed in a novel way.[62] The question was whether the system was for a "manner of new manufacture". The inventor, Nymeyer, had the idea of selecting a price by making a comparison of buying orders in descending order and selling orders in ascending order. Once he had the idea, any competent computer programmer could have told him how to program a standard computer to carry out his idea. The Tribunal said that if Nymeyer's claim on its true construction protected his business scheme, however carried out, it must be bad. If it could be construed to cover no more than a standard I.B.M. computer it must be bad (Nymeyer not having invented that computer). But the claim was construed as covering a computer when programmed to carry out Nymeyer's idea. The claim was directed to apparatus arranged to operate in a particular way, and this the Tribunal held to be a manner of manufacture.[63] The Tribunal referred to the United States Supreme Court decision in *Flook* (*Diehr* and *Bradley* had not then been decided by the Supreme Court) referring to a passage in *Flook*, since set right in *Diehr*, suggesting a point of novelty test. Further, the Tribunal adhered to the view expressed earlier in *Burroughs Corp. (Perkins') Application*[64] that process claims should be accepted if directed to a method involving the use of apparatus modified or programmed to operate in a new way. The Tribunal concluded with the observation that: "[T]he law is that an inventive concept, if novel, can be patented to the extent that claims can be framed directed to an embodiment of the concept in some apparatus or process of manufacture."[65] This goes beyond the rule now established in the United States and it seems that

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[60] 200 U.S.P.Q. 199 (C.C.P.A. 1978).

[61] [1980] F.S.R. 564 (P.A.T. 1978).

[62] The case was decided in relation to a patent obtained before The Patents Act 1977, U.K. 1977, c. 37, para. 1(2)(*c*) specifically excluded computer programs from patentability. The scope of this exclusion has not yet been examined in any reported case.

[63] It was also new, because a computer had not been programmed that way before, and unobvious, because until Mr. Nymeyer came along, there had been no reason to suppose that anyone would have thought of programming a computer in the manner claimed.

[64] [1974] R.P.C. 147, at 160, [1973] F.S.R. 439, at 449 (P.A.T. 1973).

[65] *Supra* note 61, at 573.

in the United States the Nymeyer claim would not be allowed. The claim appears to have covered a combination of means, extant in the previously known I.B.M. computer, programmed to provide a numerical solution to a problem.

Although there is no comment from the Federal Court of Appeal on decisions in other jurisdictions, it seems that this Court would not go all the way with the United Kingdom Patents Appeal Tribunal. But nothing that the Canadian Court has said would seem to be inconsistent with the present American position.

The Court of Customs and Patent Appeals has put the issue in focus by pointing out that a computer is merely another machine, but one which has the peculiarity of performing numerical operations. The problem is not one of computer-related inventions *per se*: it is one of mathematics-related inventions.[66] And it is the substance of the claim that is controlling, not whether the claim is expressed in terms of an apparatus or process.[67]

2. *Professional Skills*

In *Lawson v. Commissioner of Patents*[68] an application for a patent was refused where the applicant claimed land subdivided by curved lines that defined adjacent areas shaped like champagne glasses. Land divided by such a scheme was held not to be an "art" or "manufacture" within the definition of "invention" in the Patent Act.[69] As for "manufacture", the learned Judge said that there was no change in the character of the land when a plan was superimposed on it.[70] As for "art", he said: "It is an art which belongs to the professional field and is not a manual art or skill."[71]

This "professional skill" argument arose in another case before the Patent Appeal Board.[72] Mrs. Betty Dixon devised a text (a series of word group structures) that could be enunciated to assist speech

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[66] *In re* Walter, *supra* note 53, at 404.

[67] *In re* Freeman, *supra* note 54, at 472. The patentability of computer related inventions has been further discussed by the writer in *Pythagoras and the Computer*, [1982] 8 E.I.P.R. 223.

[68] 62 C.P.R. 101 (Ex. 1970), discussed in Fisk, *Annual Survey of Canadian Law: Industrial Property*, 6 OTTAWA L. REV. 455, at 472-73 (1974).

[69] R.S.C. 1970, c. P-4, s. 2.

[70] *Lawson*, *supra* note 68, at 115.

[71] *Id.* at 111 (Cattanach J.). In Tennessee Eastman Co. v. Commissioner of Patents, 62 C.P.R. 117, at 155 (Ex. 1970), Kerr J. said of a method of sticking flesh together after a surgical operation, "The method lies essentially in the professional field of surgery and medical treatment of the human body," and this he held to be unpatentable. His decision was affirmed, but for different reasons: [1974] S.C.R. 111, 8 C.P.R. (2d) 202, 33 D.L.R. (3d) 459.

[72] *Re* Dixon Application — 203, 60 C.P.R. (2d) 105 (Comm'r of Patents — P.A.B. 1978). An appeal to the Federal Court of Appeal was discontinued. A corresponding application in the United Kingdom was also refused: Dixon's Application, [1978] R.P.C. 687 (P.A.T. 1976). *See also* Nelson's Application, [1980] R.P.C. 173 (Pat. Ct.).

therapy. Mrs. Dixon presented claims to a method of speech therapy but the Patent Appeal Board rejected the claimed method as being dependent upon the professional skill of the instructor and the state of health and emotions of the person being treated.

3. *Literary Matter*

Mrs. Dixon[73] also presented a claim to her text but this claim was refused by the Board. The text had no functional relation to anything but was merely literary.

4. *Artistic Matter*

In *Re Application No.—995 For a Townhouse Building Design*,[74] the applicant had designed a townhouse unit with two front doors spaced apart horizontally and of substantially the same width. One door, at a lower level than the other, could serve as a service entrance to the ground floor. The other door, at a higher level, could serve as the main entrance, and was located at a mezzanine level between the ground floor and the first (or main) floor. Certain functional and aesthetic effects were said to follow from this claimed physical arrangement. The Patent Appeal Board said that "aesthetic or ornamental considerations *per se* do not fall under s.2 of the *Patent Act*".[75] No novel or inventive structure was perceived in what was claimed and the claim was refused.

5. *Transitory Products*

Larzon's Application[76] was concerned with an improved way of setting up a leaky boiler for repair. The claims in question were for the combination of a boiler with a leaky tube, plugs in the ends of the tube for sealing the ends, means for detonating explosives in the plugs to accomplish the sealing and means for supporting the adjacent boiler structure during the detonation. In short, the claims were for the boiler as set up just prior to detonation of the explosives. The Patent Appeal Board held that the claims were not for a useful product. The Board presumably had it in mind that the boiler could not, as set up for repair, be used as a boiler. However, the combination claimed had the utility of being convertible from a defective to a useful boiler. A possible analogy is a rifle: it has merely potential utility when unloaded.

The Patent Appeal Board found an old decision of the Assistant Commissioner in the United States Patent Office, *Ex parte Howard*,[77]

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[73] *Re* Dixon Application, *supra* note 72.

[74] 53 C.P.R. (2d) 211 (Comm'r of Patents 1979). It is understood that an appeal to the Federal Court has been filed.

[75] *Id.* at 217.

[76] Application No. 298,822, 5 Feb. 1981, not yet reported.

[77] [1924] C.D. 75 (Comm'r of Patents 1922).

where the applicant was refused a claim to a freely falling drop of molten glass of a certain shape. When the drop fell into a mold it assumed a different shape and was transformed into a completed article. The United States Assistant Commissioner noted that the falling drop was evanescent, not inherently useful and complete in itself, and held that it was not a "manufacture". But the Canadian Patent Appeal Board made no reference to later and more relevant American cases. In *Ex parte Hopkinson*[78] the United States Patent Office Board of Appeals allowed a claim to a tire at the stage where it had been built up but not vulcanized. In the case of *In re Breslow*[79] the United States Court of Customs and Patent Appeals distinguished the glass drop case and allowed a claim to a chemical compound which was a transitory intermediate, not isolated because of its instability, but simultaneously generated and used in a process of producing a polymer. Larzon's nontransitory boiler assembly which might, for example, be set up by one person and delivered or sold to another, seems a much clearer case for allowing an inventor to choose his own way of claiming his invention. The Canadian Patent Appeal Board appears to have discovered the glass drop case after the boiler case had been argued before it but, contrary to its usual practice, did not afford Larzon an opportunity of dealing with the glass drop decision before it rendered its own decision. However, when the application went back to the Patent Officer examiner, Larzon presented claims that were in effect for a kit of parts for setting up the boiler for repair, and these claims, which seemed to provide adequate protection, were allowed.[80]

6. *Processes: Vendible Products*

In *Re G.E.C.'s Application*[81] Morton J., sitting as the United Kingdom Patents Appeal Tribunal, suggested, as a possible test for patentability of a method claim, that the method must produce or treat a vendible product. This test has been given an expansive treatment in later decisions, notably that of the *National Research Development Corp.'s Application*[82] in Australia. It seems that the Canadian Patent Appeal Board is also prepared to adopt a liberal view. In *Lampert's Application*[83] the applicant had devised a way of measuring the subjective response of a person who is presented with a question or problem. That person is positioned to face an apparatus having a defined viewing area, and he varies the portion of the area that is coloured to indicate

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[78] 26 U.S.P.Q. 45 (Pat. Off. Bd. of Appeals 1935). *See also Ex parte* Dubsky, 162 U.S.P.Q. 567 (Pat. Off. Bd. of Appeals 1968), where the United States Board of Appeals allowed claims to a mixture which would react to form a polymer.

[79] 205 U.S.P.Q. 221 (C.C.P.A. 1980).

[80] For a discussion of *Kits*, *see* text accompanying notes 122 & 123 *infra*.

[81] 60 R.P.C. 1 (P.A.T. 1942).

[82] [1961] R.P.C. 135, 105 Sol. J. 931 (H.C. Aust.).

[83] *Re* Application for Patent by Lampert (Patent No. 1,099,096), 55 C.P.R. (2d) 232 (Comm'r of Patents 1980).

his response to a question presented to him. The operator who presents the question measures the response by reading, from a scale, a number corresponding to the size of the coloured portion. The Board considered that a claim to the method would be patentable subject matter, saying it believed that "vendible numerical product results are related to *trade, commerce* or industry which is the 'state of the law' requirement for any vendible product or result."[84] However, the Board rejected Dr. Lampert's method claim on the ground that it did not distinguish sufficiently from a prior method, and on the further questionable ground that the method claim was redundant in view of the allowance of a claim to Dr. Lampert's mechanical apparatus for performing the method.

7. *Living Things*

Reference was made in the last Survey[85] to the then pending *Diamond v. Chakrabarty*[86] and *In re Bergy*[87] cases in the United States on the patentability of living organisms. The United States Supreme Court has now upheld a further decision of the Court of Customs and Patent Appeals allowing Chakrabarty's claim to a man-made micro-organism produced by genetic modification of bacteria found in nature. The Court of Customs and Patent Appeals had also allowed Bergy's claim to a biologically pure culture of a micro-organism which existed in an impure state in nature, but Bergy withdrew his application, rendering moot a proposed review of the *Bergy* decision by the Supreme Court. Because of the similarity between the American and Canadian statutory definitions of "invention", similar decisions in Canada would not be unexpected,[88] and indeed the Canadian Patent Appeal Board has now adopted a liberal view. In *Re Application of Abitibi Co.*[89] it allowed claims to a novel mixture of fungi capable of biodegrading sulfite waste that is produced making wood pulp. Reflecting on the possible repercussions of its decision the Board observed:

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[84] *Id.* at 236.

[85] Survey, *supra* note 7, at 405-06.

[86] 447 U.S. 303, 99 S. Ct. 1123, 206 U.S.P.Q. 193 (1980).

[87] 201 U.S.P.Q. 352, 596 F. 2d 952 (C.C.P.A. 1979).

[88] *See* Hayhurst, *Patenting Life*, 5 CAN. BUS. L.J. 19 (1980).

[89] 62 C.P.R. (2d) 81 (Comm'r Patents — P.A.B. 1982). The P.A.B. had earlier allowed a claim to nonhuman spermatozoa when artificially separated as to the sex they will produce, but a characteristic of these living things was that they could not reproduce themselves: *Re* Application No. 079,973, 54 C.P.R. (2d) 124 (Comm'r of Patents —P.A.B. 1979).

> It is of some importance, we think to recognize how far our recommendation . . . will carry us, and we believe clear guidelines should be set down for the benefit both of applicants and examiners. Certainly this decision will extend to all micro-organisms, yeasts, molds, fungi, bacteria, actinomycetes, unicellular algae, cell lines, viruses or protozoa; in fact to all new life forms which are produced *en masse* as chemical compounds are prepared, and are formed in such large numbers that any measurable quantity will possess uniform properties and characteristics. . . .
>
> We can see no justifiable reason for distinguishing between these life forms when deciding the question of patentable subject matter. Whether it reaches up to higher life forms — plants (in the more popular sense) or animals — is more debatable. . . .
>
> If an inventor creates a new and unobvious insect which did not exist before (and thus is not a product of nature), and can recreate it uniformly and at will, and it is useful (for example to destroy the spruce bud worm), then it is every bit as much a new tool of man as a micro-organism. With still higher life forms it is of course less likely that the inventor will be able to reproduce it at will and consistently, as more complex life forms tend to vary more from individual to individual. But if it eventually becomes possible to achieve such a result, and the other requirements of patentability are met, we do not see why it should be treated differently.[90]

Having alluded to the problem of providing a sufficient disclosure, the Patent Appeal Board agreed in the *Abitibi* case with a suggestion made in the last Survey[91] that in the case of a micro-organism a reference to where it is obtainable from a culture collection should be sufficient. In the words of the Board:

> Section 36 requires that the application should set forth the steps of making the invention, in this case the new micro-organism. Now the creation of a new micro-organism by mutation, or by other means, is fraught with considerable difficulty, and it is by no means certain that the inventor, or others following his directions, will be able to produce it again using the original method of manufacture. However, a micro-organism, being living matter, will reproduce itself on the proper culture medium, so that the inventor can maintain his supply indefinitely. If he places samples of the organism in a culture collection to which others have access, they too will be able to reproduce the organism, and thus have access to his invention, and use it once the patent expires. The question will consequently arise: is the deposition of the invention in the culture collection sufficient to satisfy the requirements of s. 36?
>
> We do not see why it would not be. It would certainly permit others to make the invention, *i.e.*, the micro-organism. It will enable the public "to do what the patentee has invented", as called for by s. 36, *i.e.*, to make the micro-organism, and in most instances by the easiest, most certain, most efficient, and best mode. This, we think, satisfies the requirement of the Act.[92]

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[90] *Abitibi, supra* note 89, at 89-90.
[91] Survey, *supra* note 7, at 407.
[92] *Abitibi, supra* note 89, at 90-91.

8. *Processes of Treating Living Things*

In *Naito's Application*[93] the Patent Appeal Board noted that in the United Kingdom claims have been refused to fruits and other growing crops, and to sex controlled eggs, as well as to selective breeding of animals and cultivation of plants, and the Board questioned "whether animal husbandry, poultry care, and similar farming procedures are proper subject matter for patent protection".[94] The Board refused a claim to a method of improving egg-laying recovery of a normally healthy hen during moulting, comprising injecting the moulting hen with a specified substance. The Board held that this was an unpatentable method of medical treatment. On the other hand, the United Kingdom Patent Office is prepared to allow claims to the medical treatment of nonhuman animals.[95] It is of interest, also, that although methods of treating humans medically have been held unpatentable by the Supreme Court of Canada,[96] a New Zealand court has reached the opposite conclusion.[97]

B. *The Applicant's Choice of Claims*

Cases such as those discussed above under the heading *Subject Matter Capable of Being Patented* show that sometimes, in the same case, one style of claim, for example a product claim, will be regarded as defining a patentable invention whereas another, for example a method claim, will not. Applicants for patents endeavour to define what they consider to be their invention in claims of different style and scope, in the hope of obtaining at least one valid claim that will provide worthwhile protection.

1. *Composition Claims: Substance Plus Adjuvant*

Reference was made in the last Survey[98] to the practice of the Patent Office, affirmed by the Federal Court of Appeal in the *Agripat* case,[99] of refusing to allow an applicant to claim what he thinks is a new substance but in mixture with a conventional carrier or other conventional adjuvant which may put the substance into usable form. In

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[93] *Re* Application No. 182,923, 60 C.P.R. (2d) 119 (Comm'r of Patents — P.A.B. 1978).

[94] *Id.* at 122.

[95] United States Rubber Co.'s Application, [1964] R.P.C. 104 (Pat. Off. 1963).

[96] Tennessee Eastman Co. v. Commissioner of Patents, *supra* note 71. *See also* Upjohn Co. (Robert's) Application, [1977] R.P.C. 94, [1976] F.S.R. 87 (C.A. 1975).

[97] Wellcome Foundation Ltd. (Hitching's) Application, [1980] R.P.C. 305 (N.Z.S.C. 1979). Leave to appeal has been granted: [1982] 8 E.I.P.R. D-183.

[98] Survey, *supra* note 7, at 410-11 & 414-15.

[99] *Re* Application No. 132,421, 52 C.P.R. (2d) 220 (P.A.B. 1976), *aff'd* 52 C.P.R. (2d) 229 (F.C. App. D. 1979).

Ware's Application[100] the Patent Appeal Board elaborated upon the Patent Office's position by discussing some of the arguments that have been advanced in favour of the allowability of such composition claims, and by calling in aid some older authorities. In a decision several weeks later, *Celamerck's Application*,[101] the Patent Appeal Board put its objection to substance plus adjuvant claims on the ground that such claims "go beyond the invention made, and do not properly define it".[102] The Board denied that such claims are rejected because the applicant also asserts a claim to the novel substance itself.

The issue of the allowability of such composition claims has now been clarified by the Supreme Court of Canada. In *Shell's Application*[103] the applicant, Shell Oil Co., had discovered that certain substances were useful for regulating plant growth. Some of the substances were old; others were new. The applicant originally claimed the new substances, and also claimed both the old and the new substances when mixed with an adjuvant that a skilled person would know to use, once he knew of the applicant's discovery that the substances had plant growth regulating properties. After the decision of the Federal Court of Appeal in the *Agripat* case[104] the applicant in *Shell* cancelled its claims to the new substances and sought the allowance of only the claims to the substances (old and new) plus adjuvant. The Patent Appeal Board rejected the claims, again saying that such claims do not define the invention and reiterating some of the arguments that it made in its *Ware* and *Celamerck* decisions. The Board was not prepared to say what its view would be if the applicant claimed only the old substances plus adjuvant. It seems that no objection was taken to a claim for a method of using the substances plus adjuvant.

Shell appealed to the Federal Court of Appeal, which affirmed the rejection of the substance plus adjuvant claims.[105] It held that there was no inventive ingenuity in producing the composition of substance plus usual adjuvant where there was no interaction between the two other than physical mixing. Any inventive ingenuity was in the new substances and the applicant was not claiming the invention distinctly, but its claims went beyond the invention and claimed an exhausted combin-

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[100] *Re* Application No. 187,635, 54 C.P.R. (2d) 278 (Comm'r of Patents 1978), decided 15 May 1978. A few days earlier the Patent Appeal Board delivered very similar reasons in Ware's Application No. 163,836, reported in 107 C.P.O.R., 7 Aug. 1979, at vii.

[101] *Re* Application for Patent of Celamerck, 61 C.P.R. (2d) 78 (Comm'r of Patents 1979).

[102] *Id.* at 84. *Compare*, however, Fletcher Moulton L.J.'s famous statement in British United Shoe Mach. Co. v. A. Fussell & Sons Ltd., 25 R.P.C. 631, at 651 (C.A. 1908) that "a man must distinguish what is old from what is new by his Claim, but he has not got to distinguish what is old and what is new in his Claim."

[103] *Re* Application No. — 471, 53 C.P.R. (2d) 220 (Comm'r of Patents 1979), *aff'd sub nom.* Shell Oil Co. v. Commissioner of Patents, 36 N.R. 1, 54 C.P.R. (2d) 183 (F.C. App. D. 1980), *rev'd* 67 C.P.R. (2d) 1 (S.C.C. 1982).

[104] *Supra* note 99.

[105] *Shell Oil, supra* note 103.

ation of plant growth regulant plus suitable adjuvant therefor. The Supreme Court of Canada reversed these decisions,[106] noting that inventive ingenuity may reside in the discovery of a use for a compound and that it is immaterial that no further ingenuity is required to put the compound to the use.

The Supreme Court did not have to decide (and therefore left open the question) whether the applicant may claim both a new substance *per se* and a composition which includes it, but the *Agripat* decision of the Federal Court of Appeal[107] indicates that these two types of claim will not be allowed, so that the applicant may have to elect whether to claim the new substance *per se*, or the new compositon.

The decision in the *Shell* case does not affect the special problems that exist in Canada when the applicant claims a new substance prepared or produced by a chemical process and intended for food or medicine. In such cases the new substance may be claimed only when prepared or produced by methods or processes that are particularly described and claimed or by their obvious chemical equivalents. The Supreme Court has previously held that compositon claims will not be allowed.[108] If, however, the substance is an old substance and the applicant has discovered its utility in food or medicine, a claim to the old substance in a new form, for example, in a compositon suited to the new use, may be allowed if no chemical process is involved in making the new form.

2. *The Need for a Range of Claims*

It is comforting that in the cases just discussed the Patent Appeal Board has shied away from objecting to the substance plus adjuvant claims on the ground that they are not inventive over claims to the substance alone. Such an objection, if extended to other situations, could lead to a morass, because applicants must be able to present a range and variety of claims, never knowing what valid objection may at any time arise to a claim which at first blush might have seemed safe. As noted above in the discussion of *Lampert's Application*[109] the Board ventured into the morass in saying that a method claim was redundant in view of a claim presented to an apparatus in the same application.

In its discussion of *Ware's Application*[110] the Patent Appeal Board suggested that a claim to a substance would not be anticipated by a prior disclosure of the substance as a curiosity having no known utility,[111] but assuming that this is so there remains the possibility of a

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[106] 67 C.P.R. (2d) 1 (1982).

[107] *Supra* note 99.

[108] Sandoz Patents Ltd. v. Gilcross Ltd., [1974] S.C.R. 1336, 8 C.P.R. (2d) 210, 33 D.L.R. (3d) 451 (1972).

[109] *Supra* note 83. *Cf. In re* Tarczy-Hornoch, 158 U.S.P.Q. 141 (C.C.P.A. 1968).

[110] *Supra* note 100.

[111] *Cf. In re* Papesch, 315 F. 2d 381 (C.C.P.A. 1963), note 209 *infra.*

prior disclosure of the substance for an entirely different use, with no suggestion of its utility with an adjuvant suited for the applicant's use.[112] A seemingly redundant claim may at any time be thrown into a different perspective. This may be one reason why patent laws do not condemn a patent for being drawn to more than one invention.[113]

To be contrasted with the Patent Appeal Board's decisions is that of the English Court of Appeal in *Beecham's Application*.[114] An earlier patent claimed three penicillins which were known to have three forms, namely a "d" epimer, an "l" epimer, and a racemic "dl" mixture of those epimers. One of the "d" epimers was subsequently found to be a highly valuable penicillin and became a commercial success under the generic name amoxycillin. The Court rejected arguments that a claim to this epimer when mixed with a conventional adjuvant was anticipated or rendered obvious by the earlier patent. There was no specific prior disclosure of what was now claimed, and obviousness had to be considered in the light of the state of the art as a whole, not merely on the basis of what the earlier patent disclosed.

3. *Old Combinations, Exhausted Combinations, Aggregative Additions*

In *Ware's Application*[115] the Patent Appeal Board cited cases which suggest that an applicant who invents an improvement on something old must claim his improvement. This of course is true, but is it objectionable that he claims his improvement in combination, or in aggregation,[116] with the thing he has improved? Many old cases, decided when claim drafting was imprecise, were concerned with ensuring that the applicant make clear what he claimed and that no claim be made to something old and unimproved. But if all the claims are limited to the improvement, it is difficult to argue that the applicant is claiming more than he has contributed to the art if he asserts claims that are limited to the improvement when used with the old thing. The point was strongly put by Wright J. in *Edison Bell Phonograph Co. v. Smith*:

> [T]he patent is not, as I understood the law, invalidated by the addition of a claim for a further combination with the good invention of something which is not new and useful, and which is not claimed except in that combination; because such an addition does not widen the patent or debar the public from

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[112] *See, e.g.*, Beecham's (Amoxycillin) Application, [1980] R.P.C. 261 (C.A. 1979) where a claim to substance plus adjuvant was sustained over a prior disclosure of the substance.

[113] Patent Act, R.S.C. 1970, c. P-4, subs. 38(1).

[114] *Supra* note 112.

[115] *Supra* note 100. The Patent Appeal Board summarily dismissed the applicant's reference to an important American case on so-called exhausted combinations, *In re* Bernhart and Fetter, 163 U.S.P.Q. 611 (C.C.P.A. 1969).

[116] "Aggregation" is used here in the sense that one or more elements of the claim do not co-act physically or functionally with any other.

> the free use of the old or useless matter except when in combination with the principal invention. If the public cannot use the principal invention at all without leave, it does them no harm to say you cannot use A plus B together without leave.[117]

Of course, what an applicant seeks nowadays by a claim to A plus B is insurance that if a claim to A fails the claim to A plus B may survive attack. It will not survive if B is useless; it may not if B is merely aggregative. The Patent Office is justified in examining these issues.[118] But as pointed out under the previous heading, and at greater length in the last Survey,[119] the claim to A plus B may turn out to be the only valid claim. If this is a possibility, the claim should not be rejected as redundant or as not defining the invention.

It is suggested that the novel use of a different A in the old combination of A plus B may as much justify a claim to the combination as does the novel use of a different reactant or active ingredient in an otherwise classical process.[120] In another context, the Supreme Court of Canada has made the following observation:

> It is stressed in many cases that an inventor is *free to make his claims as narrow as he sees fit* in order to protect himself from the invalidity which will ensue if he makes them too broad. From a practical point of view, this freedom is really quite limited because if, in order to guard against possible invalidity, some area is left open between what is the invention as disclosed and what is covered by the claims, the patent may be just as worthless as if it was invalid. Everybody will be free to use the invention in the unfenced area. It does not seem to me that inventors are to be looked upon as Shylock claiming his pound of flesh.[121]

4. *Kits*

An applicant for a patent usually wishes to be in the comfortable position of obtaining a patent for the thing his competitor may sell, rather than only for the thing potential customers are likely to use or to do. In *Petkau's Application*,[122] the applicant had been allowed claims for a process that customers would use to prepare a product, and claims for the product itself. The process required the use of certain ingredients, and the applicant sought the allowance of claims to a kit containing the ingredients. The Patent Appeal Board was persuaded that such

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[117] 11 R.P.C. 148, at 163 (Q.B. 1894).

[118] *Cf. Re* Application No. 133,588 (Ganiaris' Application), 60 C.P.R. (2d) 133 (Comm'r of Patents — P.A.B. 1978). However, it is suggested that it is primarily the applicant's problem, not the Patent Office's, if a claim includes surplus detail which narrows the scope of protection.

[119] Survey, *supra* note 7, at 412-15.

[120] Commissioner of Patents v. Ciba Ltd., [1959] S.C.R. 378, 19 Fox Pat. C. 18, 30 C.P.R. 135; *In re* Kuehl, 177 U.S.P.Q. 250 (C.C.P.A. 1973). *But see In re* Larsen, 130 U.S.P.Q. 209 (C.C.P.A. 1961).

[121] Burton Parsons Chemical Inc. v. Hewlett-Packard (Can.) Ltd., *supra* note 2, at 565, 17 C.P.R. (2d) at 106, 54 D.L.R. (3d) at 718-19 (emphasis added).

[122] No. 241,628, 13 Jan. 1981.

kit claims are, in principle, allowable, even if there is nothing novel about the construction of the kit, provided of course that there is novelty in the kit collection, that is, the contents of the kit have not previously been assembled for other purposes, and there is unobviousness and utility. Although the Board concluded that a claim for such a kit is not for an aggregation, it seems from the decision that the Board might not be prepared to allow such a claim if what is normally marketed is not the kit but the product of the kit. It is difficult to see why this circumstance should affect the applicant's range of possible claims. The Board indicated that in cases governed by subsection 41(1) of the Act, inventions relating to foods and medicines produced by chemical processes, where the applicant is by statute limited to protection for the use of particular processes, claims to a kit may not be allowable if they would block the use of other processes; nor might kit claims be allowable if they were for ingredients to be used in an unpatentable process for medical treatment of humans. The latter view is not shared by the United Kingdom Patents Court, which has pointed out that the kit claim would not prevent use of the medical treatment without the kit.[123]

C. *The Patent Specification*

1. *The Date for Sufficiency and for Construction*

As noted in the last Survey[124] the Patent Appeal Board has chosen the filing date of an application as being the date on which a patent specification must satisfy the requirement (of section 36 of the Patent Act) that the applicant provide a correct and full description of his invention. In *Lido Industrial Products Ltd. v. Teledyne Industries Inc.*[125] the issue arose as to whether the appropriate date is earlier in a case where an applicant has the benefit of subsection 29(1) of the Patent Act. Under that section, if an application is first filed by a qualified person in a country that is party to the Paris Convention for the Protection of Industrial Property[126] (or in another country with which Canada has made reciprocal arrangements), and a corresponding Canadian application is filed within twelve months, the Canadian application has the same force and effect as if it were filed in Canada on the earlier date of filing in such other country.

In the *Lido* case the Federal Court of Appeal held that where such priority is claimed, the specification must satisfy the requirements of

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[123] Blendax-Werke's Application, [1980] R.P.C. 491, at 505-06 (Pat. Ct.).

[124] Survey, *supra* note 7, at 422-23.

[125] 39 N.R. 561, 57 C.P.R. (2d) 29 (F.C. App. D. 1981); *leave to appeal to S.C.C. denied* 59 C.P.R. (2d) 183, 40 N.R. 360 (1981).

[126] London Revision of the International Convention for the Protection of Industrial Property, 2 Jun. 1934, [1951] Can. T.S. No. 10.

section 36 at the date of filing in the other country (the priority date). Accordingly, if the applicant disclosed the best form of the invention known to him at his priority date, it is immaterial that a better form might have come to his knowledge thereafter but before his Canadian filing date.

The trial Judge had thought that the relevant date was the date of execution of the application for patent in the other country.[127] He held that a failure to disclose non-inventive details, not mentioned in the claims, did not constitute a failure to disclose the best mode.

While the decision of the Federal Court of Appeal may benefit a patentee in respect of the best mode requirement, it may work against him if it is applied in other situations. For example, the common knowledge of those skilled in the art may be greater by the time the patentee files in Canada, or at the time his patent is published. Is he entitled to rely on such an increase in knowledge to show that his specification is sufficient? It is submitted that he is not, and that the Federal Court of Appeal has fastened upon the correct date for sufficiency. It follows that the priority date is also the correct date for construction.[128]

Sometimes a specification when filed in Canada includes more information than was included in an earlier application for which priority is claimed. Article 4F of the London Revision of the Paris Convention, to which Canada has adhered, provides: "No country of the Union may refuse an application for a patent on the ground that it contains multiple priority claims, provided that the application relates to one invention only within the meaning of the law of that country."[129] Peter Kirby has persuasively argued that a Canadian application may be entitled to multiple priorities or to only partial priority.[130] If so, this could lead to the odd result that different parts of a Canadian specification might be construed as of different dates. However, there are likely to be few cases where this makes any difference.

2. *Construction: Technicalities*

In *Consolboard Inc. v. MacMillan Bloedel (Saskatchewan) Ltd.*[131] the Supreme Court set its face against being astute to criticize patent specifications. In the words of Dickson J.:

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[127] 45 C.P.R. (2d) 18 (F.C. Trial D. 1979).

[128] *See* Hayhurst, *Lord Esher, and Some Fundamentals of Patent Law*, 9 BULL. P.T.I.C. 493, at 520 (1981). Under the U.K. Patents Act 1949, 12, 13 & 14 Geo. 6, c. 87, the date for sufficiency has been held to be the date of publication: Standard Brands Inc.'s Patent (No. 2), [1981] R.P.C. 499, at 530-31 (C.A. 1980).

[129] London Revision of the International Convention for the Protection of Industrial Property, 2 Jun. 1934, [1951] Can. T.S. No. 10.

[130] *Multiple and Partial Priorities in Canada*, 40 C.P.R. 197 (1964).

[131] *Supra* note 1.

> We must look to the whole of the disclosure and the claims to ascertain the nature of the invention and methods of its performance . . . being neither benevolent nor harsh, but rather seeking a construction which is reasonable and fair to both patentee and public. There is no occasion for being too astute or technical in the matter of objections to either title or specification for, as Duff, C.J.C. said . . . "where the language of the specification, upon a reasonable view of it, can be so read as to afford the inventor protection for that which he has actually in good faith invented, the court, as a rule, will endeavour to give effect to that construction". Sir George Jessel spoke to like effect at a much earlier date. . . He said the patent should be approached "with a judicial anxiety to support a really useful invention".[132]

As will be discussed below[133] the House of Lords has espoused what it calls "purposive construction".

3. *Disclosure of the Invention*

Another quotation from the Supreme Court's *Consolboard* decision, set out at the beginning of this Survey, shows that the Court has cleared away some confusion engendered by the drafting of section 36 and by the *Leithiser* case[134] which was discussed at some length in the last Survey.[135] That case could be read as suggesting that a specification must contain, in the disclosure, a clear and distinct statement of the invention.The Court has made it clear that it is sufficient if the invention is disclosed by reading the specification as a whole[136] with the knowledge of a person skilled in the art.

4. *Disclosure of Novelty*

The Supreme Court in the *Consolboard* case adopted the views of Fletcher Moulton L.J. in *British United Shoe Machinery Co. v. Fussell*[137] that no patentee is required to fulfill the impossible burden of disclosing how his invention differs from the prior art. He may be unaware of much of the prior art. He is not entitled to claim what is old, but he is not expected to be omniscient. In the words of the Court: "In short, if the specification describes an invention that is in fact new, and if the description is sufficient so that an ordinary workman skilled in the art can understand it, the patent specification is valid."[138]

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[132] *Id.* at 520-21, 56 C.P.R. (2d) at 157, 122 D.L.R. (3d) at 214-15 (citations omitted).

[133] Under the heading *Infringement*, *infra* text accompanying notes 339-57.

[134] *Supra* note 1.

[135] Survey, *supra* note 7, at 429-32.

[136] *See also* Noranda Mines Ltd. v. Minerals Separation North American Corp., [1950] S.C.R. 36, at 45, 9 Fox. Pat. C. 165, at 175, 12 C.P.R. 99, at 191 (1949), *aff'd* 12 Fox Pat. Co. 123, 15 C.P.R. 133, 69 R.P.C. 81 (P.C. 1952).

[137] *Supra* note 102, at 652.

[138] *Consolboard*, *supra* note 1, at 532, 56 C.P.R. (2d) at 166, 122 D.L.R. (3d) at 223. The Court noted the provision in subs. 36(1) that the applicant shall in the case of a process explain the necessary sequence, if any, of the various steps "so as to distinguish the invention from other inventions". These quoted words seem to add no more than the pleonasm that follows them in subs. 36(1).

5. *Disclosure of Utility*

At trial in the *Consolboard* case,[139] Collier J. held invalid certain claims for producing a uniform mat on the ground that there was insufficient explanation of how such uniformity was achieved. He made this ruling despite evidence that an ordinary skilled workman could produce the desired mat by making routine changes to the apparatus described.[140]

The case went to appeal in respect of two other patents which Collier J. had found valid. The Federal Court of Appeal held that these other patents were invalid because they did not sufficiently disclose any utility for the inventions; the Court suggested that there must be a distinct statement of utility and it was apparently of the view that the utility must be understandable by the public without intensive study of the specifications.[141]

On further appeal to the Supreme Court of Canada, the decision of the Federal Court of Appeal was reversed,[142] on grounds which render suspect the finding of invalidity by the trial Judge in respect of the patents for which no appeal had been taken. As noted above, the Supreme Court held that section 36 of the Patent Act requires both the disclosure and the claims of a patent specification to be construed as a person skilled in the relevant art would construe them. They are not addressed to the public generally. The Court firmly rejected the idea that one may not look to the whole of the disclosure and claims to ascertain what the invention is, and in particular it rejected the contention that there must be a distinct recitation of the utility of the invention as part of the specification. It is only necessary that the applicant describe the use contemplated by the inventor sufficiently well as to be understandable by a skilled reader.

It was said by the Supreme Court in *Consolboard* that subsection 36(1) "does not impose upon a patentee the obligation of establishing the utility of the invention".[143] Here the Court probably had in mind its earlier decision in *Monsanto Co. v. Commissioner of Patents*,[144] to be discussed under the next heading, where it upheld the validity of claims for a class of compounds for which a sound prediction of utility could be made, where there was no disproof of their utility. But some utility must certainly be disclosed to the skilled reader,[145] and the disclosure must be

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[139] 39 C.P.R. (2d) 191 (F.C. Trial D. 1978).

[140] *See* the last Survey, *supra* note 7, at 422.

[141] 35 N.R. 420, 41 C.P.R. (2d) 94 (F.C. App. D. 1979).

[142] *Consolboard, supra* note 1.

[143] *Id.* at 521, 56 C.P.R. (2d) at 158, 122 D.L.R. (3d) at 215.

[144] *Supra* note 2.

[145] *Cf.* Brenner v. Manson, 383 U.S. 519, 86 S. Ct. 1033 (1966), the leading decision of the United States Supreme Court, and Anonymous Application, 104 C.P.O.R., 29 Jun. 1976, at xxviii (P.A.B.).

credible. Thus, in *Foster's Application*[146] the applicant sought a patent for a death ray. The Patent Appeal Board, being doubtful that the alleged invention could be carried out, rejected the application. On appeal, the Federal Court of Appeal said it was in no better position than the Board to form an opinion whether the device would work, and in the absence of evidence on the point the Court deferred to the Board's expertise as to whether the device would work.[147]

In the *Consolboard* case the Supreme Court said:

> To the extent that the Federal Court of Appeal held that s. 36(1) of the *Patent Act* requires a disclosure of the invention, including its utility, to the public as unskilled or uninformed laymen, such finding, in my view, is contrary to law. . . .
>
> In my respectful opinion the Federal Court of Appeal erred also in holding that s. 36(1) requires distinct indication of the real utility of the invention in question.[148]

In the later case of *R.C.A. v. Hazeltine Corp.*, LeDain J. drew the curious conclusion from the Supreme Court's *Consolboard* decision that "it is not necessary that the description indicate the utility of the invention."[149] This cannot be so, and it does not follow from the *Consolboard* case, where the Supreme Court concluded its comments on the utility point as follows:

> With respect, I agree with the submission of counsel for the appellant that the Federal Court of Appeal has confused the requirement of s. 36(1) of the *Patent Act* that the specification disclose the "use" to which the inventor conceived the invention could be put. The first is a condition precedent to an invention, and the second is a disclosure requirement, independent of the first.[150]

The way in which the invention is to be used need not be apparent to the layman, if the specification enables a person skilled in the art to use it. As stated by Whitford J. in *American Cyanamid Co. v. Berk Pharmaceuticals Ltd.*: "The description of the invention has only to be a description sufficient to enable the notional skilled man to put it into practice. Only those familiar in the field in question can be expected to make anything of the claim."[151]

Also it is trite law that, as long as that which is disclosed has some practical utility, the quantum of utility may be slight[152] unless the

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[146] 107 C.P.O.R., 12 Jun. 1979, at v.

[147] X v. Commissioner of Patents, 59 C.P.R. (2d) 7 (F.C. App. D. 1981).

[148] *Supra* note 1, at 524-25, 56 C.P.R. (2d) at 160, 122 D.L.R. (3d) at 217-18.

[149] 56 C.P.R. (2d) 170, at 193 (F.C. App. D. 1981), *leave to appeal to S.C.C. denied* 40 N.R. 357, 59 C.P.R. (2d) 206 (1981).

[150] *Supra* note 1, at 527, 56 C.P.R. (2d) at 162, 122 D.L.R. (3d) at 219-20.

[151] [1976] R.P.C. 231, at 234, [1973] F.S.R. 487, at 490 (Ch. D. 1973).

[152] Wandscheer v. Sicard Ltd., [1948] S.C.R. 1, at 24, 7 Fox Pat. C. 93, at 115, 8 C.P.R. 35, at 59 (1947) (Estey J.), *aff'g* [1945] Ex. 112, at 124, 4 Fox Pat. C. 13, at 58, 4 C.P.R. 5, at 16 (1944) (Angers J.); Electrical & Musical Ind. Ltd. v. Lissen Ltd., 56 R.P.C. 23, at 66 (H.L. 1939).

specification promises more.[153] For this reason, the patent agent should be chary of making promises and of reciting objects in the specification unless he must do so to comply with the requirement in subsection 36(1) of the Act, that the specification "correctly and fully describes the invention and its operation or use as contemplated by the inventor".[154]

If an invention has utility which is beyond whatever minimum is disclosed to the skilled reader of the specification, there may be a question whether the patentee is entitled to rely on the undisclosed utility in defending his invention against an obviousness attack.[155]

6. *Support for the Claims*

(a) *Assertions of Utility*

In *Monsanto Co. v. Commissioner of Patents*, discussed in the last Survey,[156] the Patent Appeal Board and the Federal Court of Appeal held that a claim to 126 compounds was excessively broad where the applicant had provided a detailed disclosure of only three of them. The Supreme Court of Canada reversed these decisions[157] having regard to the applicant's evidence of undoubted experts that the disclosure of the three compounds provided a sound basis for predicting the promised utility of the others. The Court commented:

> If the inventors have claimed more than what they have invented and included substances which are devoid of utility, their claims will be open to attack. But in order to succeed, such attack will have to be supported by evidence of lack of utility. At present there is no such evidence and there is no evidence that the prediction of utility for every compound named is not sound and reasonable.[158]

In *Ciba-Geigy v. Commissioner of Patents*[159] the applicant had discovered that certain new amines have pharmacological utility. Subsection 41(1) of the Patent Act required the applicant to limit itself to the process or processes by which the amines could be prepared. In its specification the applicant stated that it is possible to produce the new

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[153] Lane-Fox v. Kensington & Knightsbridge Elec. Lighting Co., 9 R.P.C. 413, at 417 (C.A. 1892).

[154] *See* Hayhurst, *Disclosure Drafting*, 28 P.T.I.C. BULL. (series 7) 64, at 73-74 (1971).

[155] *But see, e.g.*, Weather v. United States, 204 U.S.P.Q. 41, at 44, n. 4 (Ct. Cl. 1980); De Frees v. Dominion Auto Accessories Ltd., 44 C.P.R. 74, at 103-05 (Ex. 1963) (Noel J.), *aff'd* [1965] S.C.R. 599. As to whether an applicant for a patent may amend his specification to recite further utility, *see* the heading *New Matter*, *infra* text accompanying notes 168-73.

[156] Survey, *supra* note 7, at 433.

[157] *Monsanto, supra* note 2.

[158] *Id.* at 1122, 42 C.P.R. (2d) at 179, 100 D.L.R. (3d) at 402. There is a good discussion of the cases on "sound prediction" in Teitel's Application No. 214,049, (unreported, 2 Jan. 1980) (P.A.B.) and in Goldberg's Application No. 188,024, 108 C.P.O.R., 11 Nov. 1980, at v.

[159] *Supra* note 5.

amines by seven different processes, which it identified and which it said were, in themselves, known.[160] Detailed examples were given of only two of the processes. The Patent Appeal Board, at a date prior to the Supreme Court's *Monsanto* decision,[161] considered that the other five processes were mere "armchair" speculation. Unlike *Monsanto*, the applicant filed no affidavits of experts to contradict this. Thurlow C.J. said that the predictability of a particular result is essentially a question of fact but, assuming that the applicant had not in fact carried out or tested the five processes, he said that the Board appeared to have been satisfied that the speculation had turned out to be true, and that it was not improbable that it would have been considered well founded at the time it was made. There being nothing to show that any of the processes would not work, the process claims were allowed.

In *Cooper & Beatty Ltd. v. Alpha Graphics Ltd.*[162] the patent was for making coloured images. The claims called for composite layers of ink and photosensitive resist material. The disclosure of the patent stated that the resist should be transparent to render the ink visible, but the claims did not specify a transparent resist. The learned Judge noted that the claims called for ink of the colour of the image being formed and said that this necessarily implied that the overlying resist be transparent. An attack on the utility of what was claimed was therefore dismissed.

(b) *Enabling Disclosure*

In the *Monsanto* case[163] the question was not whether the claimed compounds could be made on the basis of what was disclosed, but whether, when made, they would have the promised utility. The disclosure must be enabling, in the sense that it must teach persons skilled in the art how to achieve the promised utility.

In *R.C.A. v. Hazeltine Corp.*,[164] a conflict proceeding, the respondent had in 1950 filed an original application and later filed a divisional application[165] with an expanded description. Certain claims of the divisional application were involved in the conflict proceeding. If the subject matter of those claims was described in the original specification the respondent would have a 1950 filing date, and thus an invention date, earlier than the appellant's invention date. The subject matter of the claims, for producing a colour signal, was not explicitly described in the original specification. LeDain J. said: "The issue, as I

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[160] The novelty, unobvioûsness and utility of the amines produced enable the applicant to claim such processes: Commissioner of Patents v. Ciba Ltd., [1959] S.C.R. 378, 30 C.P.R. 135, 18 D.L.R. (2d) 375.

[161] *Supra* note 2.

[162] 49 C.P.R. (2d) 145 (F.C. Trial D. 1980).

[163] *Supra* note 2.

[164] *Supra* note 149.

[165] Filed under s. 38 of the Patent Act, referred to under the heading *Division*, *infra* text accompanying notes 269-76.

see it, is whether, as the respondent contends, that particular way of producing the colour signal G would have been obvious to a person skilled in the art in 1950."[166]

Obviousness here would be judged in the light of what was common knowledge of persons skilled in the art, rather than in the light of the prior art as a whole. Not all of the latter may have been common knowledge.[167] The issue would be whether the 1950 specification was sufficient to disclose the subject matter of the claims to a person skilled in the art, and to enable him to achieve what was disclosed. If the specification was not sufficient, the alleged divisional application was not entitled to divisional status under section 38 of the Act, nor was the respondent entitled to the 1950 date as its date of invention.

7. *New Matter*

Not infrequently patent specifications are amended between the time the application is filed and the time the patent issues. Section 52 of the Patent Rules provides:

> No amendment to the disclosure shall be permitted that describes matter not shown in the drawings or reasonably to be inferred from the specification as originally filed, and no amendment to the drawings shall be permitted that adds thereto matter not described in the disclosure.[168]

In *Procter & Gamble Co. v. Bristol-Myers Canada Ltd.* it was argued that the patentee had, while its application was in the Patent Office, made certain amendments in contravention of section 52 of the Rules. To this, Addy J. responded:

> I conclude that they are not the type of amendments which change the essence or substance of the invention. In any event, if any of them do, the certification of the Commissioner of Patents, that the applicant has complied with all the requirements of the *Patent Act*, in my view, is final, conclusive and binding except in the case of fraud. There was obviously no fraud in the present case. It seems to fall within the purview of the principles approved by the Supreme Court of Canada in the case of *Fada Radio Ltd. v. Canadian General Electric Co. Ltd.*. . . .[169]

In the *Fada* case, the Supreme Court was dealing with a contention that a reissue patent was invalid for an alleged procedural error in not filing an affidavit with the reissue application, and said:

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[166] *Supra* note 149, at 193.

[167] *See* Hayhurst, *Grounds for Invalidating Patents*, *supra* note 2, at 240-41.

[168] Patent Rules, C.R.C., c. 1250. Sections 53 through 57 go on to provide, by way of exception, for the filing of "supplementary disclosures".

[169] 39 C.P.R. (2d) 145, at 157 (F.C. Trial D. 1978).

> [A]ny insufficiency in the material on which the Commissioner acts, the entire absence of an affidavit or any defect in the form and substance of that which is put forward as an affidavit in support of the claim, cannot, in the absence of fraud, which in this instance has not been suggested, avail an alleged infringer as a ground of attack on [a reissue patent]. It is not a 'fact or default, which, by this Act, or by law, renders the patent void'. The recital of the patent that the applicant . . . 'has complied with the requirements of the Patent Act' is conclusive against the appellant in the absence of fraud. . . .[170]

In *Shindo's Application* the applicant initially made the following disclosure of utility: "The compounds . . . are invariably novel compounds which, by virtue of their action upon the central nervous system, are of use as medicines."[171] The Patent Office Examiner did not consider that this was an adequate description of the use of the invention within the meaning of subsection 36(1) of the Patent Act, and the applicant sought to substitute the following: "The derivatives . . . are novel compounds which possess activities for depression of the central nervous system, more particularly an action for prolonging sleeping time, analgesic activity and sedative activity and are of use in the medicinal field."[172] The Examiner ruled that this amendment would contravene section 52 of the Patent Rules, but the Patent Appeal Board reversed him, holding that the added information was reasonably to be inferred. It was satisfied by affidavit evidence that nothing was being added that was unknown to the applicant when the application was originally filed[173] and concluded that the original specification was imperfectly drafted.

8. *Ambiguity*

Having regard to the fact that subsection 36(2) of the Patent Act requires claims to state "distinctly and in explicit terms" the things for which an exclusive property is desired, it has long been the practice of the Patent Office to refuse the style of claim, common in the last century, that refers to the disclosure or drawings. But this practice is not inflexible. In *Berger's Application*,[174] where the applicant sought in his claim to identify an antibiotic by reference, *inter alia*, to its infrared absorption spectrum "as shown in accompanying attached Figure 1", the Patent Appeal Board approved this mode of claiming as being more distinct and explicit than that which the examiner had required, namely, presenting the spectral data in tabular or descriptive form. However, the Board said that such reference to the drawings should be permitted only where it is most difficult otherwise to define the invention in distinct and explicit terms.

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[170] [1927] S.C.R. 520, at 523-24, [1927] 3 D.L.R. 922, at 925.

[171] Application No. 139,256 (Patent No. 1,029,723), 51 C.P.R. (2d) 95, at 99 (P.A.B. 1977).

[172] *Id.* at 100.

[173] In the U.S. it has been held that newly discovered properties may be added, a compound and its properties being "one and the same thing": Eli Lilly v. Premo, 207 U.S.P.Q. 719, at 732 (1980).

[174] Application No. 120,508, 107 C.P.O.R., 24 Apr. 1979, at x.

D. *Anticipation*

1. *Printed Publication*

By paragraph 28(1)(*b*) of the Patent Act, an invention is not patentable if it was described in a publication printed in Canada or in any other country more than two years before the Canadian filing date. Reference was made in the last Survey[175] to the decision of Gibson J. in *Owens-Illinois Inc. v. Koehring Waterous Ltd.*,[176] holding that there was no "publication" where five mimeographed copies of a report were kept in the library of the Pulp and Paper Research Institute of Canada, but were available only to personnel of member companies of the Institute having an acceptable reason for obtaining access to a report which the author had requested be kept confidential. The decision has been affirmed by the Federal Court of Appeal, which held that the onus is on the person attacking the patent to prove publication.[177] The Court of Appeal expressed no opinion on whether mimeographed copies are "printed".

Gibson J. was again faced with the question of what is a printed publication in *Saunders v. Airglide Deflectors Ltd.* More than two years before filing his Canadian patent application, an inventor had sent a photograph and a photostat of a disclosure of his invention, with a typewritten letter, to seven corporations, trying to interest them in his invention. Gibson J. said that none of these documents was "printed"[178] and he seemed to regard the submissions as establishing a special relationship with the corporations and not putting the public in possession of the invention.[179]

An effort has been made by the United States Court of Customs and Patent Appeals to provide a rational, modern approach to what constitutes a printed publication. In *Re Wyer*[180] the question was whether such publication had occurred before 9 November 1975. Before that date, two microfilm copies of an Australian patent application had been made by the Australian Patent Office. One was cut and arranged in a jacket so that it could be copied, and six diazo copies were made. These six were available at the Australian Patent Office and its sub-offices so that they could be shown, enlarged, on a display screen, or so that enlarged paper copies could be made on Patent Office equipment for purchase by the public, and further diazo copies could also be produced if ordered from the original microfilms kept in the Patent

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[175] Survey, *supra* note 7, at 423.

[176] 40 C.P.R. (2d) 72 (F.C. Trial D. 1978).

[177] Koehring Canada Ltd. v. Owens-Illinois Inc., 33 N.R. 597, 52 C.P.R. (2d) 1 (F.C. App. D. 1980), *leave to appeal denied*, [1980] 2 S.C.R. at ix.

[178] 50 C.P.R. (2d) 6, at 24 (F.C. Trial D. 1980).

[179] The reference to a "special relationship" comes from Xerox of Canada Ltd. v. I.B.M. Canada Ltd., 33 C.P.R. (2d) 24, at 85 (F.C. Trial D. 1977) (Collier J.), mentioned in the last Survey, *supra* note 7, at 423.

[180] 210 U.S.P.Q. 790 (1981).

Office. The specification was thereby "laid open" in the appropriate Australian patent classification. There was nothing to show that there had been any actual viewing or dissemination of any copy, but the records had been made for that purpose. The C.C.P.A. said that the totality of the facts must be considered, and that decisions must proceed on a case by case basis. On the facts recited it held that "printed publication" had occurred, without approving the sweeping statement that a microfilm accessible to the public at a patent office and available for duplication is such a publication. Judge Rich explained:

> '[P]rinted publication' should be approached as a unitary concept. The traditional dichotomy between 'printing' and 'publication' is no longer valid. Given the state of technology in document duplication, data storage, and data-retrieval systems, the 'probability of dissemination' of an item very often has little to do with whether or not it is 'printed' in the sense of that word when it was introduced into the patent statutes in 1836. In any event, interpretation of the words 'printed' and 'publication' to mean 'probability of dissemination' and 'public accessibility,' respectively, now seems to render their use in the phrase 'printed publication' somewhat redundant . . . the publication provision was designed to prevent withdrawal by an inventor, as the subject matter of a patent, of that which was already in the possession of the public. Thus, the question to be examined . . . is the accessibility to at least the pertinent part of the public, of a perceptible description of the invention, in whatever form it may have been recorded. Access involves such factual inquiries as classification and indexing. In other words, such a reference is a 'printed publication' and a bar to patentability
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> . . .
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> > . . . upon a satisfactory showing that such a document has been disseminated or otherwise made available to the extent that persons interested and ordinarily skilled in the subject matter or art, exercising reasonable diligence, can locate it and recognize and comprehend therefrom the essentials of the claimed invention without need of further research or experimentation.
>
> Accordingly whether information is printed, handwritten, or on microfilm or a magnetic disc or tape, etc., the one who wishes to characterize the information, in whatever form it may be, as 'printed publication'
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> . . .
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> > . . . should produce sufficient proof of its dissemination or that it has otherwise been available and accessible to persons concerned with the art to which the document relates and thus most likely to avail themselves of its contents.[181]

2. *Public Use: Experiment*

By paragraph 28(1)(*c*) of the Canadian Patent Act an invention is not patentable if it was in public use in Canada for more than two years before the Canadian filing date. In *Canadian Patent Scaffolding Co. v. Delzotto Enterprises Ltd.*, Addy J. stated:

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[181] *Id.* at 794-95.

> However, if there is user in public, such user does not fall within the purview of the statute if it is carried out principally and mainly for the purpose of *bona fide* experimentation. Such experimentation must be reasonable and necessary but may be carried out with a view to either perfecting the invention as such or testing its merits or practical utility. The fact that, in the course of such experimentation, a profit or gain is realized or a benefit is derived by the inventor or by another person does not *ipso facto* disqualify the use from being considered experimental providing the main purpose remains experimentation throughout. From the moment the use in public ceases to be be principally and fundamentally for experimental purposes or the experimentation ceases to be reasonable and necessary, then, from that moment, it becomes a public use as contemplated by the statute.
>
> Once a party attacking the patent has established that the invention has in fact been used in public before the two-year period immediately preceding the date of application, it is then up to the party relying on the patent to establish clearly that any user in public, which occurred earlier than two years before the date of application, was for *bona fide* experimentation purposes as above defined.[182]

His Lordship continued: "In order for a test to be reasonably conducted and to qualify as an exception to the public user bar, such security measures as can reasonably be carried out without interfering with the work, should be taken by the inventor."[183] And he later said:

> Where there is a benefit arising from a use in public, there is on the person claiming that the use was primarily for the purpose of reasonable and necessary experimentation, a real onus of establishing the amount and nature of the net benefits and the identity of the person or persons who benefited. Otherwise, where [the] invention was used publicly and commercially, the Court cannot decide the issue as to whether the use was or was not *bona fide* and primarily and principally for reasonable experimentation purposes.[184]

On the evidence before him, the learned Judge concluded that, on the balance of probabilities, there had been at least three public uses more than two years before the filing of the Canadian application, and the patentee had not established that the uses were experimental.[185] There was very little evidence of security measures to prevent unnecessary public disclosure; advantages discovered during the alleged experiments were not mentioned in the disclosure of the patent; no records were produced and no evidence was led about any preliminary instructions given prior to the alleged tests, or about observations or comparisons made or conclusions reached; the uses were on a relatively large scale and took place concurrently; and there was no explanation of who bore the costs or divided the financial benefits. The Judge remarked:

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[182] 42 C.P.R. (2d) 7, at 24 (F.C. Trial D. 1978).

[183] *Id.* at 27.

[184] *Id.* at 30.

[185] The Federal Court of Appeal agreed, 47 C.P.R. (2d) 77, at 85, 35 N.R. 424, at 432. The Supreme Court of Canada has refused leave to appeal, [1980] 1 S.C.R. vi, 47 C.P.R. (2d) 249.

> If there was any purpose or objective in the carrying out of the projects in issue, other than the obvious and normal one of conducting for profit the trade or business of concrete forming, it was to convince others of the practical utility and merits of the invention and not to convince the inventor himself. Only in the latter case is there a question of true experimentation. The other objectives involve questions of marketing, financing or public relations. None of these purposes, however, would exempt the public use from the provisions of the statute.[186]

One might have thought that the two year period given by the statute would have been sufficient for experimental public use without the need for judicial extension of the period. A similar extension has, however, been recognized in the United States.[187]

3. *Prior Invention*

By the combined effect of paragraphs 28(1)(*a*) and 63(1)(*a*) of the Patent Act, a Canadian patent may be invalidated if all of the following three conditions are fulfilled:

(i) A person other than the inventor named in the patent knew of or used the invention before the named inventor invented it. The knowledge or use by the other person may have been in any country.[188]

(ii) The other person had disclosed or used the invention "before the date of the application for the patent". An argument can be made that the "date of the application" is the priority date, if the application was entitled to the benefit of section 29 of the Patent Act.[189] However, it is submitted that a disclosure before the actual Canadian filing date is sufficient: otherwise, another Canadian patent disclosing the invention, but issued just prior to the actual Canadian filing date of the patent in suit, would not be available for what it discloses, whereas it would be available if it issued just before the priority date of the patent in suit, or if it issued just after the actual Canadian filing date of the patent in suit. In the latter case, the applications for the two patents would have been

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[186] *Supra* note 182, at 32.

[187] *See, e.g.*, Elizabeth v. Pavement Co., 97 U.S. 126, at 133 (1877). In the United Kingdom where, as in many other countries, public use before the priority date may be fatal, there used to be a statutory exception for experimental use: Patents Act, 1949, 12-14 Geo. 6, c. 87, para. 32(2)(*a*) and subs. 51(3). A recent case is International Paint Co.'s Application, [1982] R.P.C. 247, at 274-75.

[188] Rice v. Christiani, [1931] A.C. 770, at 781, 48 R.P.C. 511, at 524, [1931] 4 D.L.R. 273, at 282 (P.C.).

[189] Discussed under the heading *Convention Priority*, *infra* text accompanying notes 294-99.

copending in the Patent Office and the disclosure of the other patent would be available under paragraph 63(1)(*b*).[190]

(iii) The disclosure or use by the other person must have been in such manner that the invention "had become available to the public". In *Cooper & Beatty Ltd. v. Alpha Graphics Ltd.*,[191] Mahoney J. reviewed briefly the history of these provisions and concluded that an Italian patent, which issued 16 months before the application for the Cousins Canadian patent in suit, would be available to defeat the Cousins patent, so that in his Lordship's view the public availability need not be in Canada.[192] However, on reading the Italian patent he did not find a disclosure of the subject matter of the Cousins patent. The Italian patent issued after Mr. Cousins' date of invention so that, consistently with other Federal Court decisions,[193] his Lordship said that the Italian patent could not be used to mount an obviousness attack on the Cousins patent.[194]

4. *Old Product in a New Form*

In *Stauffer's Application*[195] the Patent Appeal Board had to consider an application for a patent relating to a product which, though the same chemically as a prior product, was different physically. Its actual structure was not known. The Board allowed a claim to the product when made by a claimed process. Had there not been physical novelty in the product, such a product claim would not have been permissible even if the process of making the product were new.[196]

The "product by process" claim had been objected to by the Examiner on the ground that a product should be defined by its

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[190] Paragraph 63(1)(*b*) provides that reliance may be placed on prior knowledge or use of the invention by someone other than the inventor named in the patent in suit if that other had, before the issue of the patent, made an application for patent in Canada upon which conflict proceedings should have been directed. If the inventions were the same, one or more claims of the application for the patent in suit would describe the invention disclosed in the other application, satisfying the requirements of para. 45(1)(*b*) so that conflict proceedings should have been directed. Query what the position would be if the other application were not allowable: *see* the cases discussed under the heading *Conflict Proceedings*, *infra* text accompanying notes 246-57.

[191] *Supra* note 162, at 160.

[192] This is consistent with Durkee-Atwood Co. v. Richardson, 23 Fox Pat. C. 30, at 39, 39 C.P.R. 50, at 62 (Ex. Ct. 1962) (Thorson P.).

[193] *See* the last Survey, *supra* note 7, at 424-25. The Supreme Court of Canada in *Consolboard*, *supra* note 1, at 534, 56 C.P.R. (2d) at 167, 122 D.L.R. (3d) at 224, has also referred to the date of invention as the date of which obviousness is tested, but without pausing to analyze whether this is the correct date in all circumstances. For an excellent criticism of this choice of date *see* Hill, *The Requirement for Inventive Step*, 6 BULL. P.T.I.C. 306, at 317-32 (1980).

[194] *Supra* note 162, at 160 and 162.

[195] *Re* Application for Patent by Stauffer Chemical Co., 59 C.P.R. (2d) 219 (P.A.B. 1980).

[196] F. Hoffman-La Roche & Co. v. Commissioner of Patents, [1955] S.C.R. 414, 15 Fox Pat. C. 99, 23 C.P.R. 1 (Sec. II).

properties and structure, rather than by the process by which it is made. The Board, however, said that when it is not possible to define a new product by its structure because the structure is not known and cannot be readily ascertained, the product may be defined by other means such as by its properties or its method of manufacture.[197] If such other means of definition are acceptable in one case it is difficult to understand why they are not also acceptable where the structure is known:[198] someone wishing to know whether a claim covers his product may, if he wishes, examine the known structure of his product to ascertain whether it is the product for which the patent has issued, even if the product is not claimed by way of structure. If the claim is limited to the product when made by a particular process, it is true that the onus may rest on an alleged infringer to prove that the process was not used,[199] but he is better placed than the patentee to ascertain what process was used.

The recognition by the Patent Appeal Board of the patentability of a product of old chemical constitution but new physical form adds some weight to the argument that in Canada, as in the United States, claims are allowable to naturally occurring micro-organisms in a biologically pure culture.[200]

In the *Stauffer* case the applicant had advanced arguments based upon statements in the Canadian Manual of Patent Office Practice,[201] which was prepared as a guide to the Patent Office staff. The Patent Appeal Board said that since the manual is only a guide to practice, and not an authority to be used as justification for refusing or allowing claims, it did not believe it should entertain arguments as to whether the manual has been complied with or what the manual means.

5. *Discovery of a New Use*

If it is discovered that X, known to be a dye, can be used for a new purpose, for example as a catalyst, there has been substantial authority

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[197] *See also Re* Application No. 079,972 (Shrimpton's Application), 54 C.P.R. (2d) 124, at 128 (P.A.B. 1979), which was held by the Patent Appeal Board to be a proper case to include a process limitation, this being the only apparent way to distinguish from a prior product.

[198] This is the position in the United States: *Re* Certain Steel Rod Treating Apparatus, 215 U.S.P.Q. 237, at n. 88 (1982).

[199] Patent Act, R.S.C. 1970, c. P-4, subs. 41(2).

[200] *See* the discussion under the heading *Living Things*, *supra* text accompanying notes 85-92. The importance of claims to a mixture of a substance plus adjuvant is discussed under the heading *The Applicant's Choice of Claims*, *supra* text accompanying notes 98-123. However, anticipation should not be avoidable by the device of inserting into a claim an old and merely aggregative feature: *cf.* Butler v. Helms, 193 U.S.P.Q. 81, at 83 (1977).

[201] Supply and Services Canada, cat. no. RG 42-1974.

that X cannot be claimed, without change, by calling it a catalyst.[202] Thus, if the discoverer presented a product claim such as a "polymerization catalyst consisting of X", the claim would be regarded as being for a known thing X with merely a new name. If someone were to make X he would infringe the claim (if valid) because he would be making precisely what the claim calls for, despite the fact that he should be free to make the previously known dye. A claim to a catalytic process using X would define the later invention, as might a claim to X in a form not previously disclosed for it and rendering it suitable for use as a catalyst.[203]

However, it seems that such an analysis will not always be applied. In *Procter & Gamble Co. v. Calgon Interamerican Co.*[204] the patent had claims for "a fabric conditioning article". The defendant contended that the claims covered articles disclosed in certain prior patents, though these patents did not teach use of the articles for fabric conditioning. The trial Judge rejected the argument that the claims were invalid, saying that the prior patents did not give the clear and unmistakable directions required to anticipate. The Federal Court of Appeal affirmed,[205] and the Supreme Court of Canada refused leave to appeal.[206] Possibly the courts were influenced by the (seemingly irrelevant) fact that the defendant was making and selling only fabric conditioning articles, for the purpose of fabric conditioning, and no one was shown to be making the old articles for any purpose.

This disposition against invalidating a claim on the basis that it merely renames an old thing is also shown by a recent case in the English Court of Appeal.[207] The first claim of the patent was for a "workbench" having certain structural integers. The defendant cited an old bookbinder's press having all the structural integers. But the press would have been too small to be regarded as a workbench, and the claim was upheld. The result is less surprising than that in the *Procter & Gamble* case because the term "workbench" seems to have been regarded as limiting the claim to an order of size different than in the prior structure.

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[202] *See, e.g.*, In the Matter of An Application for a Patent by G.E.C., 60 R.P.C. 1, at 3 (P.A.T. 1942); *In re* Thuau, 135 F. 2d 344, at 346-47 (C.C.P.A. 1943); Application No. 241, 628 (Potkau's Application) (unreported, P.A.B., 13 Jan. 1981). *Cf. F. Hoffman-La Roche, supra* note 196 (old product not claimable when made by new process).

[203] Beecham's (Amoxycillin) Application, *supra* note 112, at 287. *See also Shell's Application, supra* note 103.

[204] 56 C.P.R. (2d) 214, at 240-41 (F.C. Trial D. 1981) (Gibson J.).

[205] 61 C.P.R. (2d) 1, at 28 (F.C. App. D. 1982). The Court of Appeal was clearly influenced by the fact that in an earlier case, Procter & Gamble Co. v. Bristol-Myers Can. Ltd., 42 C.P.R. (2d) 33, 28 N.R. 273 (F.C. App. D. 1978), involving the same patent, the defendant's argument had been rejected by a differently constituted court without giving reasons.

[206] 63 C.P.R. (2d) 260 (S.C.C. 1982).

[207] The *Workmate* case, unreported but discussed by Hickman and Roos in 11 C.I.P.A. 422, at 440-41 (1982).

6. *Selection*

It is sometimes discovered that one or more members of a previously disclosed class have unexpected properties. There has been no difficulty about granting so-called "selection" patents for these members where they have not been specifically disclosed before. If they have been specifically disclosed, but their unexpected properties have not been, their use may be claimed in a process which takes advantage of those properties, or in a product not suggested by their previously known properties. The United States Court of Customs and Patent Appeals has gone further and held that there may be no anticipation of a claim to a compound by the prior appearance of the compound in a speculative list of theoretical compounds.[208] That Court's opinion is that although a chemical formula identifies a compound, the compound is not known if its properties are unknown.[209] A similar but more far-reaching view has now been taken by the House of Lords in *DuPont's Application*.[210] An old specification of ICI had disclosed polyesters for use as textiles, and had a claim to nine such polyesters. DuPont applied for a patent and presented a claim which covered one of those nine polyesters. DuPont had discovered that this polyester had certain properties not disclosed by the ICI specification, and DuPont disclosed that the polyester could be used for a purpose not disclosed by the ICI specification. However, the polyester had been specifically disclosed by ICI, and ICI had in their specification given sufficient information to make it. Nevertheless, the House of Lords allowed DuPont's product claim for the polyester. Whether that claim would prevent ICI's use of the polyester was not decided. Commentators have suggested that there would have been a different result if ICI had disclosed that its nine compounds could be used for solving the same problem as DuPont,[211] that there might have been a different result if it were shown that ICI had previously made the polyester selected by DuPont[212] and that the House of Lords went astray and should only have allowed process claims for DuPont's newly discovered use.[213]

The test applied by the House of Lords was whether the product of DuPont's claim had been "known or used" within the meaning of paragraph 32(1)(*e*) of the British Patents Act, 1949.[214] Under paragraph 28(1)(*b*) of the Canadian Patent Act,[215] it is submitted that no product

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[208] *Re* Wiggins, 179 U.S.P.Q. 421 (C.C.P.A. 1973). *Cf. Re* Sivaramakrishan, 213 U.S.P.Q. 441 (C.C.P.A. 1982).

[209] *Re* Papesch, 315 F. 2d 381 (C.C.P.A. 1963).

[210] [1982] F.S.R. 303 (H.L.).

[211] Lloyd, 11 C.I.P.A. 44 (1981).

[212] Drysdale, 11 C.I.P.A. 262 (1982); Beecham v. Bristol, [1982] F.S.R. 181, at 189 (N.Z.C.A.) (compound made and properties discovered); TERRELL ON THE LAWS OF PATENTS s. 5.95 (13th ed. 1982).

[213] Reid, [1982] 4 E.I.P.R. 118. *Cf.* Beecham v. Bristol, *supra* note 212, at 195-97 (claim to be limited to use of the compound in a composition suited to its new use).

[214] 12, 13 & 14 Geo. 6, c. 87.

[215] R.S.C. 1970, c. P-4.

claim should be allowed to an applicant in a case where there is a sufficiently old patent or printed publication (*i.e.*, more than two years before the applicant's Canadian filing date) naming the product, correctly stating some useful property of the product, and disclosing how to make the product (if a skilled person would need help). However, the Canadian *Procter & Gamble* case and the English "workbench" case[216] suggest that it may be possible to claim the product by reciting in the claim a utility that was not previously disclosed, at least if that recitation imposes on what is claimed some characteristic not possessed by the product previously identified.

7. Discovery of a Pre-existing Thing

It has been suggested earlier[217] that it should be possible to claim a pre-existing thing in a new form, as for example a pure culture of a micro-organism discovered in nature.

What of the case where the pre-existing thing has been used in admixture with something else, and has been unrecognized? In *Bristol-Myers' Application*[218] the opponents had sold the antibiotic ampicillin. Sometimes this had contained ampicillin trihydrate, but the opponents had not realized that this was so, and it was not possible to detect the presence of the trihydrate in the blend. The House of Lords nevertheless held that there had been a use of the trihydrate that prevented a later claim for it.

By way of contrast, in an American case, *United States v. Pfizer*,[219] the patentee claimed the antibiotic tetracycline. It was shown that an earlier American Cyanamid process for producing chlortetracycline had resulted in the coproduction of small amounts of tetracycline in a product sold under the trade mark Aureomycin. This coproduction was not discovered until after Pfizer had independently produced tetracycline by a different process. The Pfizer claim for tetracycline was held valid. One distinction from the ampicillin trihydrate case is that the trihydrate had been made by the opponents in separate batches that had been mixed with ampicillin, and in that sense the production of the trihydrate had not been accidental and could be repeated.

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[216] *See* discussion under the heading *Discovery of a New Use*, *see* text accompanying notes 202-07 *supra*.

[217] *See* text accompanying note 88 *supra*.

[218] [1975] R.P.C. 127 (H.L.).

[219] 210 U.S.P.Q. 673 (E.D. Pa. 1981). *See also* Pfizer v. International Rectifier, 207 U.S.P.Q. 397 (D.C. Cal. 1980).

E. *Obviousness*

1. *The Diligent Searcher*

It is not always easy in a particular case to decide who is the notional skilled person to whom an alleged invention must be unobvious. Reference has been made in the United Kingdom to a notional research team,[220] and also to a skilled but unimaginative technician.[221] In *Procter & Gamble Co. v. Calgon Interamerican Co.*,[222] Gibson J. considered that the notional person in that case would have been someone employed in research in the relevant art. Evidence was called to show that several housewives had independently made the alleged invention, and it was contended that if the alleged invention was made by several of them it must have been obvious, despite the fact that they were not engaged in research. Gibson J. did not accept the housewives' evidence, but said that nevertheless he had to consider "what the correct and proper and competent addressee ought to know, namely, what he would be able to ascertain by diligent search".[223] He said that whatever the housewives did, it "did not form part of the knowledge which any proper addressee had or could have acquired by consulting any source of information available to them".[224] It seems incredible, however, that something obvious to the lay person could be patented because typical researchers failed to see the forest for the trees.[225]

2. *Admissions as to What is Prior Art*

In June, 1971 Hoechst A.G. filed a Canadian application claiming (under section 29 of the Patent Act) the priority of a German application filed in June, 1970. The Canadian specification referred to a Belgian patent dated October, 1969 as being part of the prior art. The Patent Appeal Board said: "The issue, then, is whether the invention claimed is obvious. In making that assessment. . .the Belgian patent issued too late for consideration."[226]

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[220] *E.g.*, American Cyanamid Co. v. Ethicon Ltd., [1979] R.P.C. 215, at 245-46 (Ch.) (Graham J.).

[221] Technograph Printed Circuits Ltd. v. Mills & Rockley Ltd., [1972] R.P.C. 346, at 355 (H.L.) (Lord Reid).

[222] *Supra* note 204, *aff'd* 61 C.P.R. (2d) 1 (F.C. App. D. 1982). The Federal Court of Appeal also referred to an "unimaginative skilled technician". The Supreme Court of Canada has refused leave to appeal.

[223] *Id.* at 240. As to diligent search, *see* the last Survey, *supra* note 7, at 425. Construing the Australian Patents Act, 1952, the High Court of Australia has rejected the "diligent search" approach, holding that on the issue of obviousness the court should consider only what was common general knowledge in the art in Australia: Minnesota Mining & Mfg. Co. v. Beiersdorf (Aust.) Ltd., 54 A.L.J.R. 254 (H.C. 1980).

[224] *Supra* note 204, at 240.

[225] Schutt v. Riddell, 216 U.S.P.Q. 191, at 194 (7th Cir. 1982).

[226] *Re* Application No. 115, 662 (Hoechst's Application), 59 C.P.R. (2d) 270, at 274 (1979).

Presumably the Belgian patent was disregarded because it issued less than two years before the filing of the Canadian application and it was not therefore citable under paragraph 28(1)(*b*) of the Act. But this overlooks the fact that an applicant is not entitled to claim more than he has invented. If he admits that something is prior art, and does not or cannot resile from that admission,[227] he must surely be bound by his admission, and this is so even if that art was not known to notional skilled persons at the date of his alleged invention.[228]

3. *Substitution of Materials*

Most articles can be made of various materials, and generally speaking it is obvious to substitute one material for another. But rules of thumb such as this are subject to exceptions. In *Leykam-Murztaler's Application*,[229] the applicant claimed a timber chute made of sections of polyethylene plastic, such chutes having previously been made of wood or steel. The application was refused. After referring to earlier Exchequer Court decisions,[230] the Patent Appeal Board said that the following general guidelines have been established for determining whether a substitution of one material for another "has involved the exercise of inventive ingenuity":

> Ingenuity may be present if:
> 1. a change or variation in the construction of an article or apparatus is rendered necessary by reason of the use of a particular kind of material not previously used for the purpose in mind;
> 2. the use in a particular article or apparatus of a known material not previously used for the purpose is due to a hitherto unknown and unsuspected property of the material; or
> 3. a known material is used in an article or apparatus when it had not previously been so used, and such utilization depends on previously known properties of the material, provided the new use results in an unexpected advantage, or unexpectedly avoids a known disadvantage.[231]

The obviousness of substituting materials was also considered in *Canadian Patent Scaffolding Co. v. Delzotto Enterprises Ltd.*.[232] A Delzotto patent claimed a system of moveable ("flying") forms for pouring concrete floors. The forms included trusses and beams of aluminium, instead of steel and wood which had previously been used. Aluminium had the advantage of lightness and made it feasible to build

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[227] *Cf.* Rosedale Assoc. Mfrs. Ltd. v. Carlton Tyre Sav. Co. Ltd., [1959] R.P.C. 189, at 199 (Ch.).

[228] *Re* Fout, 213 U.S.P.Q. 532 (C.C.P.A. 1982); International Vehicular Parking Ltd. v. Mi-Co Meter Ltd., [1949] Ex. C.R. 153, at 156; British Celanese Ltd. v. Courtaulds Ltd., 50 R.P.C. 259, at 270 (C.A. 1933).

[229] 57 C.P.R. (2d) 110 (P.A.B. 1979).

[230] Van Heusen Inc. v. Tooke Bros., [1929] Ex. C.R. 89; Somerville Ltd. v. Cormier Co., [1941] Ex. C.R. 49.

[231] *Supra* note 229, at 113. The same statement was made in Mill's Application, 58 C.P.R. (2d) 133, at 138 (P.A.B. 1979).

[232] *Supra* notes 182 and 185.

larger forms. Aluminium had not previously been thought to be a suitable material for such forms. The Federal Court of Appeal agreed with the trial Judge that the use of aluminium in such forms was unobvious. The Court referring to cases[233] other than those cited by the Patent Appeal Board in the *Leykam* case suggested that a valid claim may be obtained where, for example,

> the adaptation of the known material to the particular piece of apparatus leads to a new departure in the technique of the production of the apparatus. . . [or where the material] develops new uses and properties of the article formed. . . [or where] the specified material has some quality not present in other available materials which quality leads to a new and useful result not attainable by the use of other materials.[234]

Such propositions may be useful to the extent that they raise possibilities for consideration, but the ultimate issue is always whether what is claimed would have been obvious to one skilled in the art, and this will depend on the facts of the particular case.[235]

4. *Obviousness to Try*

As noted in the last Survey,[236] various courts have considered arguments that what the patentee did was obvious to try. At the time of the last Survey the Federal Court of Appeal, in *Halocarbon (Ontario) Ltd. v. Farbwerke Hoechst A.G.* had held that "the requirement of 'inventive ingenuity' is not met in the circumstances of the claim in question where the 'state of the art' points to a process and all that the alleged inventor has done is ascertain whether or not the process will work successfully."[237]

On further appeal, Pigeon J., speaking for a majority of the Supreme Court of Canada, has held that this sets too high a standard,[238] pointing out that many notable inventions relating to antibiotics have resulted from patient research using known procedures. He was satisfied that the results of the process in question were unobvious. He accepted the "Cripps question" as the test for obviousness. The original "question", posed by Sir Stafford Cripps in the case of *Sharpe & Dohme Inc. v. Boots Pure Drug Co.* was:

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[233] L & G's Application, 58 R.P.C. 21 (P.A.T. 1940); Samson United Ltd. v. Canadian Tire Ltd., [1939] Ex. C.R. 277, at 281.

[234] *Supra* note 185, at 81, 35 N.R. 424, at 427.

[235] As the C.C.P.A. has said in *Re* Yates, 211 U.S.P.Q. 1149, at 1151, n. 4: "The problem, however, with such 'rules of patentability' (and the ever-lengthening list of exceptions which they may engender) is that they tend to becloud the ultimate legal issue — obviousness — and exalt the formal exercise of squeezing new factual situations into preestablished pigeonholes."

[236] Survey, *supra* note 7, at 426.

[237] 28 C.P.R. (2d) 63, at 65 (F.C. App. D. 1976).

[238] *Supra* note 2. *See also* Boehringer Sohn v. Bell-Craig Ltd., [1962] Ex. C.R. 201, at 233; Beecham v. Bristol, *supra* note 212, at 192.

> Was it obvious to any skilled chemist, in the state of chemical knowledge existing at the date of the Patent, that he could manufacture valuable therapeutic agents by making the higher alkyl resorcinols by the use of the condensation and reduction process described? If the answer is "No" the Patent is valid as regards subject-matter; if "Yes" the Patent is not valid.[239]

The "Cripps question" assumes that obviousness cannot be predicated on what is unknown.[240] In the *Farbwerke Hoechst* case the Supreme Court of Canada, quite rightly, did not talk of "obviousness to try". The test is obviousness, unqualified. This required predictability. To add the words "to try" may confuse the issue.[241] "Obvious to try" is often urged in the chemical arts, but those arts are particularly full of possibilities to try, and it is too easy, after the event, to say that something was obvious to try. The British cases on selection patents provide good examples. A selection patent may be granted for something which falls within a previously known general class but which has not been sufficiently disclosed to be anticipated.[242] The class may, for example, be a genus of substances, from which a species has been selected. It might be obvious to try each species in the class to achieve whatever results were previously disclosed for other members of the class, yet British decisions hold that a selection patent may be granted if the selected compound is found to have some special advantage.[243] This reconciles easily with the American view,[244] and it is clear that the predictability of the results of trying is part of the issue.

The foregoing is subject to the principle that no patent may validly prevent others from doing what is suggested by the prior art. Buckley L.J. in the English Court of Appeal has noted that every case is a matter of degree, and has suggested that if tests show that an expected result has been obtained, but in an unexpectedly high degree, this may merely

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[239] 45 R.P.C. 153, at 162-63 (C.A. 1928). A Canadian formulation is found in Beecham Canada Ltd. v. Procter & Gamble Co., 61 C.P.R. (2d) 1, at 27 (F.C. App. D. 1982): "The question to be answered is whether at the date of invention . . . an unimaginative skilled technician, in light of his general knowledge and the literature and information on the subject available to him on that date, would have been led directly and without difficulty to [the patentee's] invention."

Speaking for the minority in the Supreme Court in the *Farbwerke Hoechst* case, *supra* note 2, Martland J. did not regard the Cripps question as determinative of the issue of obviousness. He took the view that obviousness is a question of fact, and that on this the Court of Appeal had reached a conclusion which could be supported by the evidence and which should not be interfered with.

[240] This is the view of the United States Court of Customs & Patent Appeals: *Re* Shetty, 195 U.S.P.Q. 753 (1977). The same approach has been taken by the New Zealand Court of Appeal in Beecham v. Bristol, *supra* note 212.

[241] As to paraphrases, *see* International Paint Co.'s Application, *supra* note 187, at 267.

[242] *See* text accompanying note 208 ff., *supra.*

[243] Beecham v. Bristol, [1978] R.P.C. 521, at 567, 579 (H.L.).

[244] *See, e.g., Re* Waymouth, 182 U.S.P.Q. 290 (1974) (selection from within a known range of ratios).

mean that something that it was obvious to do has solved a problem unexpectedly well.[245]

F. *Conflict Proceedings*

Conflict proceedings are initiated by the Commissioner of Patents to ascertain priority of invention between two or more applicants.[246] Sometimes one party will endeavour to provoke conflict proceedings with another, though it is frequently difficult to know whether the other has a pending Canadian application because pending applications are not open to inspection.[247] Sometimes, of course, an applicant publicizes the fact that he has a pending Canadian application. Also, under section 11 of the Patent Act the Commissioner must, on request,[248] reveal whether a Canadian application is pending corresponding to an identified patent issued elsewhere. By use of section 11, SWS Silicones Ltd. learned that a Bluestein application was pending in Canada, and SWS sought to provoke a conflict with Bluestein by introducing certain claims into SWS's Adams application.[249] One of the claims was for subject matter disclosed, more than two years before Adams' Canadian filing date, in a prior Canadian patent to Adams. Adams could not be awarded this claim because paragraph 28(1)(*b*) of the Patent Act precludes the grant of a patent for an invention described in any patent more than two years before the applicant's Canadian filing date. Other claims presented by Adams were for subject matter not disclosed in the Adams application, contrary to section 36 of the Patent Act. Adams and SWS had wanted to provoke a conflict with Bluestein to show that Bluestein was not entitled to a patent, but the Patent Appeal Board said:

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[245] Beecham's (Amoxycillin) Application, *supra* note 112, at 291, and, when the matter again came before the Court of Appeal, [1982] F.S.R. 181, at 192. *See also* Morgan v. Windover, 7 R.P.C. 131, at 134 (H.L. 1890); Varian Assocs. Application, [1973] R.P.C. 728 (P.A.T. 1972); Beatrice Foods v. Tsuyama, 204 U.S.P.Q. 881, at 893 (7th Cir. 1980). The *Farbwerke Hoechst* case is further discussed by Hill, *supra* note 193.

[246] Patent Act, R.S.C. 1970, c. P-4, s. 45.

[247] S. 10. Conflict proceedings cannot be initiated with issued, refused, or abandoned applications. Abandoned applications are not open to inspection: s. 10. But the Federal Court of Appeal has expressed the view that refused applications are: Samuel Moore v. Commissioner of Patents, 45 C.P.R. (2d) 185 (1979). This is the view of the Department of Justice: 1981 Proceedings of the Patent and Trademark Institute of Canada, at 10-11. *See*, however, Patent Rules, C.R.C., c. 1250, s. 13.

[248] And payment of a fee of $50: Patent Rules, C.R.C., c. 1250, Schedule II, item 14.

[249] SWS Silicones Corp.'s Application, 55 C.P.R. (2d) 218 (P.A.B. 1979).

> The purpose of conflict proceedings is to determine priority between two allowable applications, not a forum to challenge the issuance of claims which the applicant says are unallowable to another party. What the applicant is trying to do is introduce a form of opposition proceedings similar to that practised in the United Kingdom into the Canadian Act, something which is not part of the Canadian legislation. If there were any validity to applicant's objections to the Bluestein application he should resort to Rule 15 of the *Patent Rules*, C.R.C. 1978, c. 1250, to protest against that application, a procedure which is established in Canada.[250]

Under the cited Rule 15 anyone is permitted to file a protest against a pending Canadian application, but the Patent Office decides what, if anything, to do with the protest. It gives no information to the protester, but simply acknowledges receipt of his protest. Conflict proceedings, on the other hand, are more of the nature of *inter partes* proceedings, though neither party is entitled to see the application of the other unless, after the proceedings are concluded in the Patent Office, one of them commences further conflict proceedings in the Federal Court.[251]

In conflict proceedings the Commissioner or the Court will consider any objection to the allowances of claims to a party.[252] Under subsection 45(4) of the Patent Act the Commissioner is required to consider prior art submitted to him by an applicant. In a recent case[253] an applicant submitted a printed publication (a German *Auslegeschrift*) dated more than two years before the applicant's own filing date. The Commissioner held that this publication anticipated the applicant's own application, and rejected that application, stating that it was immaterial whether the publication was relevant to the application of the other party to the conflict. He added:

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[250] *Id.* at 220-21.

[251] Pursuant to subs. 45(8).

[252] It is the duty of the Commissioner not to allow an application to which he sees a valid objection: s. 42. The Federal Court has a wide jurisdiction under subs. 45(8) to consider objections to the application of any party: R.C.A. v. Hazeltine Corp., [1969] S.C.R. 533.

[253] In the Matter of a Conflict, 50 C.P.R. (2d) 287 (Comm'r of Patents 1980).

> The purpose of s. 45 is not to permit the use of unpatentable applications to prevent others obtaining patents, but to determine who is the first inventor when two otherwise allowable applications are co-pending. If the applicant has disclosed the invention to the public before the conflicting application was filed he could (and should) use s. 63(1)(a) against any patent granted to that party. If on the contrary, being an early inventor, he has delayed filing his application until statutory bars have arisen against him, he should not be able to prevent a patent issuing to others who have made a proper effort to disclose the invention to the public. An important objective of the Patent Act is to have application [*sic*] filed quickly so the public may have knowledge of new inventions quickly.[254]

Sometimes an applicant is happy to have his Canadian patent application delayed, because Canadian patents run for seventeen years from their date of issue, so that the later they issue the later they expire. Sometimes an applicant is anxious to obtain a patent quickly, where he is concerned about concluding a licence agreement or about potential infringers. Doubtless there are cases where one applicant seeks to provoke conflict proceedings with another with the motive of delaying the grant of a patent to the other. The Patent Office has been endeavouring to speed up conflict proceedings.[255] When conflict proceedings are pending in the Federal Court, the Court has been exercising supervisory control in an effort to prevent undue delays.

In the Federal Court, Rule 482[256] requires a party who proposes to adduce expert evidence to file and serve an affidavit of the expert at least ten days before the date of trial, setting out the expert's evidence in chief. In *Scott Paper v. Minnesota Mining & Mfg.*[257] the plaintiff in a conflict proceeding filed such an affidavit of the plaintiff's inventor, giving both his expert opinion evidence and his factual evidence as to his date of invention. Mr. Justice Mahoney received the affidavit over an objection by the defendant to introduction of the factual evidence of

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[254] *Id.* at 288. Subs. 63(1) provides:

> No patent or claim in a patent shall be declared invalid or void on the ground that, before the invention therein defined was made by the inventor by whom the patent was applied for, it had already been known or used by some other person, unless it is established either that
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> (a) before the date of the application for the patent such other person had disclosed or used the invention in such manner that it had become available to the public, or that
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> (b) such other person had, before the issue of the patent, made an application for patent in Canada upon which conflict proceedings should have been directed, or that
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> (c) such other person had at any time made an application in Canada which, by virtue of section 29, had the same force and effect as if it had been filed in Canada before the issue of the patent and upon which conflict proceedings should properly have been directed had it been so filed.

[255] Where there is a possible conflict, the Patent Office may shorten the period for response to its actions: Patent Rules, C.R.C., c. 1250, s. 46. The Commissioner has recently begun to send combined notices under subss. 45(2), (3) and (4) to save time: 1980 Proceedings of the Patent and Trademark Institute of Canada, at 10.

[256] Federal Court Rules, C.R.C., c. 663.

[257] 53 C.P.R. (2d) 26 (F.C. Trial D. 1981).

date of invention by way of affidavit rather than by oral testimony. Objections to affidavit evidence, of course, are that an affidavit is usually drafted by someone other than the witness, it can be refined and touched up before it is sworn, and it does not afford an opportunity for opposing counsel to observe the witness during examination-in-chief. The learned Judge thought that objections such as these were offset by the fact that the plaintiff could lose some advantage in not affording to his witness an opportunity to impress the court during oral examination-in-chief, by the fact that opposing counsel had the opportunity to cross-examine at the trial and that the witness did not in that case refer to his affidavit during cross-examination, and by the opportunity that opposing counsel had of seeing and considering the affidavit in advance of trial. On this last point, in conflict proceedings affidavit evidence as to dates of invention usually will have been filed in the Patent Office and will have been seen before trial in the Federal Court by counsel, so that seeing another affidavit before trial may not assist counsel greatly.

G. *Date of Invention*

The date when an invention was made can be important not only to determine who was the first inventor but also to determine what art is citable as being prior to the alleged invention.[258] In the above mentioned *Scott Paper* case[259] Mahoney J. accepted the following test from *Christiani v. Rice* for determining the date of invention:

> The holding here, therefore, is that by the date of discovery of the invention is meant the date at which the inventor can prove he has first formulated, either in writing or verbally, a description which affords the means of making that which is invented. There is no necessity of a disclosure to the public. If the inventor wishes to get a patent, he will have to give the consideration to the public; but, if he does not and if he makes no application for the patent, while he will run the risk of enjoying no monopoly, he will nonetheless, if he has communicated his invention to "*others*", be the first and true inventor in the eyes of the Canadian patent law as it now stands, so as to prevent any other person from securing a Canadian patent for the same invention.[260]

His Lordship then examined the evidence as to when the plaintiff's inventor told "others" about his invention. However, communication to "others" is no longer the test in conflict proceedings. The holding in the *Christiani* case was made with reference to section 7 of The Patent Act of 1923 which referred to:

> Any person who has invented any new and useful art, process, machine, manufacture or composition of matter. . .not known or used by others before his invention thereof. . . .[261]

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[258] This is particularly important if, as the Federal Court continues to hold, obviousness is judged at the date of invention: *see* note 193 *supra*.

[259] *Supra* note 257.

[260] [1930] S.C.R. 443, at 456 (emphasis added).

[261] The Patent Act, S.C. 1923, c. 23, s. 7.

In 1947 the reference to knowledge or use by "others" was replaced, in what is now paragraph 28(1)(*a*) of the Patent Act, by the words "any other person", in response to a criticism discussed by G.E. Maybee in a paper delivered in 1946.[262] In consequence, proof of dissemination to others is no longer required in conflict proceedings.[263]

H. *Correct Inventorship*

Identification of the true inventor, or the true joint inventors, may be important in determining when an alleged invention was made and whether a patent application was filed by the proper applicant or applicants.[264] In *Procter & Gamble Co. v. Bristol-Myers Canada Ltd.*[265] the defendant alleged that one or more persons employed by the Purex company should have been included as joint inventors with Mr. Gaiser, who had been named the sole inventor in the patent in suit. Mr. Gaiser had submitted to Purex his idea of conditioning fabrics in a clothes dryer by introducing into the dryer a flexible substrate that carries a fabric conditioning agent. Employees of Purex suggested to Gaiser that he include, in his patent application, a longer list of conditioning agents, and that the patent application emphasize that such agents are applied as a discrete coating to the substrate. Addy J. said:

> I do not find that the suggestions, additions and recommendations of Purex, which were in fact incorporated in the application, were such as to render Purex a joint inventor with Gaiser. . . .Purex knew. . . that such an application could only be made by the inventor. . . yet. . . forwarded certain information to Gaiser in December, 1967 for inclusion in the latter's application if his attorney decided to use it. Purex carried out the work in an attempt to strengthen the description of the invention, to determine the best combination of substrates and conditioning agents and also to predict the possible success of the invention on the market. Purex did not at any time consider itself as an inventor. . . .[266]

His Lordship was of course using "Purex" as a shorthand for its employees, because a company cannot be an inventor. Later in his reasons his Lordship added: "The trials conducted at Purex. . . were the type of empirical tests which could be entrusted to any technician or competent workman of ordinary skill and ability and did not require any inventive ingenuity."[267]

More interesting than this conclusion is the following comment of the learned Judge:

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[262] *Priority of Invention as Defined by Sec. 26(1)(a) of the Patent Act*, 6 C.P.R. 44 (1946).

[263] Dissemination to others may be important in proceedings where an issued patent is under attack and reliance is placed on the provisions of para. 63(1)(*a*), quoted in note 254 *supra*.

[264] *See* Kirby, *The Claim by Claim Approach*, 83 TRANSACTIONS OF THE CHARTERED INSTITUTE OF PATENT AGENTS C69 (1964-65).

[265] 39 C.P.R. (2d) 145 (F.C. Trial D. 1978).

[266] *Id.* at 155.

[267] *Id.* at 159-60.

Should my finding prove erroneous on the question of whether Purex and Gaiser were joint inventors, counsel for the defendant maintained that the patent would be absolutely void. He invoked a principle that, where an invention is the result of joint efforts of two or more persons, all of the inventors must join in applying for the patent, otherwise it shall be void. A statement to that effect is found in Fox, *Canadian Patent Law and Practice*, 4th ed. (1969) at pp. 228 and 229 and is based on the provisions of s. 28(1) of the *Patent Act*. It is interesting to note that the case to which the learned author refers as authority for the proposition does not support it and, to the best of my knowledge, there is in fact no case either in Canada or in Great Britain which supports it, although the question has been raised in the past.

Section 28(1) of the *Patent Act* reads as follows:

> 28(1) Subject to the subsequent provisions of this section, *any inventor* or legal representative of an inventor *of an invention that was*
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> (*a*) *not known* . . . by any other person before he invented it,
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> (*b*) not described in any patent or in any publication printed in Canada or in any other country more than two years before presentation of the petition hereunder mentioned, and
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> (*c*) not in public use or on sale in Canada for more than two years prior to his application in Canada,
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> *may, on presentation to the Commissioner of a petition setting forth the facts (in this Act termed the filing of the application) and on compliance with all other requirements of this Act, obtain a patent granting to him an exclusive property in such invention.*

Section 55(1) of the *Patent Act* reads as follows:

> 55(1) A patent is void if any material allegation in the petition of the applicant in respect of such patent is untrue, or if the specification and drawings contain more or less than is necessary for obtaining the end for which they purport to be made, and such omission or addition is wilfully made for the purpose of misleading.

There is no doubt in my mind that the Commissioner of Patents can and is required to insist that, in the case of joint inventors, all of them join in the application and that their failure to do so would entitle the Commissioner to refuse the application. The question before me, however, is entirely a different one. In the present case, Gaiser undoubtedly considered himself as the sole inventor and, from the evidence before me, it appears quite clear that Purex did not consider itself in any way the inventor. There is absolutely no evidence of any willful misleading of the Commissioner of Patents. I consider that, in such circumstances, it is really immaterial to the public whether the applicant is the inventor or one of two joint inventors as this does not go to the term or to the substance of the invention nor even to the entitlement. In other words, I do not in such circumstances consider it to be a material allegation as contemplated by s. 55(1) of the *Patent Act*.[268]

I. *Division*

The Patent Act provides in subsection 38(2) that where a patent application describes and claims more than one invention the Commissioner may require the applicant to limit his claims to one invention only, but the invention or inventions defined in the other claims may be made the subject of one or more divisional applications if

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[268] *Id.* at 156-57.

filed within specified time limits. Subsection 38(3) provides that the divisional applications shall bear the filing date of the original application.

Requirements for division are frequent in Canada, and are not appreciated by applicants because the filing of multiple applications increases their costs substantially. There has also been the fear that a court may take a different view than the Patent Office and hold that the applicant has obtained more than one patent for the same invention and that more than one patent cannot validly be obtained for one invention. This fear has been laid to rest by the Supreme Court of Canada in *Consolboard Inc. v. MacMillan Bloedel Ltd.*,[269] confirming an earlier indication in *J.R. Short Milling Co. v. George Weston Bread and Cakes Ltd.*[270] that there is no "double patenting" problem where two patents have issued as a result of a Patent Office requirement to divide. In fact, the Patent Office does not tend to require division (which implies that a further application or applications must be filed) but rather requires the applicant to limit his claims to one invention (the words of section 38 of the Act). The effect is the same.

The Patent Office has relied heavily on Rule 60[271] which provides in part that "an application that does not contain a claim broader in its scope than any other claim in the application shall be deemed to be directed to more than one invention." In *McHugh's Application*[272] the Examiner adopted the position, commonly taken, that the claims must pass an "infringement test": is there one claim which would be infringed by everything falling within the other claims? A claim for A + B + C would, on this test, be broader in its scope than a claim to A + B + C + D but would not be broader than a claim to A + B + D. In the *McHugh* case the applicant argued that if an applicant made a claim to A + B he would be entitled, under the infringement test, to all the foregoing claims, but if he then deleted the claim to A + B he would not satisfy the test, yet (the argument continued) it is difficult to see how such a change results in the claims being directed to more than one invention. He contended that the "infringement test" requires a claim broader than "all other" claims, whereas Rule 60 requires only a claim broader than "any other" claim.[273]

The Patent Appeal Board did not discuss these arguments. Finding it necessary that all the claims be directed to "the same inventive concept",[274] it examined McHugh's claims from that point of view, looked at what it considered to be essential features of two independent claims of the applicant and held that the claims were for different

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[269] *Supra* note 1.

[270] [1941] Ex. C.R. 69, at 83, [1940] 4 D.L.R. 579, at 595 (1940), *aff'd sub nom.* Continental Soya Co. v. J.R. Short Milling Co., [1942] S.C.R. 187, 2 C.P.R. 1, [1942] 2 D.L.R. 114.

[271] Patent Rules, C.R.C., c. 1250.

[272] *Re* Application No. 139, 008, 37 C.P.R. (2d) 206 (P.A.B. 1975).

[273] *Id.* at 207.

[274] *Id.* at 208.

solutions to a common problem and thus for different inventions. This is a worthy mode of analysis. But Examiners continue to apply the infringement test.

In *Smith's Application*[275] the applicant presented a claim 1 to a dental impression composition which included, *inter alia*, a filler of zincoxide, calcium carbonate and pumice. A different claim, claim 12, said nothing about zincoxide and pumice, but called for calcium carbonate and also for mineral oil, the latter not being required by claim 1. The two claims also had different ranges (fifteen to twenty-five percent and twenty-five to thirty-five percent) of another ingredient, polysiloxane. The Patent Appeal Board was of the opinion that the compositions of the two claims were clearly separate compositions and different inventions. The applicant had also submitted a claim 18 (not set out in the decision) which, according to the applicant, covered no more than was covered by the other claims 1 and 12. Claim 18 was held by the Board to satisfy Rule 60 formally, but to be artificially broad, not covering different embodiments of the same invention, but rather two inventions, contrary to subsection 38(2) of the Patent Act.

In another case[276] an applicant attempted to turn to his own advantage the provisions for filing divisional applications. Certain claims had been finally rejected in a first patent application and the applicant filed what he called a divisional application, presenting the same claims again. The Commissioner of Patents held that this was improper: the applicant's recourse, when the claims were finally rejected in the first application, was to appeal the rejection.

J. *Double Patenting*

As mentioned in the last Survey,[277] Collier J. in two decisions in the Federal Court has said that a later issued patent will not be struck down for double patenting (sometimes called prior grant) if its claims are not "precisely conterminous" with the claims of an earlier patent.[278] Gibson J. has reiterated this in *Procter & Gamble Co. v. Calgon Interamerican Co.*,[279] but a few days later one of the cases tried by Collier J., *Consolboard Inc. v. MacMillan Bloedel Ltd.*, was decided by the Supreme Court of Canada on a different basis.[280] The Supreme Court agreed with Collier J. that there was no double patenting in that case, but it did not refer to the "precisely conterminous" test. Rather it referred to *Commissioner of Patents v. Farbwerke Hoechst A.G.*[281] as

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[275] *Re* Application No. 254, 987 (unreported, P.A.B., 6 Nov. 1980).

[276] Anonymous Application, 108 C.P.O.R., 5 Aug. 1980, at v.

[277] Survey, *supra* note 7, at 420-21.

[278] Xerox of Canada Ltd. v. IBM Canada Ltd., *supra* note 179, at 59; *Consolboard*, *supra* note 139, at 205.

[279] *Supra* note 204, at 231.

[280] *Consolboard*, *supra* note 1.

[281] [1964] S.C.R. 49, 25 Fox Pat. C. 99, 41 C.P.R. 9.

"the main authority on double patenting".[282] Hoechst had obtained a patent for a pharmaceutical when it was produced by a specific process, and sought another patent for the pharmaceutical mixed with a carrier. The claims were clearly not conterminous, but the application for the second patent was refused. In the *Consolboard* case the Supreme Court, referring to the *Hoechst* decision, observed: "Judson J. for the Court said that the second process involved no novelty or ingenuity, and hence the second patent was unwarranted."[283]

The question seems to be whether what is claimed in the second patent would have been unobvious over what is claimed in the first, a test that has theoretical appeal though it may not be easy to apply. It is the test that the Patent Appeal Board seems to have adopted earlier in *Serizawa's Application*: "The applicant then must, of necessity, have made and claimed a further invention over that [prior] patent in the present application before a second patent may be granted, because double patenting or an extension of monopoly are not permitted."[284]

As noted above under the heading *Division*, the Supreme Court in *Consolboard* has added the safeguard that the patentee is not to suffer if the Patent Office has not allowed him to assert all the claims in one application.

In the most recent case of alleged double patenting, *Beecham Canada Ltd. v. Procter & Gamble Co.*,[285] Procter & Gamble owned two patents. The named inventor in one was Gaiser, who was found to be the earlier inventor. The named inventor in the other patent was Morton. The Morton Canadian patent issued ahead of the Gaiser Canadian patent, and it was argued that Gaiser had repatented what Morton had earlier patented. The Federal Court of Appeal dismissed the argument on the ground that the claims of the two patents were not "precisely conterminous". The Gaiser patent was found to be broader than Morton's. The Court distinguished the *Hoechst* and other cases on the novel basis that in those cases the inventors were not different persons. This distinction is strange, having regard to the provisions in the Patent Act designed to prevent the grant of two patents where different inventors claim "substantially the same invention",[286] and having regard to the fact that the Act provides for the grant of "exclusive" rights[287] for seventeen years.[288] If subsequent grants may be obtained for monopolies differing only in scope there could not only be conflicting "exclusive" rights, but exclusive rights extending beyond seventeen years.

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[282] *Consolboard, supra* note 1, at 536, 56 C.P.R. (2d) at 169, 122 D.L.R. (3d) at 226.

[283] *Id.*

[284] *Re* Application No. 175, 332, 47 C.P.R. (2d) 254, at 255 (P.A.B. 1980). *See also Re* Application of Westinghouse Electric Corp., 63 C.P.R. (2d) 153 (Comm'r of Patents 1980).

[285] *Supra* note 239. The Supreme Court of Canada has refused leave to appeal.

[286] R.S.C. 1970, c. P-4, para. 45(1)(*a*). *See also* subs. 63(1) and the last Survey, *supra* note 7, at 420-21.

[287] S. 46.

[288] S. 48.

In the Patent Office, conflict proceedings are designed to prevent two patents from issuing from one invention, but sometimes one patent has issued before another application comes to the attention of the Patent Office. To deal with the latter situation, subsection 63(2) of the Patent Act provides that:

> [A]n application for a patent for an invention for which a patent has already issued under this Act shall be rejected unless the applicant, within a time to be fixed by the Commissioner, commences an action to set aside the prior patent, so far as it covers the invention in question. . . .

The section goes on to require diligent prosecution of such an action.[289] In an old controversial decision, *Re Fry*,[290] the Exchequer Court held that where two applications were copending before the Patent Office, and one applicant was granted a patent, subsection 63(2) did not apply and the other applicant should also be granted a patent without having to apply to have the first set aside. Recently the Patent Office had the following situation before it: applicant 1 filed in Canada, applicant 2 filed in the U.S., applicant 1 was granted a Canadian patent, then applicant 2 filed in Canada.[291]

Applicant 2 had filed his Canadian application within twelve months of his American filing date, which was his earliest filing date, and the applicant claimed the benefit of section 29 of the Canadian Patent Act, which provides that, in such a situation,

> An application for a patent for an invention filed in Canada by any person entitled to protection under the terms of any treaty or convention relating to patents to which Canada is a party who has . . . previously regularly filed an application for a patent for the same invention in any other country that by treaty, convention or law affords similar privilege to citizens of Canada, has the same force and effect as the same application would have if filed in Canada on the date on which the application for patent for the same invention was first filed in such other country. . . .

Applicant 2 argued that he should be granted a Canadian patent without having to set aside the Canadian patent of applicant 1, citing the *Re Fry* decision. The Commissioner disagreed, saying:

> It should be noted, however, that the facts in this case do not correspond to those that existed in the *Fry* matter. In *Fry* both applications were actually co-pending before the Canadian Office at one and the same time, and there was an error in the Patent Office in not establishing a conflict. . . . Neither of these situations are present in this case.[292]

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[289] The test in subs. 63(2), "so far as it covers the invention in question", seems to be a test of double patenting, although Gibson J. thought not in his pre-*Consolboard* decision in *Calgon*, *supra* note 204.

[290] 1 C.P.R. 135, [1940] 1 D.L.R. 361 (Ex. 1939).

[291] *Re* S. 63(2) of the Patent Act, 62 C.P.R. (2d) 255 (Comm'r of Patents 1979).

[292] *Id.* at 256.

The Commissioner also cited remarks of Jackett P. in *Radio Corp. of America v. Philco Corp.*[293] where the learned President called into serious question the correctness of the decision in *Re Fry*. If *Re Fry* was wrongly decided then certainly the Commissioner came to the right conclusion, but assuming the correctness of *Re Fry* it is submitted that the Commissioner gave insufficient weight to section 29. This will be discussed under the next heading.

K. *Convention Priority*

Section 29 of the Patent Act, quoted above in the discussion of *Double Patenting*, confers what is called "convention priority". This priority section was enacted pursuant to Canada's obligations as a signatory to the Paris Convention for the Protection of Industrial Property.[294] Convention priority is rarely important in Canada because of liberal time limits provided in section 28 of the Patent Act for filing Canadian patent applications, but convention priority will become of great importance if, as is expected to happen, the Patent Act is amended to refer questions of priority of invention, novelty and obviousness to the filing or priority date. In his subsection 63(2) decision just discussed the Commissioner took an unexpected approach to section 29. He said: "It should further be noted that under s. 29(1) the applicant is not entitled to the benefits of that section unless the priority country affords the same rights to citizens of Canada."[295]

He then noted that the applicant's priority filing was in the United States, and said that under American law an applicant would, in similar circumstances to those before him, have to prove priority of invention. With respect, it is not a correct approach to section 29 to look at the *minutiae* of foreign laws. Section 29 must be read consistently with the cornerstone principle of the Convention[296] in article 2 thereof, the principle of national treatment. Article 2 provides:

> Persons within the jurisdiction of each of the countries of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant to their nationals. . . .

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[293] [1965] 2 Ex. C.R. 197, at 207-08, 29 Fox. Pat. C. 97, at 108-09, 46 C.P.R. 1, at 14-15.

[294] London Revision of the International Convention for the Protection of Industrial Property, 2 Jan. 1934, [1951] Can. T.S. No. 10. Canada has adhered to the 1934 London revision of the Convention but not to subsequent revisions save for administrative provisions of the 1967 Stockholm revision: *see, e.g.*, INDUSTRIAL PROPERTY (Jan. 1981), at 6.

[295] *Supra* note 291, at 257.

[296] *Cf.* the important House of Lords decision in Fothergill v. Monarch Airlines Ltd., [1981] A.C. 251, [1980] 2 All E.R. 696 (1980) on the "purposive" construction of statutes.

On his approach it seems that the Commissioner would consider himself free, if an application was first filed in the United States to consider what the American law is, or if an application was first filed in the United Kingdom, to consider its law, and so on. This approach would lead to enormous problems, and more importantly it would result in different applicants being treated differently, whereas the Convention has the objective of ensuring that everyone who applies for a patent in Canada will be treated in the same way, be he Canadian or a foreigner. The Commissioner in the passage from his decision last quoted above was paraphrasing section 29 which refers to a country "that by treaty, convention or law affords similar privilege to citizens of Canada". What the section must be referring to is simply the "privilege" of obtaining Convention priority, a privilege which another country may afford by treaty, convention or law.

The Commissioner also looked at article 4B of the Paris Convention.[297] This, as the Commissioner correctly observed, "assures that the applicant's Canadian application will not be invalidated by acts accomplished in the interval between his American and Canadian filing. . . ".[298]

So far, so good, and one might think that issuance of a Canadian patent to someone else in that interval would not provide any significant distinction over the facts in *Re Fry*.[299] Is that not the assurance given by section 29? However, the Commissioner suggested that the assurance required by article 4B is to be found in paragraph 63(1)(*c*) of the Patent Act, which provides [paragraph (*b*) is also quoted]:

> No patent or claim in a patent shall be declared invalid or void on the ground that, before the invention therein defined was made by the inventor by whom the patent was applied for, it had already been known or used by some other person, unless it is established either that
>
> . . . .
>
> (*b*) such other person had, before the issue of the patent, made an application for patent in Canada upon which conflict proceedings should have been directed, or that
>
> (*c*) such other person had at any time made an application in Canada which, by virtue of section 29, had the same force and effect as if it had been filed in Canada before the issue of the patent and upon which conflict proceedings should properly have been directed had it been so filed.

In the case before the Commissioner, the applicant could say that he was within paragraph 63(1)(*c*) and was therefore qualified, if attacking the previously issued patent, to attempt to prove that he was the first inventor. But it seems apparent, to this writer at least, that if subsection 63(1) is relevant at all in considering when subsection 63(2) is

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[297] He referred to it as "Article 4B of the London Accord of the International Convention", but the term London Accord is best reserved for another special arrangement made as a result of World War II: *see Fox*, CANADIAN PATENT LAW AND PRACTICE Vol. 2, 1363 (3rd ed. 1948).

[298] *Supra* note 291, at 257-58.

[299] *Supra* note 290.

to be invoked (a doubtful proposition), a comparison of paragraphs (*b*) and (*c*) shows that the applicant in *Re Fry* (who came within (*b*)) could hardly be in a different position than the applicant in the case before the Commissioner (under (*c*)).

L. *Correction of Issued Patents*

1. *Clerical Errors*

Section 8 of the Patent Act provides:

> Clerical errors in any instrument of record in the Patent Office shall not be construed as invalidating the instrument, but, when discovered, they may be corrected by certificate under the authority of the Commissioner.

In *Bayer Autiengesellschaft v. Commissioner of Patents*[300] the patent in question claimed certain chemical compounds which included a radical R″. The fact that R″ could be hydrogen was not claimed. It had been claimed in the applicant's original German application, and in the applicant's English application. It was somehow omitted from the United States and Canadian applications. This omission had been discovered and a secretary had been ordered to correct it, but although the correction was made in the American application it was not made in the Canadian. Thus the Canadian application was filed and the patent issued with the omission.

The patentee applied for a certificate of correction, but the Commissioner declined to grant it. The patentee applied to the Federal Court for a writ of *mandamus* directing the Commissioner to issue a certificate of correction. The following points emerge from the reasons delivered by Mahoney J.:

(1) A clerical error need not be obvious, whereas the Commissioner had indicated that it must be.

(2) A clerical error may be trivial or grave, whereas the Commissioner had indicated that it may not be "substantive".

(3) That an error may be correctable by reissue does not mean that it is not a clerical error, as the Commissioner had apparently thought. (Reissue is discussed under the next heading. It was not available to Bayer in the present case because the four year time limit for seeking reissue under section 50 of the Act had expired.)

(4) A clerical error is one that arises in the mechanical process of writing or transcribing, as the Commissioner had held. It seems that his Lordship agreed with the narrow view of the Commissioner that there was no clerical error when the secretary failed to make the correction that she was directed to make and the application was filed without the correction.

(5) The issue was whether there was a clerical error in the omission of hydrogen in the first place. If that was a clerical error, subsequent

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[300] [1981] 1 F.C. 656, 53 C.P.R. (2d) 70 (1980).

events did not change its nature. The Commissioner had not dealt with this issue, and the matter was referred back to him for that determination. With respect, however, it is suggested that if an initial clerical error is caught but not remedied through non-clerical error, it is difficult to see how the error has not been transformed into something worse than clerical, looking at the transaction as a whole.

(6) Section 8 provides that clerical errors "may" be corrected. This gives the Commissioner a discretion as to whether he will correct a clerical error. Accordingly *mandamus* does not lie to require the Commissioner to do so.

2. *Reissue and Disclaimer*

Where a defect in a patent cannot be cured by the relatively simple procedure of correcting a clerical error, consideration must be given to the possibility of reissue under section 50 of the Patent Act, if the four year term within which reissue may be sought has not expired. A requirement under Section 50 is that "it appears that the error arose from inadvertence, accident or mistake. . . ."

In *Paul Moore's Application*[301] the original patent, for a bottle carton, had referred in its claims to "connecting panels" and the patentee sought by reissue to obtain claims referring to "at least one connecting panel". The embodiments disclosed in the drawings all had a pair of connecting panels. The patentee was apparently attempting, by reissue, to cover a competitor's carton, but the Commissioner said: "I need not place much weight upon this point, but it does cast further doubt upon whether the applicant had originally intended to claim what he now seeks to protect."[302]

The Commissioner gave substantial emphasis to an examination of the file of the application for the original patent. He concluded that the applicant, through its patent agent, both of them experienced in patent matters, had deliberately limited the original claims to more than one panel, and he concluded that there was no inadvertence, accident or mistake. On appeal[303] the Federal Court of Appeal agreed with the argument that a deliberate act may be done by mistake, but it held that the patentee was not the victim of a mistake if the limitation to more than one panel had been made intentionally, with full knowledge of its consequences. The Court held that the Commissioner must be satisfied that the alleged error arose from inadvertence, accident or mistake. The

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[301] 108 C.P.O.R., 12 Feb. 1980, at v (Comm'r of Patents).

[302] *Id.* at x.

[303] Paul Moore Co. v. Comm'r of Patents, 35 N.R. 203, 46 C.P.R. (2d) 5 (F.C. App. D. 1979). The Supreme Court of Canada has refused leave to appeal, [1980] 1 S.C.R. xi, 35 N.R. 450, 47 C.P.R. (2d) 262 (1980).

onus of satisfying the Commissioner as to this appears to rest on the patentee seeking reissue.[304]

Section 51 of the Patent Act permits a patentee to make disclaimer of parts of his patent to which he was not entitled, where this arose "by any mistake, accident, or inadvertence, and without any wilful intent to defraud or mislead the public. . .". However, unlike the prescribed form of petition for reissue,[305] the form for a disclaimer[306] does not call for an explanation of how the error arose, and it appears that if the disclaimer is in proper form the Commissioner cannot decline to record it.[307] The entitlement of the patentee to disclaim may be reviewed if the patent with disclaimer is litigated.[308]

In another reissue case, *Dennison's (Marmer's) Application*,[309] the Patent Appeal Board was satisfied that the patentee was seeking to enlarge its claims by deleting reference therein to an aperture that had originally been intentionally included to distinguish from the prior art in order to obtain a patent. The Board also considered two other patent applications that had been made by the patentee and found confirmation in them that the aperture was necessary to accomplish the patentee's objectives. Nothing of assistance to the patentee was found by the Board in the patentee's American patent. Affidavits filed by each of the co-inventors stated, *inter alia*:

> It was my intention that the invention be claimed as fully as would be permissible in the light of the prior art. However, my co-inventor and I relied completely on our patent attorneys to do so since we do not have any expertise in the manner in which an invention is properly described and claimed.[310]

The Board remarked:

> They do state that the inventor intended to claim the invention "as fully as would be permissible." But that surely is a natural desideratum of most if not every intending applicant for a patent. It would be unusual for him to want something less.[311]

In *Westinghouse's Application*[312] the applicant had filed two applications; one was allowed and issued, the other was refused by the

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[304] This puts the onus differently than in *Re* Application No. 009, 562, Patent No. 930, 656, 12 C.P.R. (2d) 169, at 172 (P.A.B. 1971) referred to in the last Survey, *supra* note 7, at 417.

[305] Patent Rules, C.R.C., c. 1250, Form 10.

[306] Patent Rules, C.R.C., c. 1250, Form 15.

[307] Monsanto Co. v. Commissioner of Patents, [1976] 2 F.C. 476, 13 N.R. 56, 28 C.P.R. (2d) 118 (App. D.), discussed in the last Survey, *supra* note 7, at 417-18.

[308] Trubenizing Process Corp. v. John Forsyth Ltd., 2 Fox Pat. C. 11, at 24, 2 C.P.R. 89, at 105 (Ont. H.C. 1941), *aff'd* [1942] O.R. 271, at 298-99, 2 Fox Pat. C. 128, at 140, 2 C.P.R. 89, at 123 (C.A.), *rev'd* [1943] S.C.R. 422, 3 Fox Pat. C. 123, 3 C.P.R. 1.

[309] No. — 998, 108 C.P.O.R. 29 Jan. 1980, at v (P.A.B.). It is understood that an appeal to the Federal Court of Appeal has been filed.

[310] *Id.* at xi-xii.

[311] *Id.* at xii.

[312] *Supra* note 284.

Commissioner on the basis that it was "directed to the same invention" as the first, "the point of the invention in both cases being the same".[313] The applicant then sought to reissue the first patent and add the claims rejected in the second application. This was permitted "since the applicant was not informed of the claim overlap to one invention while the applications were copending".[314]

The applicant in the *Westinghouse* reissue case also sought by reissue to amend the issued patent by adding the name of one Harding as co-inventor. The Patent Appeal Board said that reissue to correct misjoinder is not permissible, but if, as here, the reissue application is properly filed for other reasons it must be treated as an ordinary application and the names of missing inventors may be added under subsection 33(4) of the Patent Act.[315]

A different issue arose in *TRW's Application*,[316] namely whether reissue was being sought for the "same invention" as the original patent, a requirement of section 50 of the Act. The broadest claim of the original patent, for an elastomeric composition, specified a polyolefin rubber matrix: 40% - 94%; a polybutadiene resin: 2% - 40%; filler: 2% - 35%. If the minimum percentages of the first two components were used, *i.e.*, forty per cent plus two per cent, there would be room for fifty-eight per cent filler. The patentee sought by reissue to change the broadest claim to read "filler: at least 2%", thereby covering the use of filler up to fifty-eight per cent instead of up to the original thirty-five per cent. The Board could find no support in the disclosure of the original patent for filler in excess of 40.5%, and said it would be unsound scientifically to extrapolate from the amount of information given in that disclosure. It seems that the patentee filed no satisfactory scientific evidence to the contrary. The Board was prepared to allow a reissue specifying 2% - 40.5% filler. It stated: "The description in the disclosure of the original patent may be insufficient but, nevertheless there must be some support in the specification, albeit in imperfect form."[317]

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[313] *Id.* at 154.

[314] *Id.* at 156.

[315] Subs. 33(4) provides:

> Where an application is filed by one or more applicants and it subsequently appears that one or more further applicants should have been joined, such further applicant or applicants may be joined on satisfying the Commissioner that he or they should be so joined, and that the omission of such further applicant or applicants had been by inadvertence or *bona fide* mistake and was not for the purpose of delay.

[316] *Re* TRW Inc. Application No. 271, 054, 65 C.P.R. (2d) 147 (Comm'r of Patents 1980).

[317] *Id.* at 149.

Curl-Master Mfg. Co. v. Atlas Brush Ltd.,[318] cited by the Board, is authority for allowing reissue despite an imperfect specification, taking the drawing as part of the specification.

The effect of a reissue was considered but not decided by Addy J. in *Sperry Rand v. John Deere*.[319] The plaintiff had surrendered its original patent, as required by section 50, in order to obtain a reissue. The reissue patent contained no claim that was identical to a claim in the original patent. The plaintiff asserted infringement of the original before its surrender, and also asserted infringement of the reissue patent. The defendant moved to strike out the first assertion, arguing that under subsection 50(2) of the Act, no reliance may be placed on the original surrendered patent unless it contains a claim identical to a claim in the reissue. Addy J. dismissed the motion, being of the view that the court would, in any event, have to consider the differences between the two patents when the action was tried, and that no substantial time at the trial would be saved by deciding the question now, whereas to decide it now might lead to an interim appeal.

M. *Intervening Rights*

Construing section 58 of the Patent Act, the Trial Division of the Federal Court has continued to hold that use of a process before grant of a patent for the process confers no right to continue to use the process after grant of the patent,[320] subject to the right to continue to use a specific apparatus where the patent has an apparatus claim.[321]

The Federal Court of Appeal has now considered the case of articles owned by the defendant and *en route* to Canada at the date the patent issued, and has held that it is not infringement to deal subsequently with these articles in Canada.[322] The Court was split on the question of whether the defendant also had immunity for additional goods that had been contracted for before the patent issued but that came into existence afterwards, with the majority holding that there was no immunity. Thurlow C.J. would have held otherwise, consistently

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[318] [1967] S.C.R. 514, 36 Fox Pat. C. 84, 52 C.P.R. 51, discussed in Fisk, *Annual Survey of Canadian Law: Industrial Property*, 3 OTTAWA L. REV. 220, at 243-57 (1968) and Fisk, *supra* note 68, at 482-84.

[319] Court No. T-95-79, unreported F.C.C., 25 May 1979.

[320] *See* the last Survey, *supra* note 7, at 418-20 and *Calgon*, *supra* note 204, at 243. Supportive of this position is the amendment made in 1972 to change the word "art" in the predecessor section to "article": *see Lido*, *supra* note 125, at 569, 57 C.P.R. (2d) at 38 (F.C. App. D.) (Thurlow C.J.). In Beecham Canada Ltd. v. Procter & Gamble Co., *supra* note 239, the Federal Court of Appeal found it unnecessary to consider whether s. 58 extends to process claims. It held that someone who supplies an article necessary to carry out the process has no immunity under s. 58 in respect of process claims. For further discussion of s. 48, *see* Dimock, *Section 58 — Recent Developments in its Interpretation*, 15 BULL. P.T.I.C. 970 (1982).

[321] Libbey-Owens-Ford Glass v. Ford Motor Co., [1970] S.C.R. 833, 62 C.P.R. 223, 14 D.L.R. (3d) 210 (1969).

[322] *Lido*, *supra* note 125.

with the 1934 Ontario Court of Appeal decision in *Barber v. Goldie Construction Co.*[323]

In *Stephenson v. Babiy Motors Ltd.*[324] the plaintiff sued for breach of confidence in relation to a device which was the subject of a Canadian patent application. The fact that devices made by the defendants before issue of a patent might be sold thereafter without infringing the patent could be no defence to such an action if the information was indeed confidential. The Court granted an injunction against manufacture or sale of the devices[325] but said that the injunction should be discharged if a patent is granted, doubtless because the subject matter of the confidence would be published and would no longer be confidential.[326] The patentee could then rely on its patent rights. Whether the defendants might then rely on section 58 for devices made before issue of the patent was not decided, though there is a suggestion in the case that section 58 does not apply where the defendant was acting in breach of trust or confidence.[327]

N. *Compulsory Licences*

In *MacKay Specialties Inc. v. Procter & Gamble Co.*[328] an application was made to the Commissioner of Patents, under section 67 of the Patent Act, for a licence under a patent for small towel-like sheets that carry a conditioning agent and can be put into a rotary laundry dryer to soften or otherwise condition laundry. Such sheets had been sold by the patentee in the United States since 1972 and in Canada since 1975. The Canadian patent issued in 1977, and became subject to possible compulsory licence proceedings three years later under section 67. Before the present application for a compulsory licence was filed, all the patentee's manufacture had been in the United States. The following activities were held not to constitute Canadian "working" that would defeat the compulsory licence application:

(i) Cutting of small sheets from imported large rolls (with the conditioning agent thereon) and packaging of the small sheets in Canada.

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[323] [1936] O.W.N. 383 (C.A. 1934).

[324] [1978] 5 W.W.R. 645, 40 C.P.R. (2d) 187 (B.C.S.C.).

[325] Damages were also awarded, but not against defendants who had no notice of the breach of confidence before being sued.

[326] *Cf.* Mustad v. Dosen, 40 R.P.C. 41 (H.L. 1928) (reported 1963). In granting the injunction the Court in the *Stephenson* case seems to have overlooked the fact that the subject matter of the Canadian application had apparently been published in American and Japanese patents issued to the plaintiff: *supra* note 324, at 646, 40 C.P.R. (2d) at 188.

[327] *Supra* note 324, at 649, 40 C.P.R. (2d) at 191. *See also* Libbey-Owens-Ford Glass v. Ford Motor Co., 57 C.P.R. 155, at 182 (1969) (Thurlow J.).

[328] 60 C.P.R. (2d) 96 (Comm'r of Patents 1981), *aff'd* (not yet reported, F.C. App. D., 3 Nov. 1982). The Supreme Court has refused leave to appeal.

(ii) Use of such sheets in Canada by Canadian purchasers in their homes, though the patent claimed both such use and the sheets themselves.

(iii) Canadian manufacture and sale of the sheets by the applicant for the compulsory licence, in infringement of the patent.

By the time the compulsory licence application was heard the patentee was manufacturing in Canada its full Canadian requirements, though the patentee had not been so "working" in Canada at the time of the compulsory licence application. The Commissioner said he had to determine whether there was any satisfactory reason for non-working before the manufacture in Canada had begun, the onus of establishing such a reason being on the patentee. The Commissioner stated:

> [W]hat the patentee was doing between the date of the application (for licence) and the date it was served upon the patentee, and also the date when the hearing was held, may be useful in assessing whether the patentee was making serious efforts to work the patent before the date of the application.[329]

He held that the patentee had satisfied the onus of establishing a satisfactory reason for its earlier non-working, having regard to the following combination of circumstances:

(i) The patentee had acted with reasonable dispatch to protect its rights against extensive infringement (though the Commissioner said that he would not have found for the patentee if its case rested solely on delays in its Canadian manufacture stemming from infringement).[330]

(ii) Evidence that eight months after the issue of the Canadian patent the patentee had begun to assess the possibilities for Canadian manufacture, had allocated substantial funds for supplies and equipment for Canadian manufacture before the patent was three years old, and had a manufacturing site and construction funds allocated before the application for the compulsory licence was filed.

(iii) Thereafter a contractor was hired to build the plant, and the plant was in production before the hearing of the application for licence.[331]

Having regard to the strength of the applicant's case, the Commissioner declined to award costs against the applicant.[332] The Commissioner issued the following general warning:

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[329] *Id.* at 100.

[330] In affirming, the Federal Court of Appeal took into account the fact that the applicant for the licence had supplied the infringing product to the infringers, and in the view of the Court thereby contributed to the delay in working by the patentee.

[331] *See also* Debro Products Ltd. v. Burke Co., 65 C.P.R. (2d) 162 (1982), where the patentee was working on a commercial scale at the date of the hearing and the Commissioner was satisfied that insufficient demand had earlier existed.

[332] The Patent Act gives him some discretion as to costs in para. 68(*e*). *Cf.* L.P.A. Plastics Ltd. v. Windsurfing Int'l Inc., 59 C.P.R. (2d) 188, at 201 (Comm'r of Patents 1981).

> In concluding, I should remind other patentees of the importance I place upon working of a patented invention in Canada *before* there is an application for compulsory licence. It is only the accumulated weight of the evidence of the actions in the Courts, of extensive infringement by others, and of the steps taken by the patentee to work the invention both before and after the application for licence which led me to my conclusions in these particular proceedings. Failing that, I would have had no hesitation in finding for the applicant.[333]

In *L.P.A. Plastics Ltd. v. Windsurfing International Inc.*[334] the patent was for a sailboard used for windsurfing. The patent claimed a new combination of old and well known elements. Before any application for compulsory licence was filed the patentees, or those claiming under them, were importing into Canada the necessary elements, and putting the patented combination together in Canada. The Commissioner stated that the parts "were not imported as a full kit ready to be assembled, at least not in all cases."[335] It appears that the parts when imported were not ready to be put together but required some minor operations to fit them together. The Commissioner held that no abuse was established, observing: "If the patented article was not made in Canada, in what other country was it made? It did not exist before assembly, and the separate parts were not brought together in one country until assembly in Canada."[336]

As to whether the amount of manufacture in Canada was on a commercial scale, the Commissioner noted that the demand was low, it was exceeded by supply, importation was necessary initially to stimulate demand, infringement hindered prudent investment, and a competitor who had attempted to manufacture had lost a million dollars. He found that the assembly performed in Canada had been on a commercial scale in light of the demand shown. Abuses other than failure to work in Canada on a commercial scale were alleged but were not established to the Commissioner's satisfaction. To an allegation that the patentees had refused to grant licences on reasonable terms the Commissioner responded that the onus to suggest reasonable terms is on the seeker of a licence.

Subsection 41(4) of the Patent Act, and the Regulations made thereunder, provide for the compulsory licensing of patents for inventions intended or capable of being used for medicine or for the preparation or production of medicine. Those provisions are currently under attack as being *ultra vires* the Parliament of Canada and in conflict with the Canadian Bill of Rights.[337] Jerome A.C.J. has held that there is no substance in these attacks.[338]

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[333] *Supra* note 328, at 104.

[334] *Supra* note 332.

[335] *Id.* at 197.

[336] *Id.* at 198.

[337] R.S.C. 1970 (App. III).

[338] American Home Products v. Commissioner of Patents (not yet reported, 12 Nov. 1982). An appeal has been filed.

O. *Infringement*

1. *Purposive Construction: What is Essential?*

In the *Consolboard* case,[339] the Supreme Court of Canada has justly criticized the lack of clarity and conciseness of section 36 of the Patent Act. It is ironic that it is this very section which requires clarity in writing patent specifications and patent claims. But just as the Supreme Court has held in *Consolboard* that section 36 is not to be interpreted tightly and literally, so it has now been said by the House of Lords in the *Catnic* case[340] that claims are to be interpreted "purposively".

In patent cases the traditional approach has been first to construe the patent specification and then, turning to the alleged infringement, to ascertain whether there is "textual infringement" of one or more claims, that is, whether the language of a claim, as construed, literally fits the alleged infringement in all respects. If the alleged infringement does not fit the text of the claim, there may still be an infringement if the "pith and marrow" (or "essential features") of what is claimed are taken. In the *Catnic* case the House of Lords stated that both "textual infringement" and infringement of "pith and marrow" are a single cause of action, and that construction of the specification is determinative. On the issue of construction, their Lordships said:

> A patent specification should be given a purposive construction rather than a purely literal one derived from applying to it the kind of meticulous verbal analysis in which lawyers are too often tempted by their training to indulge. The question in each case is: whether persons with practical knowledge and experience of the kind of work in which the invention was intended to be used, would understand that strict compliance with a particular descriptive word or phrase appearing in the claim was intended by the patentee to be an essential requirement of the invention so that any variant would fall outside the monopoly claimed, even though it could have no material effect upon the way the invention worked.[341]

Where, as in the *Catnic* case, the alleged infringement may not literally fit the text of the claim, their Lordships said that the court should inquire whether the specification would make it obvious to the skilled reader (relying on his common general knowledge) that a departure from the claim language would make no material difference. Thus the approach seems to be to ask what a skilled reader would consider the patentee to be attempting to protect.[342] The *Catnic* decision

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[339] *Supra* note 1.

[340] Catnic Components Ltd. v. Hill & Smith Ltd., [1981] F.S.R. 60, [1982] R.P.C. 183 (H.L. 1981). "Purposive" construction is more fully discussed by the writer in *Industrial Property — The Arrival of Purposive Construction in Patent Law*, 60 CAN. B. REV. 485 (1982), and in *Catnic v. Hill, A Commentary*, 12 C.I.P.A. 191 (1983).

[341] *Supra* note 340, [1981] F.S.R. at 65-66, [1982] R.P.C. at 243.

[342] But the particular variant used by the defendant need not be one that was obvious at the date that the specification is construed: T. BLANCO WHITE, PATENTS FOR INVENTIONS 63 (4th ed. 1974); Hosiers Ltd. v. Penmans Ltd., [1925] Ex. C.R. 93, at 99.

is valuable in throwing light on how to construe a specification to ascertain what is essential. Their Lordships found that the claim in suit, which called for a structural member "extending vertically", covered the defendant's structure in which the corresponding member was inclined at 6° or 8° from the vertical.

The *Catnic* decision re-emphasizes the point that what is essential in a patent claim is to be determined by construing the patent specification. It is not to be determined by a roving examination of expert testimony as to what in fact was the essence of the invention that was actually made. Of course, the specification is to be construed through the eyes of a person skilled in the art. In *Chatenay v. Brazilian Submarine Tel. Co.*, Lindley L.J. said:

> The expression "construction", as applied to a document, at all events as used by English lawyers, includes two things: first, the meaning of the words; and, secondly, their legal effect, or the effect which is to be given to them. The meaning of the words I take to be a question of fact in all cases, whether we are dealing with a poem or a legal document. The effect of the words is a question of law.[343]

There has been surprisingly little reference in Canadian decisions to the correct mode of analysis in a patent case where the defendant has departed from the language of the claims. No Canadian judge since Thorson P. has attempted to state or even to reiterate what he considers the applicable principles to be. In *McPhar Engineering Co. v. Sharpe Instruments Ltd.*,[344] Thorson P. said that what is essential is a question of fact, and subsequent Canadian decisions seem to have assumed that this is so. As a recent example, in *Baxter Travenol Laboratories Ltd. v. Cutter Ltd.*,[345] claim 2 of the patent called for a combination of elements, one of which was a "cannula". What was illustrated in the drawings as a cannula was a hollow cylindrical element.[346] Having heard expert testimony on the meaning of the word "cannula" the learned trial Judge felt able to construe the word as not being limited to a hollow body. He seems to have accepted expert evidence as to what the word was intended to mean in the patent,[347] despite the conventional view that expert testimony, though admissible as to the meaning of technical

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[343] [1891] 1 Q.B. 79, at 85, 60 L.J.Q.B. 295, at 298, [1886-90] All E.R. Rep. 1135, at 1137 (C.A. 1890).

[344] [1956-60] Ex. C.R. 467, at 537, 35 C.P.R. 105, at 170-71 (1960).

[345] 52 C.P.R. (2d) 163 (F.C. Trial D. 1980), *aff'd* 13 Jan. 1983, F.C. App. D. The trial decision was rendered so soon after the House of Lords decision in the *Catnic* case that the latter would not have been available to the learned trial Judge. This comment does not purport to discuss all the issues in the case nor to suggest what the result might or should have been on any line of reasoning.

[346] The patent drawings, and the claims in suit, are not reproduced in the reasons for judgment but are of public record.

[347] *Supra* note 345, at 170.

terms, should stop short of saying what the patent means.[348] Two of the other claims of the patent, claims 1 and 4, called for a "hollow cannula". If the essentiality of "hollow" were a matter of construction, the conclusion that "hollow" was a nonessential feature of claims 1 and 4 would have been problematic, because claim 1, by contrast, specified any cannula.[349] However, the learned trial Judge considered the "hollow" feature to be nonessential[350] and found that claims 1 and 4 were infringed by use of a solid spike having longitudinal vanes that provided external passages around it but no passage through it. It seems that the learned trial Judge approached the issue of essentiality as one of fact, not of construction, and on an issue of fact he would be clearly entitled to listen to and weigh the opinions of experts.[351] Had the issue been treated as one of construction, the conventional rule has been that expert evidence on this "ultimate issue" is inadmissible.[352] We must await further developments to see how far the Canadian courts are prepared to go in entertaining evidence on such issues. Also awaiting elucidation is whether the Canadian courts will in future cases treat the issue of essentiality of a claimed element as a question of construction separate from the factual issues that arise in relation to equivalency and infringement. It is submitted that the court cannot decide the question of essentiality as one of fact where section 36 of the Patent Act requires that the invention be correctly and fully described, and distinctly and

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[348] Joseph Crosfield & Sons v. Techno-Chemical Laboratories Ltd., 30 R.P.C. 297, at 309-11 (Ch. 1913) (Neville J.); British Celanese Ltd. v. Courtaulds Ltd., 52 R.P.C. 171, at 196 (P.A.T. 1935) (Tomlin L.J.); Northern Elec. Co. v. Photo Sound Co., [1936] S.C.R. 649, at 676, [1936] 4 D.L.R. 657, at 672 (Duff C.J.) Western Elec. Co. v. Baldwin Int'l Radio, [1934] S.C.R. 570, at 572-73, 592-93, [1934] 4 D.L.R. 129, at 130-32, 150-51 (Duff C.J.). In the *Baxter Travenol* case, *supra* note 345, the Federal Court of Appeal reached a different conclusion on the meaning of "cannula", with no suggestion of any departure from the conventional view of the role of expert witnesses.

[349] *Cf.* Submarine Signal Co. v. Henry Hughes & Son, 49 R.P.C. 149, at 174 (Ch. 1932) (Lawrence L.J.); Noranda Mines Ltd. v. Minerals Separation N. Am. Corp., [1950] S.C.R. 36, at 51-52, 9 Fox Pat. C. 165, at 180 (1949) (Rand J.); Jamb Sets Ltd. v. Carlton, [1964] Ex. C.R. 377, at 385, 42 C.P.R. 65, at 73 (1963) (Cattanach J.). The problem admits of but one solution where the feature provides the only distinction over another claim.

[350] *Supra* note 345, at 171. The Federal Court of appeal did not deal with this point.

[351] As he did: *id.* at 165, 168. The Federal Court of Appeal, without stating how it reached its conclusion, agreed with the trial Judge that a hollow cannula was "not an essential element of the invention" but, with respect, the question is whether it was an essential element of the *claim*. The Court also agreed that the defendant's spike was the functional equivalent of the cannula.

[352] However, judges in patent cases are tending to entertain expert evidence on "ultimate" issues: *see* the text at notes 391 to 394 *infra*. In the writer's opinion this signals an undesirable shift towards more advocacy from the witness box, and if permitted at all it should be confined to rare cases of great technical difficulty, perhaps ones where the judge would otherwise need the aid of a scientific adviser. *See also* T. BLANCO WHITE, ENCYCLOPEDIA OF UNITED KINGDOM AND EUROPEAN PATENT LAW, paras. 3-311 and 10-119 (1977). The use in the Federal Court of affidavits of experts, filed in advance of the trial, tends to put what is proferred out of the control of the court.

explicitly claimed, in the patent specification. To deal with the question as one of "purposive" construction, as is done in England, makes it easier, if only a little, to handle these difficult cases and to advise clients.

In *Cooper & Beatty Ltd. v. Alpha Graphics Ltd.*,[353] the plaintiff's patent claimed a process for forming multi-colour images, wherein a first composite layer of one colour of ink and resist material was formed, and then (in other areas) another composite layer of another of ink and resist material was formed. The resist material had to be transparent for the ink below it to be seen. The claims did not state that the resist was transparent, but they said that the ink was of a colour of the image being formed, and the learned Judge said that transparency of the resist was necessarily implied. The defendants did not use a transparent resist. Rather they used a coloured resist, but when the resist had performed its function the defendants removed it and replaced it with a transparent lacquer if the ink below needed protection. The defendants did not textually infringe because the claims specified that the composite layers of ink and resist be left intact. But Mahoney J. could find no good reason for the defendants' roundabout procedure and concluded:

> The defendants have taken the substance of the plaintiff's process and substituted three steps: initial use of a coloured resist; its necessary removal and its necessary replacement by lacquer, for the single step of using a transparent resist in the first place. Assuming their validity, that is infringement of the process claims.[354]

To reach the same result using the *Catnic*[355] approach of the House of Lords, it would be necessary to ask whether a skilled reader of the plaintiff's patent specification would understand that leaving intact composite layers of ink and resist was not an essential requirement, though specified in the claims. The learned Judge had concluded that the claims necessarily implied that, in those composite layers, the resist would be transparent so that the ink would be visible. With this conclusion it might seem a long step to decide that the skilled reader would nevertheless understand that the patentee did not intend to require strict compliance with leaving intact this impliedly transparent resist.

Nevertheless, under the *Catnic* approach it would be open to take this step. The reasoning would be as follows. Accepting the learned Judge's construction of the claim as calling for the transparent resist to be left intact, the next question is whether a skilled reader would consider this feature to be essential to the working of the invention. He would if the specification itself revealed the inventor's belief that it was essential, and of course the inclusion of the feature in the claim is a potent indicator. But the feature could be regarded by a skilled reader as nonessential if it were obvious to him that a literal reading was not

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[353] *Supra* note 162.
[354] *Id.* at 152.
[355] *Supra* note 340.

intended. He might conclude this if it were apparent to him that there were variants having no material effect on the way the invention worked, or if he found that the feature in the claims was included through inept draftsmanship. Nothing in the *Cooper & Beatty* decision suggests that the learned Judge considered such a process of reasoning. Rather, he seems to have compared the plaintiff's actual process with that of the defendant's in order to decide the issue.

The House of Lords in the *Catnic* case has affirmed, and has more fully explained, what has long been recognized by the courts, namely, that infringement involves a question of law and a question of fact. In the recent case of *Beecham Canada Ltd. v. Procter & Gamble Co.*[356] reference was made to the following statement of Duff C.J.C. in *Western Electric Co. v. Baldwin International Radio*:

> Infringement is a mixed question of law and fact. First of all, it involves the construction of the specification and, if there is any dispute about that, the issue, let me repeat, is an issue of law for the court.
>
> There is further an issue of fact whether the invention, as disclosed by the specification as construed by the court, has been in substance taken by the defendant.[357]

What this statement does not point out expressly is that the substance or essence of what is claimed is a question of construction. The *Catnic* approach is to focus on the patentee's purpose, as it can be gathered from his specification, before turning to the defendant's alleged evasion.

2. *Contributory Infringement*

Before 1978 there were only two Canadian decisions on the important topic of contributory infringement.[358] In 1978 a liberal view was taken by Addy J. in the case of *Procter & Gamble Co. v. Bristol-Myers Canada Ltd.*[359] The patent in suit claimed a towel-like article, and a method of using the article. The defendant made such articles and sold them to retailers.[360] The retailers, in turn, sold them to housewives. The housewives used the claimed method, which consisted of putting the articles in their rotary clothes dryers to condition clothes being tumbled in the dryers. The housewives infringed the method claims, but the question was whether the defendant manufacturer, who did not carry out the method, also infringed those claims. The defendant, by its instructions and directions on its packages as to the method of using the articles, and by its advertising, invited and induced

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[356] *Supra* note 239.

[357] [1934] S.C.R. 570, at 586, [1934] 4 D.L.R. 129, at 144.

[358] Copeland-Chatterson v. Hatton, 10 Ex. C.R. 224 (1906), *aff'd* 37 S.C.R. 651; Slater Steel Indus. Ltd. v. R. Payer Co., 38 Fox Pat. C. 139, 55 C.P.R. 61 (Ex. 1968).

[359] *Supra* note 169, *aff'd* 39 C.P.R. (2d) 171 (F.C. App. D. 1978), without discussion of the issue of infringement. The Supreme Court of Canada refused leave to appeal. *See also* the form of injunction in *Calgon*, *supra* note 204, at 244.

[360] The defendant thereby infringed the article claims.

the housewives to infringe the method claims; and the defendant knew of the existence of the plaintiff's patent. The Judge concluded:

> It is difficult to conceive how the present defendant should not be considered as systematically engaging for its own profit in aiding and abetting any infringement by the public of the plaintiff's method claims and should not be considered as constituting itself a party to each infringement committed by such users. Where the defendant has induced or procured an infringement, I do not feel that it is at all necessary in such cases for the supplier to have had any personal contact with the infringing customer, to even know his or her identity or to have sold the article directly to that person. It is sufficient in such cases, if it is also established, that the article in fact has been sold by the defendant for the purpose of putting it on the market for sale to the ultimate infringer, regardless of whether the final sale is made by an agent of the defendant or by independent distributors or retailers.[361]

In the earlier case of *Slater v. Payer*,[362] which had proceeded on a proposition of law that had been agreed upon by counsel, a claim to contributory infringement was rejected where it was not shown that the ultimate infringer had been induced by the defendant to infringe knowing of the patent position, or had been induced by reason of some misrepresentation made by the defendant. It seems from the decision in the *Procter & Gamble* case, however, that these latter criteria are not controlling. Addy J. made the following comments, citing several United Kingdom decisions:

> The law is clear, in my view, that the mere making, using or vending of elements which afterwards enter into a combination is not prohibited where the patent is limited to the combination itself as in the Slater Steel case above referred to and also in the leading case of Dunlop Pneumatic Tyre Co. Ltd. v. David Moseley & Sons Ltd. . . .It also seems to be fairly clear that the mere selling, without more, of articles to be used for the purpose of infringing a patent is not an infringement of patent. However, there can be an infringement where the person who actually commits the act of infringement is the defendant's agent (Sykes v. Howarth) or where some sort of continuing a systematic business arrangement exists between the vendor and the infringer purchaser (Incandescent Gas Light Co. Ltd. v. New Incandescent Mantle Co.) or where there has been not only a sale but also an invitation or request by the defendant to the purchaser of the article, to use it in order to infringe the plaintiff's patent (Innes v. Short and Beal).[363]

In *Reeves Bros. v. Toronto Quilting & Embroidery Ltd.*[364] the patents in suit claimed a process, a product of the process, and an apparatus for carrying out the process. The defendant used the claimed apparatus and process in the province of Quebec and sold the product f.o.b. Montreal, in that province, shipping to customers outside the province. The question was whether, in so doing, the defendant was infringing the patent outside the province of Quebec. The question was important because under Quebec law no claim could be made for

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361 *Supra* note 169, at 167.

362 *Supra* note 358.

363 Procter & Gamble Co. v. Bristol-Myers Canada Ltd., *supra* note 169, at 166.

364 43 C.P.R. (2d) 145 (F.C. Trial D. 1978).

damages for infringements more than two years before the commencement of the action[364a], whereas if the defendant was also infringing outside Quebec the limitation period might be longer. The Judge, relying on the foregoing *Procter & Gamble* decision, held that the defendant was infringing outside Quebec because the defendant invited its customers outside Quebec to use the product.

In *Cooper & Beatty v. Alpha Graphics Ltd.*[365] the patent in suit claimed a method of forming multi-colour images and the images themselves. The defendants provided customers with the necessary materials and instructions to produce the images and the Court held that by so doing the defendants infringed the image claims.[366]

The Federal Court must, to have jurisdiction, characterize such activities as infringement of the patent rather than as a common law tort, because that Court, unlike the provincial courts, has no jurisdiction to try common law tort actions.[367] However, in a case where he rejected an allegation of infringement Gibson J. used the language of tort law. In *Saunders v. Airglide Deflectors Ltd.*[368] the patent in suit claimed an air deflector in combination with a tractor-trailer vehicle. Some of the defendants sold the deflectors, and it appears that they made recommendations as to how the deflectors should be installed. The way the deflectors were installed would affect whether there would be an infringement of the combination claim. The evidence satisfied the learned Judge that the suppliers of the deflectors knew that the ultimate user intended to use the deflectors in a combination covered by the patent. However, he held that only the ultimate user was an infringer. He said that the evidence did not establish the vendors "made themselves a party to the infringement. . . . In addition, the evidence does not provide inducement or procurement by these other defendants of the ultimate purchaser/user . . . to infringe, nor does it prove conspiracy among these other defendants to cause the ultimate purchaser/user . . . to infringe."[369]

3. *The Product of a Patented Process or Apparatus*

Where a patent does not claim a product, but claims a process or apparatus for making a product, persuasive arguments have been made

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[364a] This interpretation of the Quebec Civil Code has been questioned by R. Trudeau, *Évolution du Droit Canadien en Matière de Brevets d'Invention*, 17 BULL. P.T.I.C. 1124, at 1131-1133 (1983).

[365] *Supra* note 162.

[366] It would seem that by doing so the defendants would also infringe the method claims. They were held to do so when they performed the method themselves.

[367] *Cf. Copeland-Chatterson*, *supra* note 358, at 241. In Beecham Canada Ltd. v. Procter & Gamble Co., *supra* note 239, the Federal Court of Appeal declined to consider the jurisdiction of the Federal Court "on the question of inducement or procurement to infringe the patent".

[368] 50 C.P.R. (2d) 6 (F.C. Trial D. 1980).

[369] *Id.* at 28. For further discussion of recent cases, *see* R. Mitchell, *Contributory Infringement*, 14 BULL. P.T.I.C. 914 (1982).

that someone who deals in the product and had nothing to do with the production of the product does not infringe any claim of the patent.[370] But British cases, based on the expansive language of the grant from the Crown and on old precedents decided before the advent of modern claim drafting, have held that dealing in the unpatented product may be an infringement of the patented process or apparatus. American cases have held otherwise.[371] Although the Canadian Patent Act follows American legislation more closely than that of the United Kingdom, Canadian courts have followed the British decisions. Any doubt whether they should continue to do so seems to have been laid to rest by the Supreme Court of Canada in *Farbwerke Hoechst v. Halocarbon.*[372] Hoechst relied on the process claims of two Canadian patents. Halocarbon Corporation carried out one of the processes in the United States, and the product of that process was brought to Canada by Halocarbon (Ont.). An American manufacturer is unlikely to be infringing the Canadian patent by his activities abroad,[373] and the action against Halocarbon Corporation was dismissed. Counsel for the importer, Halocarbon (Ont.), argued that importation of the product was not an infringement of the process claim, but the Supreme Court advised counsel for the patentee that he did not have to deal with the point, and the patent was held valid and infringed by the importer.[374]

Purchasers of unpatented products may therefore have to consider whether those products are made by processes or apparatuses that are patented in Canada, whether the patentee will be able to prove what process or apparatus was used,[375] whether to seek an indemnity from their supplier, and whether the latter has the will and the resources to stand behind his customers.

What remains unclear is how significant a part the patented process or apparatus must play in the production of the product. As Tomlin J. observed in *Wilderman v. Berk*:

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[370] *See, e.g.*, the exchange between Maybee and Fox in 35 CAN. B. REV. 86, 473-83 (1957).

[371] *E.g.*, Keplinger v. De Young, 23 U.S. (10 Wheat.) 350, 6 S. Ct. 341 (1825); *Re* Amtorg Trading Corp., 75 F. 2d 826 (C.C.P.A. 1935).

[372] *Supra* note 2.

[373] Dole Refrigerating Products Ltd. v. Canadian Ice Machine Co., 17 Fox Pat. C. 125, 28 C.P.R. 32 (Ex. 1957). *But cf.* Morton-Norwich Products Ltd. v. Intercen Ltd., [1978] R.P.C. 501, [1976] F.S.R. 513 (Ch. 1976).

[374] The American manufacturer was held not to have such control over the importer as to make it liable for the latter's infringement.

[375] *Cf.* American Cyanamid Co. v. Continental Pharma (Can.) Ltd., 30 Fox Pat. C. 171, 48 C.P.R. 1 (Ex. 1965).

> I cannot think, for example, that the employment of a patented cutting blowpipe or a patented hammer in the manufacture of some part of a locomotive would necessarily render the importation of the locomotive an infringement. In my judgement, each case must be determined on its own merits by reference to the nature of the invention, and the extent to which its employment played a part in the production of the article, the importation of which is complained of.[376]

The United Kingdom Patents Act 1977 now attempts to deal with the problem in paragraph 60(1)(*c*) by providing that a person infringes a patent if:

> where the invention is a process, he disposes of, offers to dispose of, uses or imports any product obtained directly by means of that process or keeps any such product whether for disposal or otherwise.[377]

The word "directly", which comes from the European Patent Convention, article 64(2),[378] raises a new test and new problems. The United Kingdom Act does not refer to the product of a patented apparatus, so that dealing in such a product may no longer be an infringement of United Kingdom apparatus claims.

P. *Interlocutory Injunctions*

The Supreme Court of Canada has not yet had occasion to state its views on the controversial decision of the House of Lords in *American Cyanamid Co. v. Ethicon Ltd.*,[379] where it was said that a plaintiff, in applying for an interlocutory injunction, need not show a probability of success at the trial, or a strong *prima facie* case, but only a serious question to be tried. The *American Cyanamid* approach has gained a

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[376] 42 R.P.C. 79, at 88 (1925). *Cf.* Beecham Group Ltd. v. Bristol Laboratories Ltd., [1978] R.P.C. 153, at 201, 203, 204 (H.L. 1977); American Cyanamid Co. v. Frosst & Co., 2 Ex. C.R. 355, 47 C.P.R. 215 (1965).

[377] Patents Act, 1977, U.K. 1977, c. 37, para. 60(1)(*c*).

[378] Cmnd. 5656.

[379] [1975] A.C. 396, [1975] R.P.C. 513, [1975] F.S.R. 101 (H.L.): *see* discussion in the last Survey, *supra* note 7, at 436-40. *See also* Hammond, *Interlocutory Injunctions: Time for a New Model?*, 30 U. TORONTO L.J. 240 (1980); Hull, *Some Problems of Injunctive Relief*, [1981] 9 E.I.P.R. 258; Rogers & Hately, *Getting the Pre-trial Injunction*, 60 CAN. B. REV. 1 (1982); Deeth, *Injunctions in relation to Trade Marks, Patents, Copyright and Intellectual Property*, in the C.B.A.O. seminar on *The Law of Injunctions*, 24 Sep. 1982.

substantial following in Canada,[380] with the result that decisions tend to turn on the balance of convenience, including the vital requirement that the plaintiff is likely to suffer irreparable damage if the injunction is refused. Although *American Cyanamid* was a patent case, such cases are necessarily treated with reserve in Canada where an interlocutory injunction is requested. In *Cutter (Canada) Ltd. v. Baxter Travenol Laboratories of Canada Ltd.*,[381] Thurlow C.J. said that in most instances damages will be an adequate remedy for infringement of the rights of a patentee or of the proprietor of an industrial design, whereas a defendant may suffer serious consequences if restrained. In consequence, the balance of convenience will generally be in favour of refusing the injunction if the defendant undertakes to keep an account and there is no reason to believe that he will be unable to pay such damages as may be awarded.

In the later Ontario case of *Sealed Air v. Marsy*,[382] Anderson J. has downplayed the defendant's ability to pay and the difficulty of assessing damages, and has recalled the traditional reluctance of the court to grant an interlocutory injunction in a patent action where the defendant shows an arguable case. Maintenance of the *status quo* has received some emphasis.[383] Whatever factors have the greatest appeal in a particular case, the Canadian courts have rightly continued to show a disinclination to grant interlocutory injuctions in patent actions. Leading counsel in England[384] have stated that the following, though written as satire, is very near the truth: "How to intimidate? . . . (c) The interlocutory —injunction — approach. Tell your competitor that even if your patent might ultimately be declared invalid you will be in a position to get an interlocutory injunction in the U.K. which will keep him out of the market for years."[385]

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[380] *See, e.g.*, in the High Court of Ontario: Steel Art Co. v. Hrivnak, 27 O.R. (2d) 136, 105 D.L.R. (3d) 716 (1979) (restrictive covenant); Nelson Burns & Co. v. Gratham Indus. Ltd., 34 O.R. (2d) 588, 59 C.P.R. (2d) 113 (1981) (breach of trust); *but see* Chitel v. Rothbart, 39 O.R. (2d) 513, at 522, 534 (Ont. C.A. 1982). In the Federal Court of Canada, *see* Bulman Group Ltd. v. Alpha One-Write Systems B.C. Ltd., 36 N.R. 192, 54 C.P.R. (2d) 179 (F.C. App. D. 1981) (copyright); Smith Kline & French Can. Ltd. v. Frank W. Horner, Inc., 68 C.P.R. (2d) 42, at 47-48 (F.C. Trial D. 1982) (copyright); Canadian Red Cross v. Simpsons, 3 Mar. 1983 (F.C. Trial D.), unreported (s. 9 of the Trade Marks Act). The Quebec courts still seem disposed to consider carefully the merits of the plaintiff's case: *see, e.g.*, Iarrera v. Guinta, 6 A.C.W.S. (2d) 187 (Que. C.A. 1980) (contract relating to trade name).

[381] 36 N.R. 87, 47 C.P.R. (2d) 53 (F.C. App. D. 1980); *leave to appeal refused*, 47 C.P.R. (2d) 249 (S.C.C. 1980).

[382] Unreported, 24 Oct. 1981.

[383] *See, e.g., Nelson Burns, supra* note 380; E.A.R. v. Protector, [1980] F.S.R. 574. The *status quo* may require consideration at the time the defendant commenced his activity, at the time the plaintiff put the defendant on notice, and at the time of the hearing, from the point of view of assessing the balance of convenience, the plaintiff's promptitude, and what the terms of an injunction might be.

[384] T. BLANCO WHITE, *supra* note 352, at 10-109, n. 58.

[385] Seiders, C.I.P.A., Oct. 1978, at 17.

Q. *Witnesses*

1. *The Inventor*

Rule 465(5) of the Federal Court of Canada provides for the pre-trial examination for discovery of the assignor of a patent of invention, copyright, trade mark or industrial design by any party who is adverse to an assignee thereof.[386] Evidence of an inventor who is an assignor would not, given as assignor, be admissible against the assignee[387] but it may be useful in preparation for trial. However, the inventor may not be within the control of any of the parties to the litigation, and may be out of Canada and thus out of the jurisdiction of the Court. The Federal Court has been reluctant to issue a commission to take the evidence of the inventor outside Canada for discovery.[388]

Enterprising counsel have found another way of obtaining access to an inventor who will not agree to be examined. In *Sternson Ltd. v. CC Chemicals Ltd.*,[389] the defendant took advantage of the liberal rules in the United States for taking pre-trial depositions. The defendant went straight to the United States District Court in whose jurisdiction the inventor could be found and obtained from that Court an order directing that the inventor's testimony be taken before a person appointed by that Court and authorizing the issuance of a *subpoena duces tecum* requiring the inventor to attend. Though the examination would not be one having status under the Federal Court Rules,[390] the Canadian Federal Court of Appeal declined to enjoin the defendant from proceeding with the United States deposition.

2. *The Expert*

One still encounters the occasional protest against opinion evidence of experts on questions that the court must decide,[391] but such evidence is regularly given and referred to in judicial opinions.[392] The court is not bound by such evidence and should take particular care with it if the

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[386] *See also* ONT. R.P. 334.

[387] *Cf.* F.C.C.R. 494(9).

[388] Lido Indus. Products Ltd. v. Teledyne Indus. Inc., 41 C.P.R. (2d) 1 (F.C. App. D. 1978); Lovell Mfg. Co. v. Beatty Bros., 35 C.P.R. 12 (Ex. 1960).

[389] 36 N.R. 507, 58 C.P.R. (2d) 145 (F.C. App. D. 1981). *See also* Procycle Inc. v. Deflectaire Corp., 58 C.P.R. (2d) 153 (F.C. Trial D. 1981).

[390] Scott v. M.M.M. (unreported, F.C. Trial D., 22 Oct. 1982) (Cattanach J.).

[391] *E.g.*, G.W.G. Ltd. v. Registrar of Trade Marks, 55 C.P.R. (2d) 1 (F.C. Trial D. 1981); and *see supra* note 352.

[392] *See* the last Survey, *supra* note 7, at 441; R. v. Premier Cutlery Ltd., 55 C.P.R. (2d) 134, at 142 (Ont. Prov. Ct. 1980) (Bernard J.). The expert must of course be properly qualified: *Cooper & Beatty*, *supra* note 162, at 164.

issue involves a legal component.[393] Canadian Federal Court Rule 482, which requires the filing of affidavits of experts ahead of trial, induces the type of consultation between legal advisers and experts and the settling of expert testimony that has been decried by the House of Lords.[394]

R. *Limitation Periods*[395]

Infringements of industrial property rights often continue over several years, and statutes of limitation do not, for such continuing infringements, create problems in respect of claims for injunctions and delivery up of infringing articles. But limitation periods, if pleaded,[396] may cut down the number of years for which monetary relief may be claimed.[397]

The Canadian Copyright Act provides that an action in respect of infringement of copyright shall not be commenced after the expiration of three years after the infringement.[398] The Industrial Design Act provides that all suits and proceedings for offences "shall be brought within twelve months from the cause of action or commission of the offence".[399] No limitation periods are prescribed by the Trade Marks

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[393] R. v. Grant, 30 O.R. (2d) 247, at 260-61, 116 D.L.R. (3d) 143, at 156-57 (C.A. 1980). When the opinion is on an ultimate issue of fact, R. 704 of the United States Federal Rules of Evidence provides that it is unobjectionable. On a conclusion of law, Judge Jack R. Miller of the C.C.P.A. says that a conclusory statement by an expert is worthless: 8 A.P.L.A.J. 321, at 339 (1980).

[394] Whitehouse v. Jordan, [1981] 1 All E.R. 267, at 276, 283-84, [1981] 1 W.L.R. 246, at 257, 266-67 (H.L. 1980).

[395] The author is indebted to P.F. Kappel for research on this topic.

[396] Consolboard Inc. v. MacMillan Bloedel (Sask.) Ltd., 62 C.P.R. (2d) 38 (F.C. Trial D. 1981) (Cattanach J.); Bror With v. Ruko of Canada Ltd., 31 C.P.R. (2d) 3, at 6-7 (F.C. Trial D. 1976). A defendant may also urge equitable defences of unclean hands, laches, acquiescence, *etc.*, as was done in Teledyne Indus. Inc. v. Lido Indus. Products Ltd., 45 C.P.R. (2d) 18, at 46-47 (F.C. Trial D.) and in Massie & Renwick Ltd. v. Underwriters' Survey Bureau Ltd., [1937] S.C.R. 265.

[397] Leesona Corp. v. Consolidated Textile Mills Ltd., [1978] 2 S.C.R. 2, 82 D.L.R. (3d) 56, 35 C.P.R. (2d) 255 (1977). The Court held that correction of the defendant's name was not precluded by the running of a period of prescription.

[398] R.S.C. 1970, c. C-30, s. 24. The three year period probably also applies in respect of claims for conversion under s. 21, though the French version of s. 24 may leave some room for doubt. *See Massie & Renwick, supra* note 396, at 269-70. *See also* Infabrics Ltd. v. Jaytex Ltd., [1981] 1 All E.R. 1057, at 1062, [1981] F.S.R. 262, at 268 (H.L.). To get behind the period of limitation the plaintiff might assert fraud by the defendant, *see* Warner Bros.-Seven Arts Inc. v. CESM-TV Ltd., 58 C.P.R. 97, at 110-11 (Ex. 1969); or waiver or estoppel, *see Consolboard, supra* note 139, at 233. The United States limitation period is also three years in copyright cases, Copyright Act of 1976, 17 U.S.C. §507(b) (Supp. I 1979).

[399] R.S.C. 1970, c. I-8, s. 18. Though speaking of an "offence" the provision has been construed as applying to a civil action as well, *see* Allaire v. Hobbs Glass Ltd., [1948] Ex. C.R. 171, at 186-87, 9 C.P.R. 3, at 24-25.

Act[400] or by the Patent Act.[401] If an action is brought in a provincial court under the Trade Marks Act,[402] or the Patent Act,[403] the court would be expected to apply the provisions of the provincial limitations legislation,[404] if an applicable provision can be found therein. Such actions are of course frequently brought in the Federal Court.[405]

Subsection 38(1) of the Federal Court Act[406] provides:

> Except as expressly provided by any other Act, the laws relating to prescription and the limitation of actions in force in any province between subject and subject apply to any proceedings in the Court in respect of any cause of action arising in such province, and a proceeding in the Court in respect of a cause of action arising otherwise than in a province shall be taken within and not after six years after the cause of action arose.

References to provincial limitations acts have therefore been made by the Federal Court.[407] In that Court, the prescription period for patents in the province of Quebec has been taken as two years for a damage claim,[408] but thirty years if an account of the infringer's profits is awarded.[409]

The Ontario Limitations Act[410] has, *inter alia*, the following provisions:

> 45(1) The following actions shall be commenced within and not after the times respectively hereinafter mentioned:
> (*b*) an action upon a bond, or other speciality, except upon a covenant contained in an indenture of mortgage made on or after the 1st day of July, 1894,
> within twenty years after the cause of action arose;
> (*g*) an action for trespass to goods or land, simple contract or debt grounded upon any lending or contract without specialty, debt for arrears of rent, detinue, replevin or upon the case other than for slander,
> within six years after the cause of action arose;

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[400] R.S.C. 1970, c. T-10. The U.S. Trademark Act also does not prescribe any limitation period; *see* Stimson, *Statutes of Limitations in Trademark Actions*, 71 T.M.R. 605 (1982).

[401] R.S.C. 1970, c. P-4. The U.S. Patent Act of 1952, 35 U.S.C. §286 (Supp. II 1978), provides a six year limitation period. In the United Kingdom the period is taken to be six years, *see* Morton-Norwich Products Ltd. v. Intercen Ltd., [1981] F.S.R. 337, at 351-52 and the Limitation Act, 1980, U.K. 1980, c. 58.

[402] S. 53.

[403] S. 56.

[404] *See* note 411 *infra*; *see also* Barrigar, *Time Limitations on Dominion Statutory Causes of Action*, 40 C.P.R. 82 (1963).

[405] Trade Marks Act, R.S.C. 1970, c. T-10, s. 55; Patent Act, R.S.C. 1970, c. P-4, s.56.

[406] R.S.C. 1970, (2d Supp.), c. 10.

[407] Mastini v. Bell Telephone Co., 1 C.P.R. (2d) 1, 18 D.L.R. (3d) 215 (Ex. 1971).

[408] *Id.* at 7-8, 18 D.L.R. (3d) at 219-20; *see also Reeves, supra* note 364, at 166-67; *but see also* note 364a, *supra*.

[409] *Reeves, supra* note 364, at 166-67.

[410] R.S.O. 1980, c. 240.

> (*h*) an action for a penalty, damages, or a sum of money given by any statute to the Crown or the party aggrieved, within two years after the cause of action arose;
> 46 Every action of account . . . shall be commenced within six years after the cause of action arose.

Provincial legislation has not been drafted with reference to possible causes of action arising pursuant to federal statutes,[411] and questions have arisen as to what, if any, is the applicable provision in patent cases where damages are claimed.

Patent infringement has often been characterized as a tort,[412] and an action for infringement has been regarded (correctly, it is submitted) as an action on the case to which the six year limitation period of Ontario's paragraph 45(1)(*g*) applies.[413]

However, in *Globe-Union Inc. v. Varta Batteries Ltd.*[414] Mahoney J. accepted without discussion a plea that the two year limitation period of paragraph 45(1)(*h*) of the Ontario Limitations Act applied to a patentee's claim for damages or an accounting of profits. His decision would characterize an action for patent infringement as one for "damages, or a sum of money given by any statute to . . . the party aggrieved". With respect, this is erroneous.[415] A similar provision in the English Civil Procedure Act, 1833[416] was construed by the Court of Appeal in *Thomson v. Lord Clanmorris*,[417] which was an action brought against certain directors to recover compensation under the Directors

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[411] In *Mastini*, *supra* note 407, it was argued that provincial statutes were not applicable because patents are outside the legislative jurisdiction of provincial legislatures. It was agreed by counsel that if the Ontario Limitations Act applied then para. 45(1)(*g*) was the applicable provision, and Jackett P. found that pre-Confederation law also prescribed six years. In *Leesona*, *supra* note 397, at 7-8, 82 D.L.R. (3d) at 59, 35 C.P.R. (2d) at 257, the Supreme Court of Canada said it was clear that the Quebec Civil Code applied.

[412] *E.g.*, *Consolboard*, *supra* note 396; *Morton-Norwich*, *supra* note 373, at 512, [1976] F.S.R. at 524; Carbice Corp. of America v. American Patents Dev. Corp., 283 U.S. 27, at 33, 51 S. Ct. 334, at 336 (1930). In old United States patent legislation, damages for patent infringement were recoverable by action "on the case": *see*, *e.g.*, Patent Act of 1836, c. 354, s. 14.

[413] *See Reeves*, *supra* note 364. The same limitation period has been found to apply in Saskatchewan, *see Consolboard*, *supra* note 396, at 53. Since the old forms of action were abolished by the Judicature Acts (*e.g.*, The Ontario Judicature Act, 1881, 44 Vic., c. 5) it has not been possible to plead an action "on the case", but the limitation periods were not altered for actions that would formerly have been brought on the case: Gibbs v. Gould, 9 Q.B.D. 59, at 67 (C.A. 1882) (Brett L.J.). An action on the case might lay for damages claimed under a statute: King v. Marsack, 6 T.R. 771, at 772, 101 E.R. 819; A.M. Smith & Co. v. The Queen, [1982] 1 F.C. 153, at 163, 167 (F.C. App. D.).

[414] 57 C.P.R. (2d) 132, at 146-47 (F.C. Trial D. 1981).

[415] In *Mastini*, *supra* note 407, defendants' learned counsel abandoned reliance upon para. 45(1)(*h*). This para. may apply in respect of the penalties provided by ss. 77-79 of the Patent Act.

[416] 3 & 4 Will. 4, c. 42.

[417] [1900] 1 Ch. 718, [1900-3] All E.R. Rep. 804 (1898).

Liability Act, 1890[418] for alleged untrue statements in a prospectus. Having considered the history of the provision and the mischief which was to be cured, the Court concluded that this provision related to cases where the object was punishment, not compensation to the person injured. An action for patent or trade mark infringement where monetary relief is claimed is clearly one for compensation (or for an account of profits) and therefore does not fall within paragraph 45(1)(*h*). Nor is it an action founded upon a specialty (a sealed instrument, which may include a statute[419] or letters patent) within paragraph 45(1)(*b*), which relates to specialties which create debts or obligations for ascertained amounts.[420]

S. *Who May Sue for Damages for Infringement?*

Section 57 of the Canadian Patent Act provides:

> (1) Any person who infringes a patent is liable to the patentee and to all persons claiming under him for all damages sustained by the patentee or by any such person, by reason of such infringement.
> (2) Unless otherwise expressly provided, the patentee shall be or be made a party to any action for the recovery of such damages.

Who are "all persons claiming under" the patentee?

It has generally been thought that a person who acquires a patent may also acquire the right to recover damages for past infringement, though there is authority to the contrary at the Exchequer Court level.[421]

A patentee may grant an exclusive licence under his patent, thereby denying to himself the right to use the patented invention and denying to himself the right to grant any further licences. If infringement of the patent occurs, the exclusive licencee stands to suffer damages. That an exclusive licencee is a person "claiming under" the patentee and entitled to sue for damages was settled in *Spun Rock Wools Ltd. v. Fiberglass*.[422]

A patentee may, instead of granting an exclusive licence, grant one or more nonexclusive licences. Several licencees may suffer from competition by a single infringer. Are they all "person claiming under"

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[418] 53-54 Vic., c. 64, s. 3.

[419] Cork & Bandon Ry. v. Goode, [1843-60] All E.R. Rep. 671, 22 L.J.C.P. 198 (1853).

[420] *Cf.* the debts dealt with in para. 45(1)(*b*); Dominion Distillery Products Co. v. The King, [1937] Ex. C.R. 145, at 160 (1936), where Maclean J. distinguished between an action brought upon a statute and an action given by a statute; and *Smith, supra* note 413.

[421] Burns & Russell Canada Ltd. v. Day & Campbell Ltd., [1966] Ex. C.R. 673, 48 C.P.R. 207 (1965); Union Carbide Canada Ltd. v. Trans-Canadian Feeds Ltd., 49 C.P.R. 7 (Ex. 1965); *but see* Goldsmith, *Maintenance and Champerty*, 16 BULL. P.T.I.C. 2 (1966); Trendtex Trading Corp. v. Credit Suisse, [1981] 3 All E.R. 520, [1981] 3 W.L.R. 766 (H.L.).

[422] [1943] S.C.R. 547, *rev'd* [1947] A.C. 313, [1947] 2 D.L.R. 465 (P.C.).

the patentee? The Supreme Court of Canada has held that they are.[423] Sublicencees probably are also. The Supreme Court reached its conclusion as a matter of statutory construction, without reference to some of the interesting consequences that seem to flow from it. For example, a nonexclusive licencee may sue for damages and must, by subsection 57(2) quoted above, join the patentee either as voluntary co-plaintiff or involuntary defendant[424] (to avoid a multiplicity of proceedings, presumably); but there may be other nonexclusive licencees who need not be joined under section 57 and who may later bring their own actions in respect of the same infringement for damages that they have suffered (leading to a multiplicity of proceedings). The patentee may, at his whim, grant any number of nonexclusive licences, reducing for each licencee the value of his licence. Had the patentee chosen to grant a nonexclusive licence to an infringer, other licencees would have had no claim against the infringer. The patentee might at any time grant a *nunc pro tunc* licence to the infringer, but it seems clear from the Supreme Court's decision that that would not be effective to wipe out claims for damages by other licencees. The patentee alone might sue the infringer and elect to recover all the infringer's profits from the infringement;[425] *quaere* whether that would affect claims for damages that licencees then decided to assert.

Amendment of the statute is called for.[426] A nonexclusive licence is, in essence, no more than an immunity from suit, and confers no interest in the patent that should give rise to a suit for patent infringement.[427] Curiously also, section 57 does not deal with the case where an account of the defendant's profits is claimed.

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[423] Armstrong Cork Canada Ltd. v. Domco Indus. Ltd., 66 C.P.R. (2d) 46 (1982).

[424] A patentee who is so added, but who makes no claim and who has no claim made against him should not be required to give discovery: *see* Domco Indus. Ltd. v. Mannington Mills Inc., 63 C.P.R. (2d) 83 (F.C. Trial D. 1982); *but see* Domco Indus. Ltd. v. Armstrong Cork Ltd., 65 C.P.R. (2d) 189, 22 C.P.C. 276 (F.C. Trial D. 1982), where the patentee was obliged to indemnify the infringer. A patentee so added may not, if a foreigner, be required to give security for costs: Kramer v. Tye-Sil Corp., 46 C.P.R. (2d) 255 (F.C. Trial D. 1978).

[425] Such an election may be permitted by the court: *see, e.g.*, Baxter Travenol Laboratories of Canada Ltd. v. Cutter Ltd., 59 C.P.R. (2d) 42 (F.C. Trial D. 1981); and *Reeves, supra* note 364, at 167-68. For the principles applicable on an accounting of profits, *see* Teledyne Indus. Inc. v. Lido Indus. Products Ltd., 68 C.P.R. (2d) 56 (1982), *varied by* the F.C. Trial D., 26 Nov. 1982 (unreported).

[426] For the position in the United Kingdom, *see* PCUK v. Diamond Shamrock, [1981] F.S.R. 427.

[427] It seems that a registered user with a non-exclusive licence may sue for trade mark infringement under the Canadian Trade Marks Act, subs. 49(4) and under the U.K. Trade Marks Act, subs. 28(3); but it is not clear whether the licensee may recover damages or other monetary relief. If the trade mark owner sues, it has been held that the registered user may not: Levi Strauss & Co. v. The French Connection Ltd., [1982] F.S.R. 443; S.C. Johnson & Son, Ltd. v. Marketing Int'l Ltd., 32 C.P.R. (2d) 15, at 29 (F.C. Trial D. 1977).

T. *Rights of Licencees*

1. *Challenging the Validity of the Licenced Patent*

It has long been assumed that, in the absence of agreement to the contrary, or a warranty of validity, or fraud, a person who takes a licence accepts the validity of the patent and cannot challenge it while he remains a licencee.[428] This doctrine of licencee estoppel was overturned on public policy grounds by the United States Supreme Court in 1968 in *Lear v. Adkins*.[429]

In the *Asturiana de Zinc v. Canadian Electrolytic Zinc Ltd.* case[430] a licencee had expressly agreed "not to attack or impugn or seek the revocation" of the licenced patents. In a suit for royalties in the Supreme Court of Ontario, the licencee pleaded that the patents were invalid. The plea was struck out, although in refusing leave to appeal Grange J. suggested that a higher court might be inclined to take a fresh look at the right of a licencee to challenge validity.

In *Vulcan Equipment Co. v. Coates Co.* it was alleged that the defendant licencee had expressly covenanted not to raise the issue of invalidity of the subject patents, both during the term of the licence and thereafter. The Federal Court of Appeal[431] declined to strike out pleas raising issues of invalidity. It remains to be seen whether the Canadian courts can be persuaded to allow such challenges to validity by licencees, thereby venturing into the morass that has developed in the United States.[432]

2. *Licensing Others*

A licence ordinarily confers rights on the licencee and his servants or agents working on his behalf, but there is no implied right to license others, for example, independent contractors. In *Re Minister of Highways & Fitzpatrick*,[433] a licence granted to the Ontario Department of Highways to "practice and use" a patented invention was held not to include the right to employ independent contractors. Similarly, a right granted to the Department to "authorize the practice and use" of the invention by certain entities (whose work was paid for and subsidized by the Department) did not give the Department the right to authorize those entities to use independent contractors.

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[428] *See* I. GOLDSMITH, PATENTS OF INVENTION, s. 354 (1981).

[429] 395 U.S. 653 (1968).

[430] 55 C.P.R. (2d) 129 (Ont. H.C. 1979); 55 C.P.R. (2d) 131 (Ont. H.C. 1979).

[431] 55 C.P.R. (2d) 47 (1981), *leave to appeal refused* 63 C.P.R. (2d) 261 (1981).

[432] *See, e.g.*, CHISUM, PATENTS, s. 19.02(3) (1978, updated annually).

[433] 29 O.R. (2d) 371, 113 D.L.R. (3d) 221 (C.A. 1980), *leave to appeal refused* 34 N.R. 450 (S.C.C. 1980).

U. *Rights of Co-owners*

The Canadian Patent Act contemplates that there may be more than one owner of a patent, such co-ownership arising from the grant of the patent to more than one person[434] or from the assignment of a part interest[435] (which can occur even before a patent is obtained[436]). The Act is silent, however, as to the respective rights of co-owners of an invention or patent.

A jurisdictional problem arises initially because of the nature of the Canadian confederation. The federal government has jurisdiction to define co-ownership rights insofar as they are patent rights.[437] Within the Canadian federal system, one would hardly expect a provincial government to venture to legislate on the rights of co-owners of patents. Conversely, any legislation by the federal government would be expected to respect contractual rights.

Except to the extent that the rights of co-owners are determined by the Patent Act, those rights must, in the absence of provisions in that Act, be governed by local laws. The applicable local law must be chosen by the rules of the conflicts of laws, and there may be instances (for example, where an American company and a British company agree to share ownership in an invention in several countries including Canada) where the applicable law is non-Canadian. Where there is no foreign element, there may still be a necessity to determine which provincial law to apply. Principles of provincial contract law, partnership law, property law and equity may have to be considered.

There is little case law in Canada on the rights of co-owners. Canadian courts will usually look to English decisions for guidance, but decisions in two Quebec cases raise some interesting questions.

In the first case, *Péloquin v. Gosselin*,[438] an inventor, Blanchette, and an accountant, Péloquin, had entered into a partnership agreement in 1945 to exploit Blanchette's invention. By their partnership agreement, the patents to be obtained would be owned sixty-five per cent by Blanchette and thirty-five per cent by Péloquin, and profits from exploitation would be shared in the same proportions. In 1946 Blanchette licensed a third party, the Gosselin company, to use the invention. The licence provided that sixty per cent of the licencee's profits were to be paid to Blanchette. Blanchette became an employee of Gosselin, and the latter began exploitation of the invention. Péloquin had been a witness to the licence agreement, and the Court concluded, from subsequent correspondence in 1947 relating to obtaining patents, that Gosselin knew that Péloquin had an interest in the invention and in

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[434] Patent Act, R.S.C. 1979, c. P-4, subs. 33(5).

[435] Subs. 53(1).

[436] Subs. 52(2).

[437] The Constitution Act, 1867, subs. 91.22, which confers on the federal government exclusive legislative authority over "Patents of Invention and Discovery".

[438] [1968] B.R. 1025 (Que. C.A.) (reported in summary only).

its exploitation and that his consent was necessary to amend the licence agreement, though he was not formally a party to it.[439]

In 1953 Blanchette exercised a right of termination of his partnership agreement with Péloquin. That agreement provided that, after termination, the patents would still be owned sixty-five per cent by Blanchette and thirty-five per cent by Péloquin.

Meanwhile the licencee had been using the invention but without making payments under the licence. In 1957, Péloquin sued the licencee, joining Blanchette as a *mis-en-cause*. During the course of these proceedings, Blanchette settled with the licencee (receiving $150,000 in payment) and made no claim in Péloquin's action against the licencee. The Quebec Court, however, as affirmed by the Quebec Court of Appeal, ordered the licencee to account to Péloquin for Péloquin's share (thirty-five per cent of sixty per cent) of the licencee's profits. Delivering the reasons for judgment of the Court of Appeal, Salvas J. said:

> Il est sans importance, à mon avis, d'attribuer un nom à cette action. Dans les circonstances spéciales de la présente cause les faits essentiels, nécessaires et suffisants, pour justifier en droit l'action de l'intimé (Péloquin) sont allégués et prouvés, tous les intéressés étant parties au litige.[440]

The decision is equitable, though the reasoning is unclear. Gosselin had a licence from Blanchette, assented to by Péloquin, and was not therefore liable for patent infringement. Gosselin no longer had an obligation to pay Blanchette, having settled with the latter. It seems that Blanchette, in licensing Gosselin, was contracting on behalf of the Blanchette-Péloquin partnership[441] and that in the Court's view Blanchette and Gosselin, knowing all the facts, had no right to alter Péloquin's rights as a partner under that licence agreement despite Blanchette's right to terminate the partnership while the licence was subsisting.[442]

The above case decided the question of the licencee's liability while it remained a licencee. However in 1959 the inventor Blanchette, in reaching his own settlement of that case with the licencee Gosselin, assigned Blanchette's share in the patents to Gosselin, and Blanchette and Gosselin released each other from all obligations between them. Gosselin, now a part owner of the patents, continued to use the invention. Péloquin, still a part owner to the knowledge of Gosselin,

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[439] In proceedings begun in 1951, prior to the present proceedings, Gosselin attempted to have the licence annulled on the ground of fraud, but failed: Gosselin v. Péloquin, [1957] S.C.R. 15. It seems from this Supreme Court case that Gosselin did not know, when the licence was originally granted in 1946, that Péloquin was in partnership with Blanchette.

[440] This is taken from the unpublished reasons for judgment.

[441] *See* the discussion of the case in Marchand v. Péloquin, 45 C.P.R. (2d) 48, at 52-54 (Que. C.A. 1978). Under Quebec civil law, as in a common law province, Péloquin could not recover by relying upon a contract to which he was not a party: *id.* at 59.

[442] *Id.* at 63, where the trial judge said that there had been a conspiracy since 1950 between Blanchette and Gosselin to frustrate Péloquin.

sued Gosselin for a share of the profits made by Gosselin while the latter was a co-owner.[443] Péloquin succeeded at trial and in the Quebec Court of Appeal. The Supreme Court of Canada refused leave to appeal. The defendant relied on British[444] and American authorities which hold that a patent confers a mere right to exclude others, but does not exclude a co-owner from use, and that something more than the existence of the patent, for example, a contract, would be required before a co-owner need account for his use. The Quebec Court of Appeal said that, while such decisions were entitled to respect, they were not binding upon it.

The Court took the view that a Canadian patent does not merely confer a negative right to exclude others. The Court referred to section 46 of the Patent Act, which is cast in terms of a positive "exclusive right, privilege and liberty" of making, *etc.*; to subsection 67(1) which refers to abuse of that right; and to subsection 53(2) which relates to grants of exclusive rights which patentees may make to others. Co-owners of patents, said the Court, have rights which normally are exercised for the profit of all, as in the case of co-authors of literary works[445] or co-owners of corporeal property. If, as was argued on behalf of Péloquin, all co-owners of a patent must join in an infringement suit, should their positive rights not enure to all? And, the Court asked, should the owner of a one-tenth interest be able to exploit the invention for himself only, or to license others, but the owner of nine-tenths not be able to oppose this, nor to profit? The Court recognized that in England the point had been made that, if there were to be an accounting, one co-owner might risk his skill and capital and be accountable without being able to call on the co-owner for contribution if a loss resulted.[446] The answer of the Quebec Court was, in effect, that that is a consequence of not managing one's affairs differently.

The views of the Quebec Court on the nature of the patent right do not, with respect, withstand analysis. It is trite law, confirmed by section 34 of the Canadian Patent Act in the case of improvement patents, that despite the exclusive rights given to him by section 46, a patentee has no right to use his invention if he thereby infringes someone else's patent which dominates his later invention. That a patentee has a right to grant licences, exclusive or not, is merely a consequence of his right to exclude and of everyone's right to contract. However, the Court chose to rest its decision on a rejection of the cases holding that one co-owner may use a patented invention without accounting to the other, and by finding no impediment, and indeed finding support, in its interpretation of the rights accorded by the Patent Act.[447]

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[443] *Id.* Marchand was Gosselin's trustee in bankruptcy. A co-plaintiff with Péloquin was Gagnon, to whom Péloquin had made a partial assignment of Péloquin's rights.

[444] *See* text accompanying note 453 *infra.*

[445] *See* note 458 *infra.*

[446] Mathers v. Green, *infra* note 453 (*and see* accompanying text).

[447] As mentioned in the text accompanying note 454 *infra*, there are differences between what s. 46 of the Canadian Act provides and the provisions of the English Crown grant.

The Quebec Court did not choose to rest its decision on the peculiar facts of the case before it. However, after deciding that the Canadian Patent Act confers more than a right to exclude and that the British decisions should not be followed, the Court proceeded to say that, even if it should follow the British authorities and hold that one co-owner may use the invention without consent of or accounting to the others, in the case before the Court the sixty-five percent to thirty-five percent division of ownership indicated a contrary intent because the sixty-five to thirty-five ratio was to be maintained after the original contract ended.[448] The new co-owner Gosselin knew of Péloquin's interest,[449] and in the view of the Court the new co-owner had, by acquiring Blanchette's interest in the patent, made a deal with Blanchette to frustrate Péloquin. Not only was this considered by the Court to be contrary to the intent of the parties, but it was considered to be contrary to the spirit of the Patent Act, which in section 69 provides for a royalty to a patentee even if he abuses his patent rights: co-owner Péloquin, who had not abused his patent rights, should not be denied compensation by a deal made by his co-owner Blanchette and a licencee.

Had the Court chosen to rely solely on the peculiar facts of the case, its decision could be accepted in a common law jurisdiction without too much difficulty. Péloquin retained a thirty-five per cent interest in the patent and, despite the fact that his partnership with Blanchette had been terminated, the licence to Gosselin had been concluded during the term of the partnership agreement, entitling Péloquin to participate with Blanchette in the profits of the licence and to recover these from Blanchette (or from Gosselin, according to the earlier decision). The obligation of Blanchette to pay could be regarded as a charge on Blanchette's interest,[450] not merely a personal obligation of Blanchette;[451] and knowing of such charge, Gosselin would be subject to it.[452]

In the light of this second Quebec decision, the leading English cases on accounting between co-owners should be considered. In

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[448] Under the English cases, however, a share of ownership would not of itself give rise to a right to share profits.

[449] This was true during the whole period in question in the second action, and at the time of the assignment from Blanchette to Gosselin, though it was not true when Gosselin first received a licence from Blanchette: *supra* note 439.

[450] *Cf.* Werderman v. Société Générale d'Electricité, 19 Ch. D. 246 (C.A. 1881); Dansk Rekylriffel Syndikat Aktieselskab v. Snell, [1908] 2 Ch. 127.

[451] *Cf.* Barker v. Stickney, [1919] 1 K.B. 121 (C.A.).

[452] In Noxon v. Noxon, 24 O.R. 401 (Ch. D. 1894) a licencee acquired a part interest in the licensed patent from one of the co-owners. Now a co-owner itself, it was held to be entitled to use the patented invention without accounting to the plaintiff (co-owner) under the licence, which it was entitled to terminate and did terminate. It acquired its part interest from another person who had been a co-owner but who had nothing to do with granting the licence (he had acquired his interest subsequent to the grant of the licence) and who had no obligation to collect royalties under the licence or to pay them to the plaintiff. The case is thus easily distinguishable from the Quebec cases.

Mathers v. Green[453] the plaintiff and the defendants were the original patentees. The defendants were held to be free to manufacture and sell patented lawnmowers without accounting to the plaintiff. Lord Cranworth relied on the principle that an English patent grants only a right to exclude, a principle that the Quebec Court of Appeal says does not apply to Canadian patents. His Lordship supported his conclusion by saying that a co-owner should not, if he risks his skill and capital, be accountable for profits where he could not call on his co-owner to contribute to any loss. His reasons suggest that only a contractual arrangement would alter his conclusion.

The second Quebec case discussed above (*Marchand v. Péloquin*) is easily distinguishable on the facts, if only because it arose from an original partnership arrangement. However, it may be significant that the British form of patent grant which Lord Cranworth was considering was a grant by the Crown to the patentees "and every one of them" to use, exercise and vend the invention,[454] whereas these words do not appear in grants pursuant to section 46 of the Canadian Patent Act.

Steers v. Rogers,[455] in the House of Lords, involved a fact situation that is too complex to repay study, but in that case the co-owners of the patent (unlike the co-owners in *Mathers v. Green*) acquired their interests at different times, rather than as original grantees from the Crown. The House of Lords approved, in this situation, the approach and the decision in *Mathers v. Green*. It limited its decision to rejecting the proposition that the mere fact that two persons have each obtained an assignment of a share of the patent from the patentee confers a right to an account, by one to another, of profits which the one makes from his own use of the invention.[456] The decision does not foreclose consideration of contractual rights and equities.

The British cases were followed, without analysis, in an old Ontario case, *Noxon v. Noxon*.[457]

Despite the British and Ontario authorities, and despite the theoretical criticisms that may be made of the second Quebec decision, the result of that decision seems to this writer to make a great deal of sense, quite apart from the particular facts that were before the Court. When people acquire co-ownership in or join in making an invention, their normal expectation must surely be to profit from it to the extent of

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[453] L.R. 1 Ch. App. 29 (C.A. 1865).

[454] *Id.* at 33. This was the English form prior to the 1977 Patents Act, since which time English grants (like Canadian ones) have been grants pursuant to statute rather than Crown grants.

[455] [1893] A.C. 232 (H.L.) The unofficial report in 10 R.P.C. 245 is a bit garbled.

[456] Their Lordships expressly stated that they had "not to determine the rights of assignees of a patent *inter se*, or to what extent an assignment may go, or what would be the several rights of one against the other. . . ". *Id.* at 236.They held that it made no difference that the defendant, in addition to being part owner, was mortgagee of the plaintiff's share.

[457] *Supra* note 452.

their shares or contributions, as in the case of co-owners of copyright,[458] absent an agreement to the contrary.[459] If one co-owner chooses to exploit the invention and makes a loss, without first obtaining the agreement of his co-owners to join in his venture, he is normally the author of his own misfortune. It is otherwise, of course, if the co-owners are true partners, since then one co-owner may expose the others to liability.[460] Although the common law rule is said to have been that no action of account lay by one joint tenant or tenant in common against another unless he had constituted the other as baliff or receiver, this rule was altered by statute in England in 1705[461] and by the Judicature Acts that have followed.[462] The common law as to co-ownership of real property has been applied to personal property,[463] in which category patent rights (as choses in action) are classified,[464] and the foregoing statutory provisions are not restricted to realty.

It should be noted, however, that the rule in *Mathers v. Green* has been codified in the United Kingdom and the United States.[465] To have the same co-owners subject to different rules in different countries in respect of the same invention is unsatisfactory. Unfortunately there has

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[458] Cescinsky v. Routledge, [1916] 2 K.B. 325, an interlocutory decision, indicates that one co-owner of copyright could restrain the other from exploitation of the copyright. Copyright is defined in the Canadian Copyright Act, R.S.C. 1970, c. C-30, s. 3 as meaning the "sole right" to produce or reproduce the work. This same language was used in the English Copyright Act, 1911, 1 & 2 Geo. 5, c. 46, subs. 1(2), and is similar to the "exclusive right" language of the Canadian Patent Act, although the latter extends beyond the mere right to restrain copying. However, the rights of co-owners of copyright cannot be said to be entirely settled in England (*see* H. LADDIE, D. PRESCOTT & M. VICTORIA, THE MODERN LAW OF COPYRIGHT s. 6.49 (1980)) or in the United States (*see* A. LATMAN, THE COPYRIGHT LAW: HOWELL'S COPYRIGHT LAW REVISED AND THE 1976 ACT 96 (5th ed. 1978)).

[459] This assumes that the shares are undivided. Possibly ownership may be divided in such a way that there is more than one independent monopoly, *e.g.*, where a patent covers two ways of doing something, and the exclusive right in relation to each is owned by different persons. In such circumstances co-ownership issues might be dealt with as if there were two separate patents. The same applies where the rights in Canada have been divided territorially between different persons. *See* Dunnicliff v. Mallet, 7 C.B.(N.S.) 209, at 230, 141 E.R. 795, at 804 (C.P. 1859); Gayler v. Wilder, 51 U.S. (10 How.) 477, at 494, 13 S. Ct. 504, at 511 (1850).

[460] As to partners, *see* Westell, *Co-ownership of Patents*, [1966] PROCEEDINGS OF PATENT & TRADEMARK INST. OF CANADA 151.

[461] Advancement of Justice Act, 4 Anne, c. 16, s. 27, discussed in Jacobs v. Seward, L.R. 5 H.L. 464, at 476 (1872). This point was raised before Romilly M.R. in Mathers v. Green, 34 Beav. 170, 55 E.R. 599 (Rolls Ct. 1865). *See also* the copyright case, Powell v. Head, 12 Ch. D. 686 (1879).

[462] *E.g.*, the Ontario Judicature Act, R.S.O. 1980, c. 223, s. 139.

[463] C. VAINES, PERSONAL PROPERTY 56 (5th ed. 1973).

[464] *Id.* at 12. There is some inconsistent *obiter* about chattels in the patent cases. In Steers v. Rogers, *supra* note 455, Lord Herschell, in concluding that a co-owner need not account for his own use, was not disposed to treat a patent right like a chattel. In Young v. Wilson, 72 R.P.C. 351 (1955), Upjohn J. said that co-owners of "a chattel, interest or a movable such as a patent" are not trustees one for another: *id.* at 355.

[465] *Mathers, supra* note 453; Patents Act 1977, U.K. 1977, c. 37, subs. 36(2); Patent Act of 1952, 35 U.S.C. §262 (Supp. II. 1978).

not been unanimity in different jurisdictions on all aspects of co-ownership.[466]

The Quebec Court of Appeal, considering the accountability of one co-owner to another, ranged over other possible incidents of co-ownership.[467] The Court was apparently of the view that one co-owner may prevent a co-owner's use by withholding consent; the remedy, failing consent, is a compulsory licence under section 68 of the Patent Act. But there is, with respect, no assurance that a compulsory licence would be granted, this being for the Commissioner of Patents to decide in all the circumstances of the case. The conventional view has been that co-owners should not be stalemated unless they have agreed to be,[468] whatever may be the position about accounting for profits. Nevertheless, it can be argued that one co-owner should be able to prevent another from using the invention in such a way as to license others to use the invention. For example, if one of the owners makes and sells lawnmowers covered by the patent, purchasers of the lawnmowers would, if the sale is permissible, be impliedly licensed to use the mowers.[469] Conventional wisdom has been that one co-owner cannot grant licenses without the consent of other co-owners.[470]

The Quebec Court of Appeal seems to have accepted the contention that all co-owners must join in an infringement suit. This may require qualification. Section 57 of the Patent Act requires the patentee to be a party to any action for the recovery of damages.[471] When damages are claimed, a reluctant co-owner could be made a defendant and thereby be brought before the court so that the alleged infringer would not be subject to a multiplicity of claims for damages by different co-owners in respect of the same infringement. Section 57 does not deal expressly with co-owners, or with the remedies of an accounting or an injunction. There seems to be no reason, other than possible harrassment by different plaintiffs, why one co-owner could not sue, alone, for an injunction against further infringement, the patent conferring a right to exclude others.[472] This would be consistent with the inability of one co-owner to given an immunity from suit binding on his co-owners and with the Quebec Court's acceptance of the generally accepted

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[466] *See* note 473 *infra* and the Quebec cases discussed previously.

[467] In *Marchand*, *supra* note 441, at 61-62.

[468] H. FOX, THE CANADIAN LAW AND PRACTICE RELATING TO LETTERS PATENT FOR INVENTIONS 315 (4th ed. 1969).

[469] Young v. Wilson, *supra* note 464, at 355-56.

[470] *See* note 473 *infra*.

[471] S. 57 is reproduced *supra* in the text of this Survey under the heading IV. S. *Who May Sue for Damages for Infringement?*

[472] *See* Westell, *supra* note 460, at 159-60; Sheehan v. Great E. Ry. Co., 16 Ch. D. 59 (1880) (where Mallins V.-C. considered that a part owner could also sue for an account of such profits of the defendant as the part owner should be entitled to); Turner v. Bowman, 42 R.P.C. 29, at 41 (1925). As a practical matter, if one co-owner wishes to sue and other co-owners do not, the latter may be joined as defendants so as to avoid any question as to whether all necessary parties are before the court.

proposition that one co-owner may not grant a licence that is binding on his co-owners.[473] This, the Court agreed, would dilute the rights of the co-owners.

The validity of Blanchette's assignment of his entire interest in the patent to Gosselin was not called into question. Assignment of one's entire interest, without the consent of co-owners, does not seem contrary to the Court's rationale.[474] The Court was not required to pronounce upon the validity of a co-owner's purported assignment of only part of his share in a patent; but such partial assignment would dilute the rights of the co-owners, and it would seem consistent with the Court's decision that the consent of co-owners would be needed to subdivide the ownership.[475]

The foregoing does not exhaust the problems of co-ownership of patents. Questions remain, for example, as to whether co-owners hold as joint tenants or as tenants in common,[476] as to the effect of a purported assignment by one owner of the entire (and not merely his own) interest in the patent,[477] and as to the effect of the Patent Act provisions for recording interests in patents. Nevertheless, the preceding discussion serves as a reminder of the importance of attempting to resolve as many potential problems as possible by contract.

V. *Implied Warranty on Sale of Goods*

In *Gencab of Canada Ltd. v. Murray-Jensen Manufacturing Ltd.*,[478] Osler J. has held that a seller of machinery is in breach of the implied warranty of quiet possession in section 13 of the Ontario Sale of Goods Act[479] where the purchaser is threatened with infringement of a third party's patent and, on advice of counsel, discontinues use of the machinery as a consequence of the threat. However, the purchaser must attempt to mitigate his damages.

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[473] H. FOX, *supra* note 468, at 316. Since a licence is, in essence, an agreement not to sue, it would seem surprising if such agreement were binding on a co-owner who is not a party to it. However, there are U.S. decisions holding that a co-owner may grant a licence without the consent of his co-owners and without accounting to them: *see, e.g.*, Talbot v. Quaker-State Oil Ref. Co., 104 F. 2d 967 (3d Cir. 1939).

[474] An analysis by Ord, *Rights of a Co-Patentee to Assign or Licence — sections 33(5) and 53(1) of The Patent Act*, 2 OSGOODE HALL L.J. 240 (1961) suggests that such assignment should be permissible.

[475] This is Fox's view, *supra* note 468, at 315-16. Péloquin had in fact assigned a part-interest to Gagnon, *supra* note 443, but no point of this was made in the Quebec case.

[476] *See, e.g.*, Henderson, *Problems Involved in the Assignment of Patents and Patent Rights*, 60 C.P.R. 237 (1970).

[477] This seems impermissible: *In re* Horsley & Knighton's Patent, L.R. 8 Eq. 475, at 477 (1889). *Cf.* Derham, *Conversion by Wrongful Disposal as between Co-owners*, 68 L.Q.R. 57 (1952).

[478] 53 C.P.R. (2d) 116 (Ont. H.C. 1980).

[479] R.S.O. 1980, c. 462.