

INDUSTRIAL PROPERTY

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I GENERAL

This year's Industrial Property Survey is again restricted to patents. It deals with cases in this field since the last patent survey,¹ and includes cases decided by the Canadian courts in the years 1968-72.²

As in the previous survey,³ the cases are considered under the headings of Infringement, Validity and Reissue. A few conflict cases have been considered, where they add to the law on subject matter and validity. Cases dealing with procedure in patent conflicts have not been mentioned, in view of a lack of space. No attempt has been made to deal in detail with compulsory licensing cases.⁴ These cases have been particularly numerous in the period covered, largely because of an amendment⁵ to the Patent Act⁶ which permitted the granting of compulsory licences to import medicines made by patented processes, and to import inventions for the purpose of medicine or the preparation or production of medicine. This amendment was held to be within the constitutional jurisdiction of the Federal Government to enact,⁷ and was held to apply to patents which were granted before the amendment was passed.⁸ The Commissioner of Patents has adopted, as a general rule of thumb, a 4% royalty on the sale price of the final dosage form, where a compulsory licence is granted for the manufacture or importation and sale of a medicine.⁹

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¹ 3 OTTAWA L. REV. 200 (1968).

² Where possible, these cases have been cited to the Canadian Patent Reporter (Can. Pat. R.) rather than to the official reports. The volumes of the Can. Pat. R. which have been covered are from 1969, 57 Can. Pat. R., to 1973, 9 Can. Pat. R.2d.

³ *Supra* note 1.

⁴ These cases arise under the provisions of the Patent Act §§ 41(3)(4), 67, CAN. REV. STAT., c. P-4, (1970).

⁵ Can. Stat. 1968-69, c. 79 § 1.

⁶ At the time of the amendment, the Patent Act was found at CAN. REV. STAT. c. 203, (1952).

⁷ *Lilly v. S. & U. Chemicals Ltd.*, 9 Can. Pat. R.2d 17 (Fed. Ct. 1973).

⁸ *American Home Products Corp. v. Commissioner of Patents*, 62 Can. Pat. R. 155 (Ont. C.A., 1970).

⁹ This royalty will be apportioned among the several patentees when there is more than one patent involved. See *e.g.*, *Frank W. Horner Ltd. v. Beecham Group Ltd.*, 5 Can. Pat. R.2d 20 (Com. Pat., 1971) where the 4% royalty was given for a licence under thirty different patents. The royalty was divided among the four patentees who owned the patents, with each of them getting 1%. In the case, one of the patentees had nineteen patents, whereas another had only one.

During the period covered by this survey, the Exchequer Court of Canada became the Federal Court of Canada.¹⁰ The Federal Court is composed of a trial division and an appeal division.¹¹ Decisions of the trial division are appealable to the appeal division,¹² and a further appeal to the Supreme Court is only possible as of right when the amount or value of the matter in controversy exceeds \$10,000.¹³ The creation of the Federal Court of Appeal is to be welcomed, at its judges are exposed to more cases in the Industrial Property field than are justices of the Supreme Court, and can be expected to develop an expertise with such cases. Thus, they will be in a better position to give guidance to the trial division than is the case with the Supreme Court.

A change was made during the period covered in the way that appeals from final rejections of patent applications are handled. By statute, the commissioner is entitled to refuse issue of a patent to an applicant.¹⁴ For many years, the Patent Office has interpreted this statutory provision as permitting an applicant who wished to contest a final rejection by the examiner to request "review" by the commissioner. In recent years, this review was not carried out solely by the commissioner of patents, but rather by an informally constituted "board" which considered the written submissions of the applicant and replied over the commissioner's signature.¹⁵ Three of the five persons forming the "board" for each case were the persons responsible for sending out the rejection under review, and it was felt that a more independent and impartial body would be preferable. Thus the Patent Appeal Board was formed.

As presently constituted, the Patent Appeal Board has a membership drawn from career officials of the Patent Office. Members serve full-time, without other Patent Office duties. The board has no statutory authority for its existence.¹⁶ It has no legal power to make a binding decision, and its strict legal function is to advise the commissioner of its suggested decision in matters referred to it. The commissioner is then free to adopt the de-

¹⁰ The Federal Court was established by Can. Stat. 1970 c. 1, which was proclaimed in force as of June 1, 1971.

¹¹ The respective jurisdictions of these two divisions are given by the Federal Court Act, Can. Stat. 1970, c. 1, §§ 17-30. The jurisdiction of the trial division is set out at § 17-26, whereas the jurisdiction of the appeal division is set out in § 27-30. Jurisdiction in a particular class of appeal can be transferred from the appeal division to the trial division by means of the court rules. See § 30(2).

¹² Can. Stat. 1970 c. 1, § 27(1).

¹³ *Id.* § 31(1). By §§ 31(2) and 31(3), it is possible to apply for leave to appeal where the amount in controversy is below \$10,000.

¹⁴ Patent Act, CAN. REV. STAT. c. P-4, § 42, (1970).

¹⁵ This procedure is discussed briefly in Thomas, *The Patent Appeal Board*, 4 Can. Pat. R.2d 30 (1972).

¹⁶ According to Thomas, *id.*, the board is empowered to hold hearings under the interpretation of Patent Rule 3(2), which reads:

An application shall be prosecuted by written correspondence and, unless the Commissioner decides otherwise for a reason satisfactory to him, no regard shall be given to any oral representation or telegram (P.C. 1969-1318, June 1969).

cision of his own, or to reject it.¹⁷ In addition to the task of reviewing final rejections, the commissioner has given the board the duty to decide whether a response filed by the applicant in a patent is a *bona fide* attempt to meet the objections raised in the examiner's report to which it replies. Where the board is of the opinion that it is not a *bona fide* attempt, it writes to the applicant giving him a short time in which to explain why the response should be considered adequate. If the applicant fails to convince the board, the application is held to be abandoned. The board has also been given jurisdiction to consider the petitions in reissue applications, to ensure that valid grounds for reissue are made out, to consider rejection of claims as unpatentable in a conflict proceeding, and to determine whether there should be a hearing as in the case of a final rejection.¹⁸

The procedure of the Patent Appeal Board is very informal. The board considers that it has the right to meet with the examiner to discuss the case in the absence of the applicant. A hearing is only held if the applicant requests it, and such a hearing is not conducted as an adversary proceeding. Instead, the applicant presents his case to the board (which has already considered the file and discussed the case with the examiner) and board members of the examiner (who is present) can then ask questions of the applicant. Although this procedure is not similar to that of a court, it should be remembered that any decision of the board when affirmed by the commissioner merely results in a refusal by the commissioner to grant the patent, and such refusal is appealable to the courts.¹⁹ The court then conducts a full trial which is not limited to the matters raised before the Patent Appeal Board. Thus, the procedure of the board cannot give rise to the irretrievable loss of rights by the applicant, and the speed and informality of the procedure adopted by the board probably outweighs the advantages to be gained by an adversary proceeding.

Decisions of the board, as affirmed by the commissioner, are published if the applicant gives his consent. If no consent is given, and the patent ultimately issues, the decision is published at the time of grant of the patent. The published decisions will be very helpful to patent practitioners, as they will give an indication of the criteria applied to determine patentability in the Patent Office. Previously, decisions of the Commissioner of Patents were not published, and it has not always been possible to determine the norms being applied by the Patent Office.

II INFRINGEMENT

(a) General

Surprisingly few cases canvassed the question of infringement during the period surveyed.

¹⁷ There is only one reported instance where the commissioner refused to accept the decision of the Board. This is mentioned in R. E. Thomas, former chairman of the Patent Appeal Board, 4 Can. Pat. R.2d 30, at 33.

¹⁸ Full details of the jurisdiction and procedure of the board are set forth in Thomas, *supra*, note 15.

¹⁹ Patent Act § 44.

In *Dufournet v. Canadian Corporation for the 1967 World Exhibition*,²⁰ the plaintiff based his case on infringement by the taking of the substance of the invention. The claim in suit required "a compressor having a variable output of air," whereas the defendant's device used four compressors, each of which had a fixed output of air. The plaintiff alleged that, according to circumstances, either one, two, three or four of the defendant's compressors could be used, and that the defendant therefore could vary the output of compressed air, by shutting down one or more of the compressors. However, Mr. Justice Dumoulin noted that controlled aeration had been shown in several of the prior patents in the art,²¹ and he therefore declined to read the claim broadly enough to cover the defendant's way of achieving that result.²² Infringement by taking the substance of an invention was also considered in an interlocutory injunction application.²³ In that case, the facts were such that the judge felt that there was sufficient doubt as to whether infringement had been made out so that an injunction should not be granted on that ground.²⁴

The presumption of infringement in pharmaceutical cases was considered in *Jules R. Gilbert Ltd. v. Sandoz Patents Ltd.*²⁵ In that case, the plaintiff in an impeachment action sued for a declaration that the patent was invalid, or in the alternative, that a substance which it wished to sell within Canada was not an infringement. The plaintiff did not know the method by which the substance was made. The substance which the plaintiff wished to sell was marketed under the same chemical name as the substance which was claimed in terms of a process of making it in the patent. Mr. Justice Thurlow held that, in the absence of evidence to the contrary, this fact was sufficient to support a finding that the substance which the plaintiff proposed to market was of the same chemical composition and constitution of the substance named in the patent. He then invoked the statutory presumption that any substance of the same chemical composition and constitution should be deemed to have been produced by the patented process, in the absence of proof to the contrary,²⁶ and made a holding of infringement.

The question of infringement of a process claim by importation of a

²⁰ 61 Can. Pat. R. 97. (Exch. Ct. 1969).

²¹ *Id.* at 146.

²² Even with the narrow construction that he placed on the patent, he then proceeded to hold it invalid. *Id.* at 149.

²³ *Vapour Canada Ltd. v. MacDonald*, 6 Can. Pat. R.2d 204 (Fed. Ct., Tr. Div., 1972).

²⁴ The injunction was, however, granted, in view of the fact that there were allegations of use of confidential information of the plaintiff as well as the patent infringement and a strong *prima facie* case for the use of such information was made out, as was a case for prejudice to the plaintiff which could not be compensated by damages.

²⁵ 64 Can. Pat. R. 14 (Exch. Ct., 1970); *varied, sub nom, Sandoz Patents Ltd. v. Gilcross Ltd.*, 8 Can. Pat. R.2d 210 (Sup. Ct. 1972), without affecting this holding.

²⁶ Patent Act § 41(2).

product of that process was raised briefly in the *Gilbert* case²⁷ but was not pursued, in view of previous jurisprudence in the Exchequer Court.²⁸ The point was not raised in the appeal to the Supreme Court, as the plaintiff had gone bankrupt by that time, and did not pursue its cross-appeal.

The length of protection granted by a patent was considered in the case of *Mastini v. Bell Telephone Co. of Canada*²⁹ in a somewhat unusual fact situation. A patentee sued upon a patent which, according to its term of grant, would have expired in 1956. The patentee was an Italian national and the patent had been vested in the Alien Property Custodian for the period during which Canada and Italy were enemies during the Second World War. The patentee took the position that the peace treaty³⁰ between Canada and Italy provided that patent rights would be suspended from the outbreak of the war to the date of coming into force of the treaty. In the alternative, it was said that the patent was suspended for the period in which it was vested in the Alien Property Custodian.

In dealing with the peace treaty, President Jackett noted that there was no domestic law which purported, directly or indirectly, to give effect to the relevant provisions of the treaty.³¹ He noted the general rule that a treaty does not change the domestic law of Canada, in the absence of a domestic legislative act,³² but observed that the question of whether a peace treaty was self-executing, had specifically been left open by the Supreme Court of Canada.³³ However, he held that, on the wording of the peace treaty, the obligation to change the normal term of patents was contingent on the treatment which Canada accorded to the nationals of other United Nations, and there was no domestic law of Canada giving any special treatment to nationals of other United Nations. The question of whether the peace treaty was self-executing was therefore moot.³⁴

In *Mastini*, the question was also raised as to whether the use or sale of a patented product after the expiry of the term of the patent gives a cause of action, when the patented product has been manufactured during the term of the patent. The plaintiff in the case was faced with the problem that the acts of manufacture (which were alleged to have taken place during the term of the patent) were statute barred, but there was use within the limitation period. In view of President Jackett's holding that the patent term

²⁷ *Supra* note 25 at 76.

²⁸ This jurisprudence is considered in the previous survey, 3 OTTAWA L. REV. at 226-28 (1968).

²⁹ 1 Can. Pat. R.2d 1 (Exch. Ct., 1971).

³⁰ TREATY OF PEACE WITH ITALY, signed February 10, 1947, and ratified September 15, 1947, Annex XV, Part A, paragraphs 3 and 4 as cited in *Mastini v. Bell Telephone Co. of Canada*, *id.* at 5.

³¹ *Id.*

³² 1 Can. Pat. R.2d 5. following *Attorney-General Canada v. Attorney-General Ontario*, [1937] A.C. 326 (P.C.).

³³ *Supra* note 29, at 6; footnote refers to *Francis v. The Queen*, [1956] Sup. Ct. 618.

³⁴ This case is presently under appeal to the Supreme Court of Canada.

had not been extended, such use was not within the patent term. The patentee therefore sought to recover on the ground that the use was a continuing wrong, arising from the original wrong of manufacture, which had occurred during the period of patent protection. President Jackett held that the use or sale of the patented device after the monopoly comes to an end is not infringement.³⁵

(b) *Defences to Infringement*

In *Mastini*,³⁶ the defence of prescription was raised, in that the defendant alleged that the limitation period had expired. The question of limitation periods in patent actions is a vexed one, and one which has never been dealt with fully by the courts.³⁷ The Patent Act³⁸ is silent as to limitation periods. In patent actions brought in the Provincial Superior Courts, it can be argued that provincial limitations acts as between subject and subject should apply, although this has been questioned on the ground that they might be *ultra vires* or inoperative in respect of Dominion legislation.³⁹ The Exchequer Court Act had a provision⁴⁰ which deals with limitations in proceedings against the Crown, but had no provision dealing with limitations in actions in that court between subject and subject.⁴¹ There is also some question as to whether the patent infringement action is an action in tort or an action on a statute, and these two actions have in many provinces different limitation periods, if provincial limitation periods apply.⁴²

In *Mastini*, the question of whether a patent infringement suit is an action on a statute was not argued, as both parties chose to argue on the basis that it is a tort. Thus, no decision was given on this very important point. On the question of what, if any, limitation applied to a patent action as a tort created by dominion statute, President Jackett examined both the provincial limitation periods of the provinces concerned and the relevant pre-Confederation legislation. After an exhaustive study of such legisla-

³⁵ Note, however, that, if there had been manufacture during the period of protection of the patent, and if an action could properly be brought in respect of that manufacture, one of the remedies which could be obtained would be destruction of delivery of the infringing articles, even if the patent had expired by the time that the action was heard. This is the import of the decision in *Crossley v. Derby Gas Light Co.*, L.J. 4 Ch. 25, (1834), the decision on which the patentee relied in *Mastini*.

³⁶ *Supra* note 29.

³⁷ The question was considered in some detail by Barrigar, *Time Limitations On Dominion Statutory Causes of Action*, 40 Can. Pat. R. 82 (1964).

³⁸ CAN. REV. STAT. c. P-4 (1970).

³⁹ *Supra* note 37.

⁴⁰ CAN. REV. STAT. c. 98, § 31, (1952).

⁴¹ Its deficiency has been cured in the Federal Court Act, Can. Stat. 1970, c. 1, as § 38(1) of that act applies the laws relating to prescription and the limitation of actions in force in any province between subject and subject, to any proceedings in the court in respect of any cause of action arising in such province.

⁴² See e.g., *The Limitations Act*, ONT. REV. STAT. c. 246, § 45(g), (h) (1970). This question is raised in an editorial note by Gordon F. Henderson, Q.C., at 1 Can. Pat. R.2d 3.

tion, President Jackett concluded that the pre-Confederation limitation periods were the same as those of the present statutes. With this finding, President Jackett found it unnecessary to decide whether the pre-Confederation statutes or the current provincial statutes were controlling.⁴³

A licence was raised as a defence in one case during the period surveyed.⁴⁴ In the circumstances of the case, it was held that no licence had in fact been concluded. A subsisting licence to do the act complained of would of course be a complete defence to infringement.⁴⁵

The question of experimental use as a defence to infringement was considered in *Micro Chemicals Ltd. v. Smith Kline & French Inter-American Corp.*⁴⁶ In that case, an applicant for a compulsory licence to make a pharmaceutical product had made small quantities of the product prior to obtaining the licence. The evidence was that the purpose of making these quantities was to attempt to duplicate the process set out in the patent, to improve the yield, and to do studies which would be helpful in connection with the marketing of the product once a compulsory licence was obtained.⁴⁷ The defendant took the position that it had the right to produce the product on a trial or pilot scale prior to the licence application, in furtherance of the application, in order to prove to the Commissioner of Patents that it could produce the substance safely with a quality equal to the plaintiff's product, and on a commercial scale. At trial, it was held that such use constituted an infringement to the patent, but the Supreme Court reversed this holding. While admitting that the experiments constituted a "technical infringement", the court stated:

I cannot see that this sort of experimentation and preparation is an infringement. It appears to me to be the logical result of the right to apply for a compulsory licence.

While it may not be necessary in each case to be in a position to show capacity to manufacture, it is, I think, a reasonably prudent thing for an applicant to be able to do so.⁴⁸

This holding of the Supreme Court extends the previous law relating to

⁴³ It was observed by President Jackett, 1 Can. Pat. R.2d 10, that the parties had assumed during argument that a general law of limitation of actions in force in a province would apply, insofar as the Exchequer Court was concerned, to actions based on causes of action arising in that province. This assumption is not necessarily the case, however, when the action rises in respect of a Dominion Act, over which the province has no legislative jurisdiction. The basis on which a provincial court can apply its limitation statute is that the matter is procedural, and that the procedure of the Exchequer Court does not provide for the situation. However, by Rule 2 of the Exchequer Court Rules, the practice and procedure of the court can be determined by the court in cases not otherwise provided for by analogies to the practice and procedure in force for similar proceedings in the courts of that province to which the subject matter of the proceedings most particularly relates.

⁴⁴ *Libbey-Owens-Ford Glass Co. v. Ford Motor Co. of Canada Ltd.*, 58 Can. Pat. R. 193 (Exch. Ct. 1969).

⁴⁵ *Thomas v. Sorrell* (1773) Vaughan 330, at 351.

⁴⁶ 2 Can. Pat. R.2d 193 (1971), reversing 60 Can. Pat. R. 193 (Exch. Ct. 1969).

⁴⁷ 60 Can. Pat. R. 193, at 197, (Exch. Ct. 1969).

⁴⁸ *Supra* note 46, at 203.

experimental use of an invention. The British cases have consistently held that any use of an invention for advantage is an infringement.⁴⁹ In the leading case of *Frearson v. Loe*,⁵⁰ the court considered a *bona fide* experiment as being the making of a patented article with the view of improving upon the invention which is the subject of the patent, or with the view of seeing whether an improvement can be made or not, and said that this would not be an infringement. The court also said:

But, where you see a man using a machine as this Defendant has done, under claim of a right to use it, and under that claim of right he makes a quantity of goods, even though a small quantity, I cannot call that an experiment within the meaning of the rule as to experiments. He has made a machine, and, knowing it to be an infringement of patent, he claims the right to make and use it, and his experiment is made to see how his machine works. That is the experiment, as he calls it, putting his machine to work from time to time, and then making screws according to the other patent, and making the screws with the view of trying the screws themselves. It does not appear to me, when I consider the circumstances under which the Defendant made these alleged experiments, that I ought to treat this as coming within the rule which prevents mere experiments being subject to the liability of action⁵¹

Similarly, in *Molins v. Industrial Machine Co.*,⁵² the introduction of an infringing machine into a factory for testing, in the hope that the persons who owned the factory might see fit to acquire such machines, was held to be an infringement, and not an experimental use.

The situation where a person is about to acquire a compulsory licence can also be analogized to the situation where a patent is about to expire. It has been held that, in such a situation, the making and stockpiling of goods to be sold once the patent has expired is not permitted.⁵³

There seems to be no difference in principle between the use of an invention to see whether it can be commercially worked prior to the obtaining of a compulsory licence, and the same use of the invention prior to expiry of a patent. There is therefore some question as to whether testing of an invention during the term of the patent, in order to prepare to flood the market when the patent expires, could be considered in Canada as a *bona fide* experiment, and thus not liable to injunction.

The defence of acquired rights prior to issue of the patent⁵⁴ was again considered by the courts. At the time of the last survey, the trial judgment in *Libby-Owens-Ford Glass Co. v. Ford Motor Co. of Canada*⁵⁵ was considered.⁵⁶ In this case, Mr. Justice Thurlow held that the word "article"

⁴⁹ See *United Telephone v. Sharples*, 29 Ch. D. 164 (1885), 53 L.T. 384, and *Molins v. Industrial Machine Co. Ltd.*, 54 Rep. Pat. C. 94, at 108 (Ch. 1936).

⁵⁰ 9 Ch. D. 48 (1878).

⁵¹ *Id.* at 67.

⁵² 54 Rep. Pat. C. 95, at 108 (Ch. D. 1936).

⁵³ *Crossley v. Derby Gas Light Co.*, L.J. 4 Ch. 25 (1834).

⁵⁴ Patent Act, CAN. REV. STAT. c. P-4, § 58 (1970).

⁵⁵ 57 Can. Pat. R. 155 (Exch. Ct. 1969).

⁵⁶ 3 OTTAWA L. REV. 228-30 (1968).

in section 58 of the Patent Act includes within its scope a process. Subsequent to the survey, the case was affirmed on appeal.⁵⁷ However, the Supreme Court did not find it necessary to decide whether the word "article" did in fact include a process, as it held that the defendant in that case had acquired a right to use the apparatus which he had installed prior to issue of the patent, and that this right necessarily carried with it a continuing right to use the patented process.⁵⁸

In *Peterson Electric Die Co. v. Plastiseal Inc.*,⁵⁹ the court was faced with a situation where the patent contained no apparatus claims, but instead contained claims to a process and to the product of that process. Mr. Justice Walsh noted that the Supreme Court judgment in *Libbey-Owens-Ford* would have to be extended in its application in order to meet this fact situation. However, he stated that it would be a "reasonable conclusion" from the judgment of Mr. Justice Thurlow to hold that a defendant who has used a process to produce articles prior to issue of a patent can continue to use it to produce the same sort of articles after such issue. He noted, as did Mr. Justice Thurlow in *Libbey-Owens-Ford*⁶⁰ that a user might be "disqualified" by virtue of "dishonest conduct" from relying on section 58, but said that such a problem did not arise here, as the defendant succeeded in making its article by applying well known principles and methods which were matters of common general knowledge.

The Supreme Court decision in *Libbey-Owens-Ford* and the Federal Court decision in *Peterson*, coupled with the earlier decision of Mr. Justice Thurlow in *Libbey-Owens-Ford*, have the effect of making section 58 into a major exception to the exclusive rights granted by a patent. It now appears that, with a patent having process claims or apparatus claims, anyone who has used the process or apparatus prior to issue of the patent will have a continuing right to use that process or apparatus. In view of the fact that many patents take years to issue following the date of application, and the patentee frequently commences to use the invention covered by the patent, it appears open to any person to copy the patentee and commence use of the process (even on a small scale) prior to issue of the patent. There is a question, of course, as to whether copying from the patentee would be "dishonest conduct" within the exception mentioned by Mr. Justice Thurlow,

⁵⁷ *Libbey-Owens-Ford Glass Co. v. Ford Motor Co. of Canada Ltd.*, 62 Can. Pat. R. 223 (Sup. Ct. 1970).

⁵⁸ The court considered the fact that the apparatus claims were not infringed by the apparatus which the defendant was using. However, it took the position that the apparatus and process were merely different aspects of a single invention. If the defendant had acquired the apparatus before issue of the patent, it had a continuing right to use that apparatus, irrespective of whether the use of the apparatus was subsequently covered by the process claims or not. This decision could potentially cause difficulty for patentees of process patents, where the process can be carried out on apparatus which existed prior to the issue of the patent, unless it is interpreted in subsequent cases as requiring the apparatus to have been used to carry out the process prior to the issue of the patent, rather than requiring it to have been able to be used.

⁵⁹ 8 Can. Pat. R.2d 222 (Fed. Ct. Tr. Div., 1972).

⁶⁰ *Supra* note 55, at 182.

but it would seem, on general principles, that the defendant's act in merely taking an article freely available on the market and copying it should not be considered as dishonest.

As yet, there is no decision saying that section 58 applies in the case of the patent having only product claims, to permit continued manufacture of the product after issue of the patent by persons who had manufactured prior to issue. However, in view of the extension of the section by Mr. Justice Walsh in *Peterson* to include a patent with both product and process claims, there would appear to be little reason in principle why a patent having only product claims would not be subject to the section so as to permit continued manufacture of the product.⁶¹

(c) *Relief for Infringement*

The methods of calculation of damages on a reference were considered in one reported case.⁶² In another case, the Supreme Court of Canada refused to allow a reference ordered by the court below to proceed, on the ground that any damages would be nominal on the facts, and would not justify a reference.⁶³ Instead, the court said that damages recoverable should be equal to the royalty on arms length sale of the product. As this was a case involving a pharmaceutical product, on which the infringer had later obtained a compulsory licence, the royalty rate was fixed by reference to the rate set in the compulsory licence.⁶⁴

Several cases dealt with the proper parties to an infringement action, and the effect that choice of party will have upon the damages recoverable. Under the Patent Act,⁶⁵ the infringer is liable to the patentee and all persons claiming under him for damages suffered by those persons. Often, the damages suffered by the persons claiming under the patentee are greater than those suffered by the patentee.⁶⁶ It has been held that only those

⁶¹ *Peterson* is presently under appeal to the Federal Court of Appeal, and it is possible that the decision of this court will give some further guidance on the scope to be given to the exception to the protection granted by patent rights by virtue of § 58.

⁶² *Feldstein v. McFarlane Gendron Mfg. Co.*, 59 Can. Pat. R. 43 (Exch. Ct., 1969).

⁶³ *Micro Chemicals Ltd. v. Smith, Kline & French Inter-American Corp.*, 2 Can. Pat. R.2d 193, at 205 (Sup. Ct., 1971).

⁶⁴ It should be noted that, in the court below, the judge had specifically given the option to the patentee to claim either the damages or the profits obtained by the infringer. See 61 Can. Pat. R. 221 (Exch. Ct. 1969), *varying*, 60 Can. Pat. R. 193 (Exch. Ct. 1970). However, on the facts, it might have been difficult to ascertain any profits made by the defendant as a result of the infringing acts, as the evidence was that the defendant had not sold the infringing material, but had merely supplied it without charge to potential customers for testing. It is arguable that some of these later profits of the infringer, after he obtained his compulsory licence, might be attributable to the earlier acts, but it would be very difficult to ascertain how much of the profits should be attributed to these acts.

⁶⁵ Patent Act § 57(1).

⁶⁶ See e.g., *Electric Chain Co. of Canada v. Art Metal Works Inc.*, [1933] Sup. Ct. 581, which was a decision prior to the amendment of section 57 which added the words "and to all persons claiming under him." In that case, the damages to the

persons who are added as plaintiffs can recover their damages,⁶⁷ so the question of proper parties assumes great importance.

It has been held that an exclusive licensee is a proper party in a patent infringement action.⁶⁸ Two recent cases⁶⁹ have discussed the question of whether a non-exclusive licensee is a proper party.

The principal authority on the right of a licensee to be a party is *Fiberglas Canada Ltd. v. Spun Rock Wools Ltd.*⁷⁰ That case dealt on its facts with the right of an exclusive licensee to be added, but the wording used by the Privy Council was broad enough to cover either an exclusive licensee or a non-exclusive licensee.

In *Ciba Corp. v. Decorite IGAV (Canada) Ltd.*,⁷¹ the court was faced with a motion to add a sub-licensee as a party plaintiff in an action brought by the patentee. The defendant argued that the proposed party plaintiff was one of many sub-licensees, so that it would not be possible for it to establish that it would have made any of the sales made by the defendant, and it thus could not prove damages. The defendant also argued that there would be nothing to prevent the holder of the patent from granting a further non-exclusive licence to the defendant without consulting this sub-licensee, as the sub-licensee had no exclusive right. The court noted that the wording of the *Fiberglas* case was broad enough to include non-exclusive licensees, and that the mere difficulty in quantifying the claim was not a sufficient ground for refusing to allow the proposed party to be added as a plaintiff.

In *American Cyanamid Co. v. Novopharm Ltd.*,⁷² a non-exclusive licensee sought to bring an action itself, without the consent of the patentee. There was another action by the patentee pending against the same infringer. The court held that the absence of the patentee from the action was not fatal, as the patentee could be added as a party defendant if it refused to be added as a party plaintiff.⁷³ However, Associate Chief Justice Noel indicated that he had doubts as to whether a non-exclusive licensee could sue for infringement even if the patentee was made a party. He pointed out that there is a difference between exclusive and non-exclusive

plaintiff's Canadian licensee were \$11,013.17, but the court held that these were not the damages of the patentee, who could only recover a reasonable royalty, as he was not in competition with the defendant. The patentee's damages were therefore fixed to \$750.00.

⁶⁷ See e.g., the statement of Lord Simons in *Fiberglas Canada Ltd. v. Spun Rock Wools Ltd.*, 6 Can. Pat. R. 57, at 66 (P.C. 1947).

⁶⁸ *Id.*

⁶⁹ *Ciba Corp. v. Decorite IGAV (Canada) Ltd.*, 2 Can. Pat. R.2d 124 (Fed. Ct. Tr. Div., 1971), *affd.*

4 Can. Pat. R.2d 5 (Fed. C.A., 1972); *American Cyanamid Co. v. Novopharm Ltd.*, 3 Can. Pat. R.2d 206 (Fed. Ct. Tr. Div., 1971), *affd.* 7 Can. Pat. R.2d 51 (Fed. C.A., 1972).

⁷⁰ *Supra* note 67.

⁷¹ *Supra* note 69.

⁷² *Id.*

⁷³ The patentee is required to be a party to an action for the recovery of damages. See Patent Act § 57(2).

licensees, in that a non-exclusive licensee does not have a defined right exclusive of any other person. The non-exclusive licensee's right is by contract, and his recourse is against the licensor, not against third party infringers. He interpreted the provision in section 57(1) of the Patent Act as saying that the person suing must have a defined right to do so, and must be able to exercise the right against persons infringing it.

The decision of Associate Chief Justice Noel was appealed to the Federal Court of Appeal, where it formed the subject of separate judgments by all three judges.⁷⁴ The majority held that *Fiberglas* had interpreted section 57(1) as giving rights to a licensee, and that no distinction had been made between the rights of an exclusive licensee and those of a non-exclusive licensee. The majority of the Court noted that the right of the licensee to sue is statutory, and that no distinction is made in the statute between exclusive and non-exclusive licensees. District Judge Bastin stated as follows:

As the law now stands, the only qualification to enable a licensee to sue is actual loss attributable to the infringement. Damages are the gist of the action and these can only be determined in the trial.⁷⁵

District Judge Sweet, who was also in the majority, noted that there is an "element of exclusivity" in any licence, from the mere fact of the licensee having the licence and the infringer not having it. He noted that the encroachment by the person infringing upon that exclusivity could seriously damage and cause loss to the licensee.⁷⁶

In a strong dissent, Chief Justice Jackett noted that the *Fiberglas* case contained declarations which he should regard as authoritative, and that he would therefore have to find that a person who is a licensee under a patent is a person claiming under the patentee within the meaning of section 57(1) of the Patent Act, although he would not have reached that conclusion in the absence of binding authority. However, he then went on to state that an exclusive licensee has a right of exclusive user, which is invaded by infringement. However, as a non-exclusive licensee has no right to limit user by third parties, and the patentee can give other licences at will, it is "difficult if not impossible" to conceive of a state of facts in which a non-exclusive licensee could be deprived of rights. He stated that there was no intention in section 57(1) to create a statutory obligation arising out of the tort of infringement to a person whose "rights" were not affected thereby. He pointed out that,⁷⁷ if a non-exclusive licensee were permitted to recover, there could be some duplication of liability for infringement, as some of the damages recoverable by a non-exclusive licensee and the licensor would be the same. He distinguished *Ciba Corp.*⁷⁸ on the basis that, in that case, the action had been brought by the patentee, and there was no harm

⁷⁴ *Re American Cyanamid Co.*, *supra* note 69.

⁷⁵ *Id.* at 84.

⁷⁶ *Id.* at 86.

⁷⁷ *Id.* at 78, n. 10.

⁷⁸ *Supra* note 69.

in leaving the licensee as a party until trial, as the case would have to go to trial anyway, whereas, in the present case, the licensee and patentee were not co-operating, and had started separate actions.

In the result of both cases, the question of the non-exclusive licensee's right to damages has been left to the trial judge. Thus, there is no final decision on the question in either case. There are certainly practical difficulties in proving loss to a non-exclusive licensee, particularly in a case where there are several non-exclusive licensees in competition in one area of the country. In such a case, it would be very difficult to ascertain which of the licensees have lost business by reason of the infringing acts, and hence which had suffered damage. However, the mere fact that the damages are difficult to ascertain has consistently been held not to be reason for denying a claim for damages.⁷⁹ As stated by the majority in the *American Cyanamid* appeal, section 57(1) is clear, and this section has also been interpreted as including "licensees", without qualification as to type of licensee, in the *Fiberglas* case. It thus seems reasonable to conclude that, although there may be practical difficulties in quantifying the damages of a non-exclusive licensee, a non-exclusive licensee should have the right to maintain an action. This may amount to creating "a statutory cause of action" for damages, but it can be argued that it is inescapable in view of the interpretation given to the section.

As noted by his Chief Justice Jackett in his dissent, there is a possibility of duplication of damages if both the patentee and exclusive licensee can sue. It is submitted that this danger can be minimized by having the claims of the patentee and all licensees made in the same action and by ensuring that the damages awarded in that action are as free as possible from overlap.⁸⁰

While it appears in the present state of the law that a licensee is a proper party plaintiff in an infringement action, it has also been held recently that even an exclusive licensee is not a necessary party in an impeachment action, although he is an interested party.⁸¹ This seems reasonable, as it is the patent which is being attacked, not the licence granted under it, so the presence of the licensee is not necessary for decision. However, if the patent is held invalid, the licensee's exclusivity will disappear, and he will suffer, so that he would be a proper party if he wishes to be heard.

⁷⁹ See e.g., *Dominion Manufacturers Ltd. v. Electrolier Manufacturing Co.* [1939] Can. Exch. 204, at 213.

⁸⁰ In this respect, it should be noted that any damages to the non-exclusive licensee would be reduced by the amount which the non-exclusive licensee would have had to pay to the licensor as royalty payments, if he had made the sales which the infringer actually made. This payment of royalties would appear to be the same measure of damages as the patentee would normally be entitled to, if he were not in competition with the infringer. Thus, the only problem in preventing overlap of damages appears to be apportioning the loss of sales due to the activities of the infringer between the various non-exclusive licensees and the patentee.

⁸¹ *YKK Zipper Co. Ltd. v. Wahl Bros.*, 8 Can. Pat. R.2d 131 (Fed. Ct. Tr. Div., 1972).

In one case,⁸² an infringement action was permitted to proceed to trial against a company which had no Canadian place of business. The company had a Canadian subsidiary; and it was alleged that the company had infringed "through its subsidiary," whose actions and operations were alleged to have been "entirely controlled and directed by its American parent." The court held that this was an allegation of infringement, not of conspiracy to infringe, but noted that, if a tort of civil conspiracy had been alleged, the Exchequer Court would have jurisdiction to deal with it.⁸³ The case did not go to trial, so that the question of whether the pleading did give rise to a proper allegation of infringement was not finally disposed of.

In a number of cases, attempts have been made to obtain an interlocutory injunction against infringement prior to trial. As in the past, such injunctions have not been granted where there is a serious contestation as to validity, and where the patent is of recent date.⁸⁴ An interlocutory injunction was granted in a case where the patent had previously been held valid in a contested court case and the evidence of infringement was strong.⁸⁵ An additional factor which appears to have influenced the court was that there was evidence that a Canadian manufacturer was being harmed by the importation of infringing products. An interlocutory injunction was granted on a case where the evidence for infringement was not strong,⁸⁶ where, aside from patent infringement, there were allegations of theft of confidential information which shifted the equities in favour of an injunction.⁸⁷

An interlocutory injunction was refused on the grounds of convenience in *Ciba Products Corp. v. Metropole Flushwood Door Inc.*⁸⁸ In that case, the plaintiff appeared to have a very strong position for an interlocutory injunction, in that the patent had been in existence for fourteen years and

⁸² *Hercules Inc. v. Diamond Shamrock Corp.*, 60 Can. Pat. R. 231 (Exch. Ct., 1969).

⁸³ The jurisdiction was considered to be based on § 21 of the Exchequer Court Act, CAN. REV. STAT. c. 98 (1970), which gives the Exchequer Court jurisdiction in all cases not otherwise provided for. The remedy is sought under the authority of any Act of the Parliament of Canada, or at Common Law, or in Equity, respecting any patent of invention, copyright, trade mark or industrial design. A somewhat similar provision gives jurisdiction to the Federal Court. See Federal Court Act, Can. Stat. 1970 c. 1, § 20, in the concluding words of the section.

⁸⁴ See e.g., *Merchants Fastener Corp. v. YKK Zipper Co.* 63 Can. Pat. R. 92 (Que. C.A., 1970), *affirming*, 58 Can. Pat. R. 45 (Que. Sup. Ct. 1969).

⁸⁵ *Leesona Corp. v. Giltex Hosiery Ltd.*, 2 Can. Pat. R.2d 211 (Fed. Ct. Tr. Div. 1971). It should be noted that the claim in this case involved infringement of a process claim by importation of the product. As noted in the previous survey, this has been held by Canadian courts to be infringement. See 3 OTTAWA L. REV. 226-28 (1968).

⁸⁶ *Vapour Canada Ltd. v. MacDonald*, 6 Can. Pat. R.2d 204 (Fed. Ct. Tr. Div., 1972).

⁸⁷ In this case, the term of injunction granted was much broader than the usual form. Whereas interlocutory injunctions usually specify in detail the acts which are prohibited, the court authorized the granting of an injunction against making, using or vending inventions "covered" by the patents in suit.

⁸⁸ 65 Can. Pat. R. 82 (Exch. Ct., 1970).

had never been attacked. There was a *prima facie* case of infringement with no defence raised, and many licenses had been granted under the patent. However, the evidence showed that an injunction would ruin the defendant's business, which was the defendant's main source of revenue. The royalties involved, if the defendant were to obtain a licence, (which had been offered to it) were minimal, and the defendant was well able to pay such royalties, and had undertaken to keep an account. In the circumstances, an injunction was refused, provided that the defendant posted a bond for the probable amount of royalties for which it would be liable. It was also indicated that the plaintiff could have an early trial date if it wished.

In a second case, an interlocutory injunction was refused on the balance of convenience in unusual circumstances. Shortly prior to the amendment to the Patent Act⁸⁹ which permitted the issue of compulsory licence for importation of drugs, the defendant imported a patented product. The plaintiff sued for infringement. The Quebec Court of Appeal indicated that an interlocutory injunction would stop the defendant from testing the product, and would hence delay approval by the Food and Drug Director, which would in turn, delay sale of the compound under the compulsory licence which the defendant expected to get as soon as the relevant legislation was passed. In these circumstances, the court decided that an interlocutory injunction should be refused.⁹⁰ This decision appears to have the effect of tacitly approving the acts of the defendant, and thus permitting it, by its infringement, to get into the market more quickly than it would otherwise have been able to do, once the amendment was passed.⁹¹

An unusual sort of relief was ordered for the first time in the Federal Court in *Kramer v. Secor Industries Ltd.*⁹² In this case, the defendant failed to comply with an order of the court to produce its accounting records for a reference as to damages. The court issued a Writ of Sequestration, thereby permitting commissioners appointed by the court to enter upon and take possession of all of the real and personal estate of the defendant, and to receive into their hands the rents and profits of the defendant's real estate and all its personal estate, and to hold such estates under sequestration until the defendant should deliver the documents required. The court also fined the defendant for contempt.

⁸⁹ Can. Stat. 1968-69, c. 49, § 1.

⁹⁰ *Hoffman-LaRoche Ltd. v. Frank W. Horner Ltd.*, 62 Can. Pat. R. 30 (Que. 1970).

⁹¹ A somewhat similar result occurs from the Supreme Court of Canada decision in *Micro Chemicals Ltd. v. Smith, Kline & French Inter-American Corp.*, 2 Can. Pat. R.2d 193 (Sup. Ct. 1971). In both of these cases, the "springboard" theory, by which infringement which helps a person to prepare a market position for himself once the patent protection is removed and which should be dealt with severely, was ignored. It would appear that the "springboard" theory will not be adopted in the courts in cases of pharmaceutical patents, possibly in view of the public interest in obtaining supplies of pharmaceuticals at a low price.

⁹² 5 Can. Pat. R.2d 211 (Fed. Ct. Tr. Div. 1972).

III VALIDITY

(a) General

The right of a party to question the validity of a patent has again been considered in the period under review. In *Hercules Inc. v. Diamond Shamrock Corp.*,⁹³ an infringement suit was lodged on the basis of certain claims in a patent. The defendant counterclaimed to impeach all claims of the patent. The plaintiff resisted the counterclaim on the basis that, as the defendant was not sued under all claims, he was not "an interested person" with respect to impeaching the claims under which he was not sued.⁹⁴

Mr. President Jackett rejected this contention, and stated that a person has status to sue for impeachment of all claims of the patent when sued only under some of them. He noted that a patent is supposed to issue for only one invention,⁹⁵ and stated that a number of claims in a patent related to "different attempts at defining what is the real invention to be found in a particular factual situation" or "two or more closely related inventions arising out of the same factual situation."⁹⁶ Since the claims were so closely linked, a person sued under some of them had status to impeach with respect to all of them.

Although not required to do so by the facts of the case, Mr. President Jackett also listed some of the other circumstances in which a person becomes "interested" such that he can launch an impeachment action. He stated that a person would have status if the patent which he sought to impeach prevented him from making use of subject matter that came within the claims of his own patent.⁹⁷ Another group of persons who would have status to sue includes those in a type of business in which products of the same class as the product covered by the patent in suit, are manufactured and sold. This holding is in conformity with an earlier decision of Mr. Justice Gibson,⁹⁸ which held that the word "interested person" should be given a wide meaning.

The presumption of validity of a patent⁹⁹ has been considered in the case of *Rubbermaid (Canada) Ltd. v. Tucker Plastic Products Ltd.*¹⁰⁰ Mr. Justice Pratte said that section 47 of the Patent Act imposes on a party attacking the validity of a patent the onus of showing that the patent is in-

⁹³ 62 Can. Pat. R. 43 (Exch. Ct. 1969).

⁹⁴ The Patent Act § 62 notes that a patent can be declared invalid at the instance of "any interested person."

⁹⁵ The Patent Act § 38(1) states that:

"A patent shall be granted for one invention only but in an action or other proceeding a patent shall not be deemed to be invalid by reason only that it has been granted for more than one invention."

⁹⁶ *Supra* note 93.

⁹⁷ This was held in *E. I. Du Pont de Nemours & Co. v. Montecatini-Societa Generale d'Industria Mineraria e. Chimica*, 49 Can. Pat. R. 209 (Exch. Ct. 1966), which is discussed in 3 OTTAWA L. REV. 234 (1968).

⁹⁸ *Id.*

⁹⁹ 3 OTTAWA L. REV. 235 (1968).

¹⁰⁰ 8 Can. Pat. R.2d 6 (Fed. Ct. Tr. Div. 1972).

valid. However, he said that the section deals only with the incidence of proof, not with the standard of proof. It shows on whom the burden lies to satisfy the court, but not the degree of proof which he must attain.¹⁰¹ He stated that it cannot be said that the presumption created by section 47 is, as a rule, either easy or difficult to overcome, and the ease or difficulty of overcoming the presumption will depend upon the circumstances.

In the case before Mr. Justice Pratte, the plaintiff had relied upon the commercial success of his device to support the presumption of validity of the patent. However, the judge noted that the device which was put on the market embodied many features which were not described in the broadest claim of the patent, so that it could be said that the article which found favour with the public was not the one described in the claim.

This decision provides a welcome clarification of the extent and use of the presumption of validity in a patent action. It is interesting to compare the statement of former President Thorson of the Federal Court in *The King v. Uhlemann Optical Co.*¹⁰² to the effect that the onus is not an easy one to discharge. This view of the onus was maintained by President Thorson in his later decisions.¹⁰³ However, it had been indicated by President Thorson that, once evidence of invalidity is led, the presumption of validity of the Patent Act has "no weight capable of being put in the balance."¹⁰⁴ This statement was quoted and adopted by President Jackett in a more recent case.¹⁰⁵ These statements of two presidents of the Exchequer Court have now been interpreted by Mr. Justice Pratte in the present decision. It is not clear, however, what is meant by the statement of Mr. Justice Pratte that in some circumstances the presumption will be easily rebutted while in other cases it may be very difficult or impossible to rebut it, if the court does not take the presumption into account once evidence has been led to establish the invalidity of the patent.

In *Peterson Electronic Dye Co. v. Plastiseal Inc.*,¹⁰⁶ evidence was led as to the inventiveness of the subject matter, but Mr. Justice Walsh held that the evidence did not succeed in rebutting the presumption of validity which existed by virtue of the Patent Act. Thus Mr. Justice Walsh appears to have considered the presumption to have some weight, even when evidence has been led. It therefore seems that there are still conflicting views of the meaning of the presumption in the Trial Division, and it is to be hoped that the matter will be dealt with by the Appeal Division in the near future.

¹⁰¹ *Id.* at 14.

¹⁰² 11 Can. Pat. R. (P. II) 26, at 45 (Exch. Ct., 1949).

¹⁰³ See, *Ernest Scragg & Sons v. Leeson Corp.*, 45 Can. Pat. R. 1, at 76 (Exch. Ct. 1964), and *Omark Industries Ltd. v. Gouger Saw Chain Co.*, 45 Can. Pat. R. 169, at 205 (Exch. Ct. 1964).

¹⁰⁴ *Re Ernest Scragg & Sons Ltd.* at 77, quoting, 15 HALSBURY, LAWS OF ENGLAND 343 (3d ed.).

¹⁰⁵ *Union Carbide Canada Ltd. v. Trans-Canadian Feeds Ltd.*, 49 Can. Pat. R. 29, at 33 (Exch. Ct., 1966).

¹⁰⁶ 8 Can. Pat. R.2d 222, at 239 (Fed. Ct., Tr. Div., 1972).

The question of the validity of a supplementary disclosure was raised but not decided in the case of *Dufournet v. Canadian Corporation for the 1967 World Exhibition*.¹⁰⁷ Supplementary disclosures are permitted by the rules under the Patent Act.¹⁰⁸ However, supplementary disclosures find no specific support in the act, and their validity has never been specifically passed upon by a Canadian court.

(b) *Subject Matter*

During the period discussed, several cases have dealt with the question of proper subject matter for a patent. The definition of "invention" in the Patent Act is very broad.¹⁰⁹ It has long been obvious that the section required interpretation by the courts to give it reasonable boundaries, as some of the words used (such as "art") could extend to cover the entire domains of copyright and industrial design. However, until recently, the section has not come before the Canadian courts for interpretation of its meaning.

The first case in which this subject arose for decision was *Lawson v. Commissioner of Patents*.¹¹⁰ In that case, the applicant sought to patent a method of subdividing land into lots of a particular shape. The sole claim before the court concerned a subdivided parcel of building land divided into lots of the particular shape in question.

As its point of departure, the court took as settled that all new and useful arts and manufactures are not necessarily included within the definition of "invention" in the Patent Act. To support the proposition that words of limitation must be read into the broad definition, it cited a case in which the Supreme Court had held that inventiveness is a necessary characteristic for patentability.¹¹¹ Finding no law in Canada to indicate what words of limitation should be read in, it looked to Commonwealth cases. Unfortunately, the Canadian Patent Act is based on the former United States Act as a model, whereas the acts of Great Britain, New Zealand and Australia do not use the same definition of invention as does Canada, but rather define it in terms of "a manner of manufacture." The court then sought to make the Commonwealth cases applicable by stating that the words "manner of manufacture" are merely a compendious way of expressing the same ideas contained in the words "art process, machine, manufacture or composition of matter."¹¹² The court then accepted the principle that the requirements with regard to subject matter of a patent are co-extensive under the Canadian and British statutes, and that the jurisprudence established by the courts of the United Kingdom is authoritative in Canada.¹¹³

¹⁰⁷ 61 Can. Pat. R.97 (Exch. Ct. 1969).

¹⁰⁸ P.C. 1954-1955 as amended, Rule 53.

¹⁰⁹ By § 2 of the Patent Act, "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."

¹¹⁰ 62 Can. Pat. R. 101 (Exch. Ct., 1970).

¹¹¹ *Id.* at 109, quoting, *Commissioner of Patents v. Farbwerke Hoechst*, 41 Can. Pat. R. 9, at 17 (Sup. Ct. 1964).

¹¹² *Id.* at 111.

¹¹³ *Id.*

The court then proceeded to apply British law based on the test of the "manner of manufacture". It did so in preference to an American case in which the Board of Appeals of the United States Patent Office had found that the identical invention to the one in suit in Canada was patentable subject matter under the U.S. Patent laws.¹¹⁴ The court then stated that no "art" or "manufacture" is involved in a method of subdividing land, as the preparation of a plan of subdivision in no way changes the character of the land. Thus, the appeal was rejected, and the application held unpatentable.

The *Lawson* decision has been applied several times by the Patent Appeal Tribunal, which cited the conclusion of the court that the Canadian definition of invention was equivalent to "manner of manufacture", and applied the test used in many British cases as to whether a vendable product was present.¹¹⁵

Less than two months following the *Lawson* decision, the question of patentability of particular subject matter came before the Exchequer Court again in *Tennessee Eastman Co. v. Commissioner of Patents*.¹¹⁶ In this case, the subject matter at issue was the patentability of a method of surgically bonding body tissues with a substance which was a known adhesive. The novel and inventive aspects of the method were said to be the fact that this particular adhesive was absorbed into the body in such a way as to permit the rapid healing of the incision. The method was said to permit the carrying out of certain types of surgical operations which were previously thought to be impossible.

The case came before Mr. Justice Kerr, who reviewed both United States and Commonwealth case law in detail. He also cited the Supreme Court of Canada decision in *Electric Fireproofing Co. of Canada v. Electric Fireproofing Company*,¹¹⁷ which had indicated that the foundation for the grant of patents is different in Canada and Great Britain. However, despite this case, he indicated that he considered the British and Commonwealth cases as "authoritative judgments" and held that the method is not an art or process or an improvement of an art or process within the meaning of the Canadian Patent Act. He also noted that, whereas the adhesive itself might enter into commerce, and the patent for the process would be sold and

¹¹⁴ The decision of the U.S. Board of Appeals is quoted in 62 Can. Pat. R. 113 (Exch. Ct. 1970). The U.S. § on which it is based is 35 U.S. Code § 101, which reads: Whoever invents or discovers any new and useful process, machine, manufacture or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

This section is very similar to the definition of "invention" in the Canadian Patent Act.

¹¹⁵ E.g., *Re Patent Application 829,690*, 9 Can. Pat. R.2d 283 (Pat. App. Trib., 1970), and *Re Application 908,951*, 9 Can. Pat. R.2d 285 (Pat. App. Trib., 1970). The "vendable product" test is found in *Re Application for a Patent by G.E.C. 60 Rep. Pat. C. 1*, at 4 (British Pat. App. Trib., 1942).

¹¹⁶ 62 Can. Pat. R. 117 (Exch. Ct., 1970).

¹¹⁷ 43 Sup. Ct. 182, at 185-6 (1910).

its use licensed, it did not follow that the method and its result were related to commerce or essentially economic.¹¹⁸

The decision of Mr. Justice Kerr was appealed to the Supreme Court of Canada.¹¹⁹ The Supreme Court noted that the definitions of "art" and "process" as comprised within the definition of "invention" in the Patent Act are circumscribed. Such circumscription occurs in part because of section 28(3)¹²⁰ as well as by other statutes such as the Industrial Design Act and the Copyright Act. Mr. Justice Pigeon, however, speaking for the court, did not give the same weight to British Commonwealth jurisprudence as had been given in the *Lawson* case. Instead, he observed that he doubted whether decisions dealing with the patentability of inventions under the United Kingdom Act are entitled in Canada to the weight which had been previously accorded to them by Canadian authors, and noted that "there are substantial differences between the British and Canadian statutes which need not be enumerated."¹²¹

Instead of attempting to define the ambit of the definition of "invention" under the Canadian Patent Act, the Supreme Court chose to rest its decision on a different basis. It referred to section 41 of the Patent Act, which applies to substances made by a chemical process and useful for food and medicine.¹²² The court noted that a method of using a medicine could not then be patentable, as the patenting of such a method would permit the patentee to avoid the provision of section 41 by patenting the method of use of the medicine however made.¹²³ The court then said that methods of medical treatment can not be contemplated in the definition of "invention" as a kind of "process." It then extended this argument to methods of surgical treatment, citing the broad definition of medicine in an Exchequer Court case.¹²⁴ This reasoning is open to some question, as the functional equivalent of the adhesive in the method in question was a surgical clip or suture, rather than a medicine. It is difficult to see how the method of using a clip or suture could be characterized as an attempt to get around section 41 of the Patent Act, as a clip or suture would never come within section 41, since it is not made by a chemical process.

The importance of the Supreme Court decision in *Tennessee Eastman* is that it overturns the Exchequer Court decision in *Lawson* and the comment in the Exchequer Court decision in *Tennessee Eastman* relating to the "authoritative judgments" of the Commonwealth courts on the inventive subject matter. It is clear from the statement of Mr. Justice Pigeon that

¹¹⁸ *Supra* note 116, at 154-55.

¹¹⁹ 8 Can. Pat. R.2d 202 (Sup. Ct., 1972).

¹²⁰ This excludes patentability of a "mere scientific principle or abstract theorem."

¹²¹ *Supra* note 119, at 208.

¹²² Section 41(1) prohibits the claiming of a substance useful for food or medicine and made by a chemical process, except in terms of the method by which it is produced.

¹²³ *Supra* note 119, at 207.

¹²⁴ *Imperial Chemical Industries v. Commissioner of Patents*, 51 Can. Pat. R. 102 (Exch. Ct. 1966).

British and Commonwealth cases, which are based on different statutes, are not entitled to great weight in interpreting the definition of "invention" under the Canadian Patent Act. Unfortunately, by choosing to base its decision on different grounds, the Supreme Court has not given any indication of how it would interpret the definition of "invention", other than noting that it is circumscribed by other statutes and by section 28(3) of the Patent Act.

It is submitted that perhaps the best working definition, in the present state of the law, for the definition of "invention" is one stated by Mr. Justice Kerr in the Exchequer Court decision of *Tennessee Eastman*.¹²⁵ Mr. Justice Kerr appeared to consider that subject matter, to lie within the definition of "invention" in section 2 of the Patent Act, must be within "the field of the manual or productive arts" and must "produce a result in relation to trade, commerce or industry or a result that is essentially economic."¹²⁶ This definition was not commented upon by the Supreme Court, but in view of the fact that the "manner of manufacture" test of *Lawson* has been overturned by the comments of Mr. Justice Pigeon, it would appear to be the only statement as to the meaning of the section which has not been specifically rejected by the Supreme Court.

In one interesting decision decided after the Exchequer Court decisions in *Lawson* and in *Tennessee Eastman*, but before the Supreme Court decision in *Tennessee Eastman*,¹²⁷ the Patent Appeal Tribunal dealt with the patentability of a process for increasing the rate of growth of swine by a particular feeding regimen. It was held that the applicant was concerned with feeding groups of animals, not single animals, and that the physiological process triggered by the feeding was reproduceable and capable of control within reasonable limits. There was nothing in the definition of "invention" which excluded physiological processes not involving humans, and the rejection of the applicant's patent application was therefore withdrawn. It is not clear whether this decision can stand in view of the Supreme Court decision in *Tennessee Eastman*, as this would appear to be a method of using a veterinary food, which would appear to fall under section 41 of the Patent Act, if the *Tennessee Eastman* argument is followed. It should be noted that a compulsory licence has been granted for a veterinary medicine under another part of section 41.¹²⁸

The question of whether the subject matter of a patent fell within section 41 of the Patent Act was also considered in the case of *Dairy Foods Inc. v. Co-operative Agricole de Granby*.¹²⁹ The patent in the suit dealt with a process for the treating of milk powder to render it more easily soluble in water. The defendant pleaded that the product claims were invalid, since

¹²⁵ *Supra* note 116, at 154.

¹²⁶ *Supra* note 116, at 154.

¹²⁷ *Re Application 862.758*, 4 Can. Pat. R.2d 24 (Pat. App. Trib., 1970).

¹²⁸ *Dextran Products Ltd. v. Bengel Laboratories Ltd.* 60 Can. Pat. R. 215 (Com. Pat. 1969).

¹²⁹ 4 Can. Pat. R.2d 38 (Fed. Ct., Tr. Div., 1971), *affd.* 8 Can. Pat. R.2d 1 (Fed. C.A., 1972).

they were not process dependent as required by section 41. Associate Chief Justice Noel found that chemical changes did in fact take place during the preparation of the product, and held that the patent was invalid, as the claims had not been drafted in product-by-process form as required by section 41.

The interest in this decision lies in the definition of what is meant by "substances prepared or produced by a chemical process." There have only been two previous cases in Canada which have dealt with the question. In *J. R. Short Milling Co. v. George Weston Bread and Cakes Ltd.*,¹³⁰ the court held that the words "chemical process" were to be construed in the popular sense rather than in the sense in which a chemist or physicist might construe them. Mr. Justice Maclean noted that it was impossible to classify phenomena in a rigorous manner, because borderline cases always exist and natural phenomena refused to allow themselves to be classified into arbitrarily defined groups.¹³¹ He further noted that in the strict sense, virtually everything involves a chemical process. In a later case, the court held that a process of purification of a drug by solvent extraction was a chemical process, even though the drug remained unchanged.¹³² It was noted that extraction by a solvent used the chemical properties of a chemical substance.

In the present case, the process was, at first glance, a simple one; it involved wetting skim milk particles and allowing them to dry under certain controlled conditions. However, the evidence showed that a number of chemical changes took place in the product during the process, and that these changes had an effect on the success of the process. Associate Chief Justice Noel noted that the mere scientific explanation of the mechanics of mere wetting or absorption of water would not make it a chemical process, notwithstanding any amount of chemistry which might be used to explain what occurred.¹³³ He also noted the plaintiff's contention that the counterpart of the process could be found in a kitchen when any protein is cooked, or when sugar is dissolved in a glass of water, or when ice cream is made, or an egg is fried. Referring to the case law, the judge followed it in holding that a chemical process should be one in the ordinary sense of the word, and not in the scientific sense. However, he held that something should not be excluded from being a chemical process merely because it is not appreciated to be so by the ignorant man. The mere fact that counterparts exist in every day life was not sufficient, in his view, to disqualify a process from being chemical.¹³⁴ He held that "the instrumentalities of chemistry" were being used to give a desired result, and that this is sufficient to make the process a chemical one.

¹³⁰ [1941] Can. Exch. 69, *affd*, 2 Can. Pat. R. 1 (Sup. Ct. 1942).

¹³¹ *Supra* note 130, at 99.

¹³² *Laboratoire Pentagone Ltee. v. Parke, Davis and Co.*, 55 Can. Pat. R. 111 (Sup. Ct. 1968).

¹³³ 4 Can. Pat. R.2d 38, at 64.

¹³⁴ *Id.* at 66.

On appeal,¹³⁵ Mr. Justice Thurlow cast doubt on this test, stating that it does not purport to be a statement of law of general application. However, on the facts, he agreed that the process involved chemical reactions to produce the desired results; it employed the substances involved in particular proportions and exploited their chemical characteristics in sequential stages and under particular conditions. He stated that these were "things that chemists do in carrying out chemical processes" and this fact, coupled with the fact that important chemical reactions were involved, led him to affirm the trial court decision.

Mr. Justice Thurlow noted that the matter of whether something is a chemical process within the terms of section 41 is not to be resolved simply by reference to the fact that chemical reactions do or do not occur in the process.¹³⁶ In his view, the process, to be chemical, would apparently involve both chemical reactions and "things that chemists do." Thus, it would seem that the "instrumentalities of chemistry" may still play a part in determining whether a process comes under section 41.¹³⁷

The Court of Appeal, in dealing with the *Dairy Foods* case, also made it clear that an improved form of a previously known substance could be a "substance" falling under the terms of section 41.¹³⁸ A previous decision of the Commissioner of Patents had raised some doubt as to this point,¹³⁹ and this doubt has now been laid to rest.

(c) *Date of Invention and Prior Use of Invention*

The question of when an invention is made was discussed in two conflict cases.¹⁴⁰ No new law was created in these cases, although it is interesting that in one of the two, the judge found that the original conception of the device apparently did not in law amount to invention, having regard to the claims in conflict.¹⁴¹ An oral disclosure to one person was also held insufficient to establish the invention, as it related merely to "an idea floating

¹³⁵ 8 Can. Pat. R.2d 1 (Fed. C.A. 1972).

¹³⁶ *Id.* at 5.

¹³⁷ *Id.* at 5-6.

¹³⁸ There are many processes which can be carried out on a small scale using apparatus and materials found in the common kitchen, but which are commercially carried out on a large scale using "the instrumentalities of chemistry." It would be a difficult problem for the court, with this test, to deal with such a process.

In *Burton Parsons Chemicals Inc. v. Hewlett-Packard (Canada) Ltd.*, 7 Can. Pat. R.2d 198, at 249 (Fed. Ct., Tr. Div. 1972), § 41 was raised as a defence but the court held that there was insufficient evidence to show that the process in question was a chemical process. The court noted that "the sheer physical mixing of ingredients without more" cannot be called a chemical process.

¹³⁹ *The Borden Co. v. Salada-Shirriff-Horsey Ltd.*, 34 Can. Pat. R. 238 (Com. Pat. 1960).

¹⁴⁰ *Hammond Organ Co. v. Stinson and Noon*, 65 Can. Pat. R. 62 (Exch. Ct., 1970); *Branchflower v. Akshun Mfg. Co.* 56 Can. Pat. R. 64 (Exch. Ct. 1967).

¹⁴¹ *Re Hammond Organ Co.*, 65 Can. Pat. R. at 76.

through the brain" of the inventors, which idea had not been reduced to a definite and practical shape.¹⁴²

An invention was held not to have been abandoned, when its value and utility were realized, and it was proved to be feasible, but development was not proceeded with apparently because of commercial and marketing considerations.¹⁴³

An argument that a patent was invalid because of the use of the invention for more than two years prior to the application in Canada¹⁴⁴ was rejected where the evidence was conflicting as to whether the product had been in public use or on sale in Canada, although it had "very probably" been experimented with, and may even have been successfully made.¹⁴⁵

(d) *Obviousness*

In two recent cases, the principles of obviousness under Canadian law were canvassed. These were *Peterson Electronic Die Co. v. Plastiseal Inc.*¹⁴⁶ and *Rubbermaid (Canada) Ltd. v. Tucker Plastic Products Ltd.*¹⁴⁷

In *Peterson*, Mr. Justice Walsh formulated a "Cripps question",¹⁴⁸ changing the original form of the "Cripps question" as had been done by Mr. Justice Gibson in *Burns & Russell of Canada v. Day & Campbell Ltd.*¹⁴⁹ to show that the relevant date for determination of obviousness under Canadian law is the date of invention which is proven by the patentee.

One question which was considered in both of these cases was what prior knowledge can be taken into account when deciding obviousness. It was argued in *Rubbermaid* (but not decided) that patents and publications can only be taken into consideration when there is proof that the information contained in these documents was actually available to an ordinary skilled workman at the date of invention.¹⁵⁰ In *Peterson*, the court adopted a prior statement of Mr. Justice Gibson¹⁵¹ which referred to "available literature." It will be recalled that President Jackett had made a comment in an earlier case which indicated that he considered art must be available to the patentee in order to be pertinent.¹⁵² However, in none of the cases discussed has

¹⁴² *Id.* at 80. The judge paraphrased the dictum of Viscount Cave in *Permutit v. Borrowman*, 43 Rep. Pat. C. at 356 (H. L. 1926), who noted that "it is not enough for a man to say that an idea floated through his brain; he must at least have reduced it to a definite and practical shape before he can be said to have invented a process."

¹⁴³ *Id.* at 74-75.

¹⁴⁴ *Peterson Electronic Die Co. v. Plastiseal Inc.*, 8 Can. Pat. R.2d 222, at 236 (Fed. Ct., Tr. Div. 1972).

¹⁴⁵ *Id.*

¹⁴⁶ *Id.*

¹⁴⁷ 8 Can. Pat. R.2d 6 (Fed. Ct. Tr. Div. 1972).

¹⁴⁸ *Supra* note 144, at 239. The "Cripps question" was first formulated in *Sharp & Dohme Inc. v. Boots Pure Drug Co.* 45 Rep. Pat. C. 153, at 163 and 175 (C.A. 1928).

¹⁴⁹ 48 Can. Pat. R. 207 (Exch. Ct. 1965).

¹⁵⁰ *Supra* note 147, at 13.

¹⁵¹ *Supra* note 144, at 239, *applying*, *Burns & Russell*, *supra* note 149, at 218-19.

¹⁵² *Union Carbide Canada Ltd. v. Trans-Canadian Feeds Ltd.*, 49 Can. Pat. R. 29 (Exch. Ct. 1966) discussed in 3 OTTAWA L. REV. 238 (1968).

the court found it necessary to make a finding regarding what makes literature "available" such that it can be used as a reference for obviousness. For example, it is not clear what the situation would be if a pertinent piece of art was available to the public in Canada, but was not available in the patentee's home country, and was shown not to have come to the attention of the patentee.

The weight which should be given to commercial success in determining obviousness was canvassed in both cases. It was noted that commercial success is not relevant where the success could have been due to features which were not covered in the patent claims.¹⁵³ Additionally, it was noted that evidence of commercial success does not of itself establish inventiveness or originality.¹⁵⁴

The fact that commercial success was "modest," the fact that the product did not replace previous designs, and the fact that the company did not obtain initial orders for some time after the production facilities were available, all militated against giving great weight to commercial success in *Peterson*.¹⁵⁵

In *Peterson*, there is a somewhat puzzling comment to the effect that it is not sufficient that the product or process should be inventive but it must also not have been obvious at the time.¹⁵⁶ It is submitted that the learned judge was using "inventive" in this phrase in the sense of "novel", as is clear from other portions of the judgment that he recognized that obviousness involves a lack of inventive ingenuity.¹⁵⁷

Several other cases involved obviousness during the period under review, but no new principles of law appear to have been added by them.¹⁵⁸

(e) *Insufficiency of Disclosure and Claims*

Several major cases have discussed this topic within the period under review, and two of these cases have reached the Supreme Court of Canada. As a result, the law regarding what constitutes sufficiency as required by section 36 of the Patent Act¹⁵⁹ has been clarified somewhat.

¹⁵³ *Re Rubbermaid (Canada) Ltd.*, *supra* note 147, at 14.

¹⁵⁴ The example given to support this proposition in the *Peterson* judgment is of interest. The commercial success enjoyed by broad neckties in favour of narrower neckties does not make the creation of a larger, wider necktie an invention.

¹⁵⁵ *Supra* note 144, at 238.

¹⁵⁶ *Id.* at 239.

¹⁵⁷ See *e.g.*, the quotation from *Union Carbide*, 8 Can. Pat. R.2d 241, and the quotation from T. A. BLANCO WHITE, PATENTS FOR INVENTION 3d ed. in 8 Can. Pat. R.2d 240.

¹⁵⁸ See: *Lacal Industries Ltd. v. Slater Steel Industries Ltd.*, 59 Can. Pat. R. 9 (Exch. Ct., 1969), *aff'd*, 2 Can. Pat. R.2d 105 (Sup. Ct.); *Dufournet v. Canadian Corporation for the 1967 World Exhibition*, 51 Can. Pat. R. 97 (Exch. Ct., 1969); *Re Application 999,637*, 9 Can. Pat. R.2d 278 (Pat. App. Board 1971); *Re Application 964,734*, 9 Can. Pat. R.2d 132 (Pat. Rev. Board 1971); *Re Application 957,123*, 6 Can. Pat. R.2d 29 (Pat. App. Board 1972).

¹⁵⁹ The Patent Act § 36 reads as follows:

(1) The applicant shall in the specification correctly and fully describe the invention and its operation or use contemplated by the inventor, and set

Dealing first with the disclosure of a patent, it has now been held that a misleading reference in a disclosure can be ignored, if it could not have misled a person skilled in the art,¹⁶⁰ and when it is not material to the subject matter of the claims.¹⁶¹

Some confusion appears to exist as to the relevant date at which the statement must be misleading in order to invalidate the patent. In *Jules R. Gilbert Ltd. v. Sandoz Patents Ltd.*,¹⁶² the relevant time for testing of the misleading aspects of the statement was stated to be the date of issue of the patent. However, in *Lacal Industries*,¹⁶³ Mr. President Jackett interpreted ambiguity of claims as of the date of application for patent, not as of the date of issue of the patent. The matter is of extreme importance, both because the state of technology can have changed in the several years between application for patent and issue of that patent and because of the question as to whether amendments during the pendency of the application can be used to support the claims.¹⁶⁴ There seems to be no reason why the claims should be deemed to be speaking as of the time of application for patent, whereas the disclosure speaks as of the time of issue. This is especially true in that the claims are very frequently amended before the patent is granted.

In the *Sandoz* case, the disclosure was not unlike the disclosures of *C. H. Boehringer Sohn v. Bell-Craig Ltd.*¹⁶⁵ and the cases which followed it. In *Sandoz*, Mr. Justice Thurlow noted that the claims were limited to a single

forth clearly the various steps in a process, or the method of constructing, making, compounding, or using a machine, manufacture or composition of matter, in such full, clear, concise and exact terms as to enable any person skilled in the art or science to which it appertains, or with which it is most closely connected, to make, construct, compound or use it; in the case of a machine he shall explain the principle thereof and the best mode in which he has contemplated the application of that principle; in the case of a process he shall explain the necessary sequence; if any, of the various steps, so as to distinguish the invention from other inventions; he shall particularly indicate and distinctly claim the part, improvement or combination which he claims as his invention.

(2) The specification shall end with a claim or claims stating distinctly and in explicit terms the things or combinations that the applicant regards as new and in which he claims an exclusive property or privilege.

¹⁶⁰ *Re Lacal Industries Ltd.*, *supra* note 158, at 16.

¹⁶¹ *Jules R. Gilbert Ltd. v. Sandoz Patents Ltd.*, 64 Can. Pat. R. 14, at 73 (Exch. Ct. 1970) *affd sub nom.* *Sandoz Patents Ltd. v. Gilcross Ltd.*, 8 Can. Pat. R.2d 210. The Patent Act § 55(1) reads as follows:

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.

¹⁶² *Supra* 64 Can. Pat. R. 14, at 74.

¹⁶³ *Supra* note 158, at 24.

¹⁶⁴ In this respect, it should be noted that in the *Sandoz* case a sentence which was placed in the application during the pendency of it was used to support the claims. *See*, 64 Can. Pat. R. 14, at 40.

¹⁶⁵ [1962] Can. Exch. 201. This and following cases are discussed in 3 OTTAWA L. REV. 240-41 (1968).

compound, and he read the disclosure as relating to both the preparation and use of that specific compound and to an unclaimed invention comprising a class of which that specific compound is a member.¹⁶⁶ He stated that the mere fact that the required disclosure to support the claims was mixed with other disclosure did not necessarily render it insufficient, and he held the patent valid, noting that a construction which supports the claims should be preferred to a construction which does not support them.¹⁶⁷

It is also of interest to note that, in *Sandoz*, Mr. Justice Thurlow mentioned that the test of the sufficiency of a specification in Canada is not necessarily the same as that in Great Britain.¹⁶⁸

Considering the sufficiency of claims, it has been held that claims which are "reasonably clear" are not invalid.¹⁶⁹ Furthermore, even an ambiguity in the claims will not invalidate them when the alleged ambiguity is redundant.¹⁷⁰

The question of whether a limitation can be imported from the disclosure to save a claim which is too broad and is hence inoperative, was discussed in *Burton Parsons Chemicals Inc. v. Hewlett-Packard Canada Ltd.*¹⁷¹ In that case, Chief Justice Jaccett indicated that it was not permissible to state in the specification that a certain choice must be made from a class of raw materials in order to find one which will result in the promised product, even if such teaching were sufficient to guide a person skilled in the art to make such a choice. Instead, the Chief Justice indicated that there must be wording in the claim to limit the choice to usable compounds. Additionally, the Court of Appeal held that a limitation in the preamble of a claim which tends to confine the claim to a workable embodiment is not sufficient to avoid inoperativeness if the description beyond the preamble is broad enough to cover potentially inoperative species. As Mr. Justice Thurlow put it: "It would lead to fantastic results if a person were permitted for example to claim 'a pen that writes, comprising etc.' and thereafter to say that the claim is valid because all pens that do not write are outside the claim."¹⁷² These two holdings make it somewhat difficult to claim an invention where there are many ways to reach the same result, and it is not feasible to claim each

¹⁶⁶ *Supra* note 162, at 39.

¹⁶⁷ Mr. Justice Thurlow qualified this holding by noting that the principle that a court should strive to support patents for meritorious inventions cannot be taken to the point of disregarding a specific requirement of the statute. *See*, 64 Can. Pat. R. at 53. *On appeal*, the holding of invalidity was reversed on the facts, as the court held that there was a general description which would give a chemist sufficient information to make the product claimed, and that the requirements of § 36 were therefore met.

¹⁶⁸ *Supra* note 162, at 43. *C.f.* the comments of the Supreme Court of Canada in *Tennessee Eastman Co. v. Com. Pat.*, *supra* note 116. It would seem that the Canadian courts are placing less reliance on British patent cases, now that an appreciable body of Canadian patent law has developed.

¹⁶⁹ *Lacal*, *supra* note 158, at 24.

¹⁷⁰ *Sandoz*, *supra* note 162, at 71.

¹⁷¹ 10 Can. Pat. R.2d 126 (Fed. C.A., 1973), *rev'ing*, 7 Can. Pat. R.2d 198 (Fed. Ct. Tr. Div. 1972).

¹⁷² 10 Can. Pat. R.2d at 142.

specifically in a separate claim. If a patentee attempts to claim generally, he runs the risk of including one or more inoperative embodiments in his claim, and it would seem that such embodiments would be sufficient to invalidate the claim.¹⁷³ In view of *Hewlett-Packard*, it would seem all of the safety precautions required in order to use a claimed invention should be included in the claims, and this gives the patentee a very difficult problem in drafting his claims adequately.

A somewhat strange result was found in the *Sandoz* case.¹⁷⁴ In that case, the patent included claims to a mixture of a pharmaceutically active compound with a carrier material. The Supreme Court¹⁷⁵ following its previous decision in *Commissioner of Patents v. Farbwerke Hoechst A.G.*,¹⁷⁶ held such claims invalid. However, when the *Hoechst* case is examined, it is seen that the reason for the holding of invalidity in that case was that the patentee had already obtained all of the protection to which he was entitled by means of another patent for the pharmaceutical substance itself, and the claims to the pharmaceutical substance plus the carrier were held not to be inventive over the other patent. In the present case, however, all claims, including those to the pharmaceutical itself and to the pharmaceutical and carrier, were in the same case, so the reasoning of the *Hoechst* case should not have applied. However, another ground, to which a brief allusion was made in the *Hoechst* case,¹⁷⁷ would have appeared to be a proper ground on which to reject the claims. The claims were not in a product by process form, and were clearly for a food or medicine. If the last step of mixing with a carrier is considered to be a physical process, and hence claims to the substance mixed with a carrier are outside section 41, this would appear to be a ready way for an applicant to avoid the structures of the Patent Act § 41(1).¹⁷⁸ However, this argument would not apply if the claims to the carrier and substance were drafted in terms of the process of making the product. It is submitted that such claims should be allowable, and may well be of useful scope, as it is open to a court to hold claims to a pure pharmaceutical compound invalid, on the ground that the compound is not useful unless mixed with a suitable carrier so that it can be administered to a human in the proper dosage.

IV REISSUE

One decision of the Federal Court (Trial Division) has done much to clarify the confused situation involving reissue. At the time of the last

¹⁷³ See e.g., *Union Carbide Canada Ltd. v. Trans-Canadian Feeds Ltd.*, 49 Can. Pat. R. 29 (Exch. Ct. 1966) where the word "thermoplastic" was held to include inoperative embodiments. This case is discussed at 3 OTTAWA L. REV. 241 (1968).

¹⁷⁴ 8 Can. Pat. R.2d 210 (Sup. Ct. 1972).

¹⁷⁵ *Id.* at 212.

¹⁷⁶ 41 Can. Pat. R. 9 (Sup. Ct. 1964).

¹⁷⁷ *Id.* at 17.

¹⁷⁸ It will be recalled that this was the argument which concerned the Supreme Court in *Tennessee Eastman v. Commissioner of Patents*, *supra* note 119.

review of patent law, the recent Supreme Court of Canada cases had created several uncertainties.¹⁷⁹ In *Burton Parsons Chemicals Inc. v. Hewlett-Packard (Canada) Ltd.*,¹⁸⁰ Mr. Justice Noel considered these Supreme Court of Canada cases and the earlier decisions, and attempted to reconcile them.

Mr. Justice Noel started by noting an apparent conflict between *North-ern Electric Co. v. Photo Sound Corp.*¹⁸¹ and *Farbwerke Hoechst A.-G. v. Commissioner of Patents*¹⁸² as to whether the reissue section requires that a patent be valid. He also considered *Curl-Master Mfg. Co. v. Atlas Brush Ltd.*¹⁸³ in an attempt to clarify the apparent inconsistency. His view was that the law does not require at least one claim of the patent to be valid in order to decide whether the patent can be reissued. Instead, the court will merely consider whether a patentable invention is present, although not necessarily described or even claimed. So long as the patent shows an invention, and clearly intended to cover it, it does not matter whether the patentee failed to represent it adequately in the prior patent.¹⁸⁴ He noted that there is no limitation on the degree of defectiveness or inoperativeness, nor on the degree of insufficiency of description that can be remedied.

This synthesis appears to explain and distinguish the three decisions of the Supreme Court of Canada to which reference is made above. It will do so, of course, only if it is considered that, in *Hoechst*, the patentee intended to claim as broadly as he did, and did not make the claims too broad because of inadvertence, accident or mistake. Thus, it would follow that a legal mistake as to the effect of certain claims would not be proper ground for reissue, although a factual mistake, such as the overlooking of a relevant feature, would be.

The remarks of Mr. Justice Noel were not considered by the Federal Court of Appeal in the appeal from his decision.¹⁸⁵ However, they will be very helpful to practitioners who are trying to find guidelines to distinguish between the three Supreme Court decisions on the subject of reissue.

A case involving an action for impeachment of a patent, which was surrendered and reissued subsequent to the commencement of the action, was *Continental Can Co. of Canada Ltd. v. Wainberg*.¹⁸⁶ It was held that such an action should not be continued if it is limited only to the surrendered patent, as the surrendered patent had ceased to exist and no part of the remedy sought could be obtained. However, where the claim included allegations requesting impeachment of the reissue patent as well, it should then be allowed to continue.¹⁸⁷ The allegations regarding the sur-

¹⁷⁹ These uncertainties are discussed in 3 OTTAWA L. REV. 243-57 (1968).

¹⁸⁰ 7 Can. Pat. R.2d 198 (Fed. Ct., Tr. Div. 1972).

¹⁸¹ [1936] Can. Exch. 75, *aff'd*, [1936] Sup. Ct. 649.

¹⁸² 50 Can. Pat. R. 220 (Sup. Ct. 1966).

¹⁸³ 52 Can. Pat. R. 51 (Sup. Ct. 1967).

¹⁸⁴ *Supra* note 180, at 235.

¹⁸⁵ *Supra* note 171.

¹⁸⁶ 61 Can. Pat. R. 159 (Exch. Ct. 1969).

¹⁸⁷ *Continental Can Co. v. Wainberg & Glolock Co.* 61 Can. Pat. R. 161 (Exch. Ct., 1969).

rendered patent may then become relevant to the attack on the reissue patent. The two can be dealt with in the same action, as the reissue does not give rise to a new cause of action. The subject matter of the case is the validity of the patent or patents covering a certain invention, whatever form they take.

The Patent Appeal Tribunal permitted a reissue application to proceed when the reason for reissue was that an incorrect translation of a Swedish application had been filed in the Canadian Patent Office. In the case, a pertinent reference was found in proceedings of another country, and this caused a reassessment of the Canadian patent after its issue. The claims sought in reissue were more restrictive than those of the original patent, and there was no question of trying to recoup abandoned subject matter, so that the public interest was not harmed by reissue.¹⁸⁸

It is not at all clear that the decision of the Patent Appeal Tribunal in this case is in accord with the principles for reissue set down in *Burton Parsons*.¹⁸⁹ It seems that, in the case before the Patent Appeal Tribunal, the patentee would have been content with his broad claim if he had not subsequently discovered a reference which required that claim to be narrowed. He then relied on an error in translation to permit him to narrow it. The argument could be made that he had intended to claim broadly, and that he should be forced to retain the broad claim, and not permit it to reissue. However, in *Curl-Master*¹⁹⁰ a somewhat similar situation occurred, and reissue was permitted.

¹⁸⁸ *Re Application 096,160*, 9 Can. Pat. R.2d 226 (Pat. App. Board 1972).

¹⁸⁹ *Supra* note 180.

¹⁹⁰ *Supra* note 183.