

Between :—

1906
March 5.

THE COPELAND-CHATTERSON } PLAINTIFFS;
COMPANY, LIMITED

AND

DANIEL HATTON (TRADING UNDER }
THE NAME D. HATTON & Co.) AND VIC- }
TOR GUERTIN AND HENRY } DEFENDANTS.
GUERTIN) TRADING UNDER THE }
NAME GUERTIN PRINTING Co.

*Patent for invention—The Patent Act, sec. 37—“Reasonable price”—
Infringement resulting from breach of agreement—Infringement by in-
ducing others to infringe.*

Section 37 of the Patent Act (R. S. C. c. 61) provides, among other things, that the patentee must, within a certain time after the date of his patent, commence and continuously carry on the manufacture of the invention patented in such manner that any person desiring to use it may obtain it, or cause it to be made for him, at a reasonable price. For the plaintiffs it was contended that such price need not be a money price but that conditions may be imposed, the value of which may constitute part or the whole of the price for which the thing covered by the invention is sold.

Held, that while there is nothing in the Act to prevent parties from entering into a binding agreement embodying such conditions, the patentee cannot prescribe his own conditions as part of such price and impose them upon all persons who may desire to use the invention. The “reasonable price” mentioned in the statute means a reasonable price in money; and for such a price the purchaser is entitled in Canada to acquire the complete ownership of the thing that the patentee is bound to manufacture or permit to be manufactured in Canada.

2. The defendant H., having purchased a binder from the plaintiffs on the condition that it was to be used only with sheets sold by or under the plaintiffs’ authority, contrary to such condition used in the binder sheets supplied by the defendants G.

Held, that H. had not only broken his contract, but had also infringed the patent.

3. One who knowingly and for his own ends and benefit and to the damage of the patentee induces, or procures, another to infringe a patent is himself guilty of infringement.

4. The defendants G., being aware of the terms upon which the defendant H. had purchased a binder from the plaintiffs, viz.,—that only sheets that were supplied by or under the authority of the plaintiffs were to be used in it, furnished H. with sheets prepared and adapted by them for use in such binder, and to induce him to buy sheets from them they undertook to indemnify him against any action the plaintiffs might bring against him in that behalf.

Held, that the defendants G. had thereby infringed the patent.

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THIS was an action for infringement of a patent for alleged new and useful improvements in binders and sheets to make a book or ledger.

The facts of the case are stated in the reasons for judgment.

September 11, 12, 13 and 14th, 1905.

The case was tried at Montreal. Argument postponed.

October 17th and 18th, 1905.

The case came for argument at Montreal.

W. Cassels, K.C., and *W. E. Raney* for the plaintiff;
P. B. Mignault, K. C., and *J. L. Perron, K. C.*, for the defendants.

Mr. Cassels contended that the fact that the invention had become the subject of a great commercial enterprise in a few years was an argument in favour of its novelty and utility.

The case involves, in one aspect of it, something which, so far as I know, has not yet been determined in this country. The defendant Hatton is an infringer of the binder itself; but both Hatton and Guertin, the former as a principal infringer and the latter as a contributory, have infringed patents Nos. 51,242, 66,998, and 70,655. Hatton has become an infringer of the basic patent because he has broken the condition upon which the plaintiffs granted him the right to use it, and Guertin is also an infringer because he has induced and contributed to Hatton's infringement. The defendant Guertin not only

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solicited the defendant Hatton to infringe but gave him an undertaking to indemnify him in case of action brought.

It would appear to be settled law in England as well as in the United States that one who invites another to infringe and contributes to an infringement is himself liable as an infringer. In England the leading case on the point is *Dunlop Pneumatic Tire Co. v. Moseley* (1).

In that case, it is true, the defendant was not found guilty of an infringement, but an examination of the judgments will show that stress was laid on the fact that the defendant had not invited another to infringe. In *Innes v. Short* (2) Bigham, J. expressly decided that where a defendant had invited another to infringe a patent he was guilty of infringement himself. See also *Incandescent Gas Light Co. v. Cantelo*. (3) in which from the report it is clear that it was by the absence of notice that the defendants escaped liability for infringement. But the only inference to be drawn from the judgment is that if they had notice they would have been held liable. See also the following English authorities: *Incandescent Gas Light Company v. Brogden* (4); *Incandescent Gas Light Company v. New Incandescent Mantle Co.* (5) *Lawson's Patent Design and Trade-marks Acts* (6).

So much for the English cases; but the American cases are very numerous and clear on the doctrine of contributory infringement. For instance, there is the case of *Heaton-Peninsular Button Fastener Co. v. Eureka Specialty Co.* (7) in which it is explicitly laid down that intentionally persuading or inducing another to infringe, or furnishing him with the means of infringement, is an act of infringement in itself. To the same effect are *Vic-*

(1) [1904] 1 Ch. 164, 612; 21 Cutl. R. P. C. 274. (4) 16 Cutl. R. P. C. 179.

(2) 15 Cutl. R. P. C. 449.

(5) 15 Cutl. R. P. C. 81.

(3) 12 Cutl. R. P. C. 262.

(6) 3 rd. ed. p. 467.

(7) 47 U. S. App. 146; 77 Fed. Rep. 288.

tor Talking Machine Co. v. The Fair (1); *Edison Company v. Kaufmann* (2); *Edison Phonograph Co. v. Pike* (3); *Tubular Rivet Co. v. O'Brien* (4); *Rupp & Wittgenfeld Co. v. Elliott* (5); *Cortelyou v. Johnson & Co.* (6).

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I submit on the foregoing authorities that both in England and the United States if a man with knowledge of the condition upon which a patented machine is sold becomes an active participator in the breach of that condition he becomes a joint wrong-doer with the principal infringer, in other words he is a contributory infringer.

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Then with regard to the point of invention in the plaintiff's patent, we have to ascertain, in the first place, if the invention which is claimed and patented has been received by the public. If it has been received by the public and has become largely used as a commercial article, then the doubt is solved in favour of the patentee. The evidence is overwhelming in support of this feature of the patent here. *Vickers v. Siddall* (7); *Hayward v. Hamilton* (8); *Hincks v. Safety Lighting Co.* (9).

On the question of utility, there is a very good definition of what patentable utility means in *Welsbach Company v. New Incandescent Company.* (10)

As to the right of the patentee to claim a principal combination and a subordinate one in the same patent, I rely on *Clark v. Adie* (11); *Sirdar Rubber Co. v. Wallington* (12); *Grip P. & P. Co. v. Butterfield* (13).

Mr. *Raney* followed for the plaintiffs, citing upon the question of anticipation the case of *Topliff v. Topliff* (14).

Mr. *Mignault* for the defendant, contended that the cases from the American reports cited by counsel for the

(1) 123 Fed. Rep. 424.

(2) 105 Fed. Rep. 960.

(3) 116 Fed. Rep. 863.

(4) 93 Fed. Rep. 200.

(5) 131 Fed. Rep. 730.

(6) 138 Fed. Rep. 110.

(7) 15 App. Cas. 496.

(8) Griffin's Pat. Cas. 115.

(9) L. R. 4 Ch. D. 615.

(10) [1900] 1 Ch. 843.

(11) L. R. 2 A. C. 315.

(12) [1905] 1 Ch. 451.

(13) 11 S. C. R. 291.

(14) 145 U. S. 156.

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plaintiffs were not applicable to cases originating under the Canadian Act, because the two systems of law were quite different in their provisions. In the United States the patentee is not obliged to license his invention, but can suppress it if he thinks proper. Until the year 1883, the law of England was to the same effect. In that year the English Parliament empowered the Board of Trade to compel the issue of licenses to persons desiring to use the invention. Then it may very well be conceded that under the United States law the patentee has a right to impose conditions under which the invention shall be used; but in Canada the law is too plain for construction—the patentee must *sell* at a reasonable price in this country. I suppose that if the law does not compel a man to sell, and he imposes conditions upon a grant of the right to use his invention and such conditions are broken, there is an infringement. But such a state of things could never arise in this country. Here the patentee must sell unconditionally.

The case may be put in this way. The plaintiffs, being unable to impose a valid condition upon the sale of their invention, yet do sell to me with a condition imposed. Now if I break the condition, while I may be liable for a breach of contract, I am not liable in this court to an action for infringement. Possibly I am liable to a civil action for breach of contract, but I am not liable for infringement in such a case.

But I am also in a position to argue that a condition imposed under such a state of the law is a void condition under the law of Quebec, where the contract was made. (Cites Art. 406 C. C. L. C., also Arts. 970, 1025, and 1472.) Even by the English law, if A sells to B the requisite articles to constitute an infringement of C's patent under a contract by which A guaranteed B against litigation in respect of the patent, those facts do not constitute an infringement by A. *Townsend v.*

Haworth (1); *Dunlop Pneumatic Tire Co. v. Moseley* (2)). In every English case cited by counsel for the plaintiffs it was a question of a breach of the license which the law authorizes there, and so the case becomes inapplicable to Canada.

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A "sale" of the patented invention is what the Canadian statute contemplates, and sale in the law of Quebec corresponds to sale as it is understood in the law of England. Granting that, it seems to me that a conditional disposition of the invention is no compliance with the requirements of the statute. The simple question under our statute is, has the patentee refused to sell his invention, or has he not?

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Furthermore, I submit that the claims of the patent are too wide and invalidate it. The law is that if a patent includes more than one head of invention, the want of novelty in any one of these heads will invalidate it. The plaintiff's patent contains a specific claim for sheets to be used with the binder. No valid patent could be issued for the sheets, and as there is no disclaimer the patent is invalidated. (*Morgan Envelope Co. v. Albany Perforated Paper Co.* (3).

With regard to the point of contributory infringement, I submit that there are no facts present here which would make the case of *Dunlop Pneumatic Tire Co. v. Moseley* (4) apply to the prejudice of the defendants Guertin. On the other hand, the case is a direct authority in support of the Guertins' position. I am quite prepared to concede that if the person with whom I deal is my agent and I sell him one element of a combination in order for him to place that element in connection with other elements of a combination and so infringe a patent, I am an infringer—*qui facit per alium facit per se*. But clearly that is not the case before the court.

(1) 48 L. J. Ch. 770.

(2) 21 Cutl. R. P. C. 274.

(3) 152 U. S. 425.

(4) 21 Cutl. R. P. C. 274.

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Mr. *Perron*, followed for defendants, contending that upon the facts the defendant *Hatton* had no intention of buying upon any condition, and that the plaintiffs had no right to impose it. Under such circumstances *Hatton* should not be held to be an infringer. He paid the price demanded, and he ought to be allowed to use it as he sees fit in his business.

As to the alleged infringement by the *Guertins*, as their binder was made upon the principle of binders made prior to the date of the plaintiff's patent, it is no infringement of that of the plaintiffs. *Dredge v. Parnell* (1); *Carter v. Leyson* (2).

Mr. *Cassels* replied, citing *American Graphophone Co. v. Leeds* (3); *Robinson on Patents* (4); *Wilkins Shoe Button Fastener Co. v. Webb* (5); *Beach v. Hobbs* (6); *Deere & Co. v. Rock Island Plow Co.* (7); *Vickers v. Siddall* (8); *Cannington v. Nuttall* (9).

THE JUDGE OF THE EXCHEQUER COURT now (March 5th, 1906), delivered judgment.

The plaintiffs are the present owners of Canadian letters-patent numbered 51,242, 66,998 and 70,655, respectively, which they say the defendants have infringed. In disposing of the questions at present in issue it will be sufficient to deal with letters-patent numbered 51,242. It will not be necessary to consider the other two patents mentioned. In the specification attached to letters-patent numbered 51,242, which were granted on the sixth day of February, 1896, for alleged new and useful improvements in binders and sheets therefor, the invention is described as relating to binders adapted to securely hold a plurality of sheets or leaves in place, and to the sheets

(1) 16 *Cutl. R. P. C.* at p. 629.

(2) 19 *Cutl. R. P. C.* 473.

(3) 87 *Fed. Rep.* 873.

(4) *Vol. I*, § 155.

(5) 89 *Fed. Rep.* at p. 996.

(6) 82 *Fed. Rep.* 916.

(7) 84 *Fed. Rep.* 171.

(8) 15 *App. Cas.* 496.

(9) *L. R. 5 H. L.* at p. 216.

or leaves adapted to be secured in the binder; and it is stated that the invention consists of the peculiar features of the binders and of the sheets or leaves thereafter set forth. Reference is then made to the drawings attached to the specification and to the particular embodiment of the invention shown in the drawings. The object aimed at was the production of a binder from which leaves or sheets could be removed, or in which they could be inserted with great facility and convenience and in which the sheets would, when the binder was in use, be safely secured in due arrangement or registration with each other. The specification concludes with fifteen claims. Of these, the first, second, third, fourth, fifth, thirteenth, fourteenth and fifteenth relate to the binder; the sixth and seventh to the sheets; and the eighth, ninth, tenth, eleventh and twelfth to a combination of the binder and sheets.

The distinguishing feature of the binder is the use therein of one or more fixed posts in conjunction with one or more removable posts. These posts pass through holes punched in the sheets, such holes in the case of the fixed posts being open to the back of the sheet to enable the sheet to be removed or inserted, when the removable post is withdrawn from the binder. These posts may for convenience be made extensible, and a back or covers or means for locking the binder may be added. Any or all of these features may be combined to make a serviceable binder; but the essential elements of the invention are the fixed posts and the removable posts. These used in conjunction with each other constitute the substance of the invention.

With regard to the sheets, their distinguishing feature is to be found in their being made or adapted for use in the plaintiffs' binder.

And with regard to the combination claimed of the binder with the sheets, to make a book or ledger, the substance of the invention lies in the combination.

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Now with regard to the binder it is contended that there is no true combination, but only an aggregation of elements. I am not able, however, to accept that view with respect to the fixed posts and the removable posts. Each, no doubt, has a separate function or office; but each contributes to obtaining the object the inventor had in view; and it seems to me their use in conjunction with each other to obtain that object constitutes a good combination of such elements.

Then it is said that there is no novelty in the invention claimed. Binders are not new; binders in which there are fixed posts are not new; binders from which such posts may be removed in whole or in part are not new. Extensible posts are not new. And it is contended that binders in which fixed posts were used in conjunction with removable posts are not new. I have in this connection very carefully considered (as it deserved to be) Mr. Nathan's evidence; but I have not been able to come to the conclusion that in any of the patents to which he referred or in the Belgian patent since filed, is to be found fixed posts and removable posts used in conjunction with each other in the manner and for the purposes for which they are used in the plaintiffs' binder. I do not think that any anticipation of the combination claimed in the binder now in question has been proved. I am also of opinion that the combination is useful and that there is in this respect proper subject-matter for a patent.

With regard to the sheets it appears that when the statement of claim was first filed the plaintiffs relied upon the sixth and seventh claims of the specification which relate to these sheets and alleged that the defendants had infringed them. Subsequently the statement of claim was amended and this part of the claim withdrawn. The defendants however have set up as a defence that the patent is void because material allegations in the petition or declaration on which it was obtained were

untrue, and because for the purpose of misleading the public the inventors wilfully inserted in the specifications and drawings more than was necessary for obtaining the end for which they purport to be made.

The specification attached to the letters-patent bears date of the 12th of November, 1895, and the drawings of the 16th day of that month. The patent was issued, as stated, on the 6th day of February, 1896. The application for the United States Patent for the same invention was filed in the United States Patent Office on the 30th of October, 1895. On the 26th of November of that year the examiner who had the matter in charge objected to the claims made for the sheets. Then an attempt was made to get over his objection by amending the claims. But the examiner maintained his decision, and on the 24th of January, 1896, the inventors acquiesced therein and asked to have these claims cancelled. That was done and they do not appear in the United States patent, which was issued on the 10th day of March, 1896. No objection was taken in the Canadian Patent Office to the claims made for these sheets, and the patent as issued contains them; and there has been no disclaimer since. On these facts it is argued that I should find that the Canadian specification and drawings contain more than is necessary for obtaining the end for which they purport to be made; that the addition was wilfully made for the purpose of misleading; and that the letters-patent are void. By the twenty-eighth section of *The Patent Act* it is provided that a patent shall be void, if any material allegation in the petition or declaration of the applicant in respect of such patent is untrue, or if the specifications and drawings contain more or less than is necessary for obtaining the end for which they purport to be made, when such omission or addition is wilfully made for the purpose of misleading; but if it appears to the court that

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such omission or addition was an involuntary error, and if it is proved that the patentee is entitled to the remainder of his patent *pro tanto*, the court shall render a judgment in accordance with the facts, and shall determine as to costs; and the patent shall be held valid for such part of the invention described as the patentee is so found entitled to. Now as to that I see no reason to doubt that the claims made in respect of these sheets both in Canada and in the United States were in the first instance honestly made in the belief, mistaken it may be, that the claims were good. And I do not think one is bound to infer that the applicants changed their minds, as to that, because they acquiesced in an adverse decision of the examiner at Washington. The examiner may have been right, and yet they may honestly have thought him to be wrong and for other reasons have acquiesced in his decision. Assuming that claims six and seven with respect to the sheets are bad and cannot be sustained, and I am inclined to think that that is the case, I see no reason to conclude that they were wilfully included for the purpose of misleading or that the patent must be held to be void because the owners of it have not since disclaimed; though that perhaps would be a prudent course for them to adopt.

Coming now to the combination claimed of the binder and the sheets, such combination constituting a book or ledger, the principal question is as to whether or not there is any new combination. That question arises in this way: The grant made by a Canadian patent is subject to the conditions contained in *The Patent Act* and the Acts amending the same. One of these conditions is that the patent shall be void unless the owner within a prescribed period commences, and after such commencement, continuously carries on in Canada the construction or manufacture of the invention patented in such a manner that any person desiring to use it may obtain it or

cause it to be made for him at a reasonable price, at some manufactory or establishment for making or constructing it in Canada. (*The Patent Act*, s. 37). The defendants allege that the plaintiffs' binder is in itself a patented invention, and that any person who desires to use it is entitled to obtain it at a fair price; and that the patent is void because of the plaintiffs' refusal to sell their binder without these sheets. The plaintiffs on the other hand say that the binder is a subsidiary combination which they are not bound to manufacture and sell without the sheets, though it is protected by the patent, and that they comply with the condition contained in the statute if they manufacture and sell for a reasonable price the book or ledger that is made by the association or combination of the binder with the sheets.

This question would be of little or no importance in this case if the patent were held good both in respect of the binder and of the sheets therefor. Both being protected, no one could make, use or vend either without the owners' permission, and the book or ledger made by adding sheets to the binder would be doubly protected. It is only in the view that the claims for sheets by themselves are not good that it becomes important to decide whether in the book that is made by inserting sheets in the binder there is a true combination between the binder or its elements and the sheets. That they are brought into contact with each other is obvious. That together they constitute a book, and that after all it is a book that is wanted, is also clear. The binder is of no use without the sheets; and the latter will not make a book without being in some way bound together. If the union of the binder and the sheets were permanent there would I think be little or no difficulty. But the object and merit of the invention is opposed to any permanency in the union mentioned. It is intended that from time to time some of the sheets will be removed and other sheets

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substituted at the will and for the convenience of the owner of the binder. How often that may occur will depend on the extent of his business and the manner in which it is carried on. But it is not intended that there shall be any permanent union or connection between the binder and the sheets used therein. One binder during the time it is in existence may be refilled with sheets a great many times. The office of the binder is to hold the sheets in position and bind them together. The sheets are the things acted upon. In the case of *The Morgan Envelope Company v. Albany Perforated Paper Company* (1) Mr. Justice Brown in delivering the opinion of the court refers to the question as to whether an article upon which a machine or device is intended to act can be said to be part of the combination of which the machine itself is another part; and without expressing any opinion he refers in illustration to the relation between a saw and the log that is being sawn and to rollers and the wheat that is being ground; and to a folding machine or printing press and the paper that is folded or printed. These illustrations could be multiplied indefinitely. And in general it would not, it seems to me, occur to anyone to think that there was any combination in the sense in which that term is used in patent law between the thing acted upon or affected by the machine or device and the latter where such thing is a natural product or an ordinary article of commerce, especially where the time during which they are in contact or association is short. For instance, I do not think anyone would be listened to who claimed a combination between a seeder and the grain that was being sown; or between a machine for grinding coffee and the coffee that was being ground; or between an egg-beater and the egg that was being beaten. There would appear to be greater difficulty in cases where the time during which the machine or device and the article

(1) 152 U. S. 425.

dealt with are in association, is considerable ; but in such cases it is possible that the difficulty is apparent rather than real. The cases it seems to me which present the greatest difficulty are those in which the thing acted upon has itself to be prepared or adapted for use in the patented machine. If in that preparation or adaption there were novelty, utility and invention then the thing itself might be covered by the patent, and both being protected it would be immaterial whether there was a true combination between them or not. But there may be cases, of which the present is I think an illustration, where the adaptation of the thing to be dealt with or acted upon falls short of presenting proper subject-matter for the patent, and in all such cases the question as to whether or not the combination is good may assume considerable importance. But for the provision of *The Patent Act* to which reference has been made the owner of a Canadian patent might in Canada do what he liked with it. As against everyone except the Crown (1) his right is exclusive. He might use it or not, as he saw fit. Equally he could fix the terms on which he would sell the invention or the product of it, or license others to make use of it, and it would make no difference how unreasonable any such terms were. The person who wished to obtain it would be obliged to take it or leave it on the terms proposed by the owner of the patent. Assuming in such a case as this that the patent was good for the binder only, a condition that the binder should not be used except with sheets provided by the owner would be a good condition. That would be the position of affairs but for the provision of the Act to which reference has been made (2). The statute however makes a great difference in the position and rights of a patentee. He must carry on the manufacture of the invention patented in such a manner that any person desiring to use it may

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See *The Patent Act*, s. 44.

(2). *The Patent Act*, s. 37.

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obtain it, or cause it to be made for him at a reasonable price. For the plaintiffs it is contended that such price need not be a money price but that conditions may be imposed, the value of which may constitute part or the whole of the price for which the thing covered by the invention is sold. Where they are agreed there can be no objection to the parties making their own terms. There is nothing in the Act to prevent that being done; or to interfere in any way with such contracts as persons choose to make respecting the use of anything protected by a patent. But that is not the case now under consideration. The question is whether the patentee may as part of the price prescribe his own conditions and impose them upon all persons who may desire to use the invention. I do not think he can. In my opinion the "reasonable price" mentioned in the statute means a reasonable price in money; and I think that for such a price the purchaser is entitled in Canada to acquire the complete ownership of the thing whatever it is that the owner of the patent if he wishes to retain his patent, is bound to manufacture or permit to be manufactured so that any person desiring to use it may obtain it or cause it to be made for him at a reasonable price. No doubt cases may arise, or be suggested, in which there may be difficulty in determining what the thing is that must be manufactured so that anyone desiring to use it may obtain it. In the present case, as has been seen, the parties are as to that at issue with each other. The solution of that issue depends I think upon the question as to whether or not there is any true combination between the binder and the sheets that are used with it. If the combination is good then there could be no lawful use of the binder without the sheets; and the plaintiffs would not be under any obligation to sell the binder to be used unlawfully. No one who sought to obtain the binder without the sheets could fairly be said to be a person desiring to use

it; for no lawful use of it would be open to him and the case would not be within the statute. But if there is no true combination between the binder and the sheets, and the sheets are not themselves protected by the patent, anyone may use the binders with any sheets adapted for use therein and may procure such sheets where he pleases. Any such person desiring so to use the binder has a right under the statute to obtain it at a reasonable price. I am inclined to the opinion that there is no true combination between the binder and the sheets, but it is better to leave that question open for further consideration if it should arise in some other case. It is not absolutely necessary to decide it now. For assuming that the defendants are right in their contention that anyone desiring to use the binder without the sheets is entitled to obtain it at a reasonable price without any conditions as to the use therein of the plaintiffs' sheets, I am not satisfied that they have made out a case that would justify me in declaring the patent void. The general tenor of the evidence goes to show that while the plaintiffs have sought in selling their binders to impose upon the purchasers the condition that the binders should be used only with sheets sold by or under their authority, they have not, when pressed to sell without any such condition, absolutely refused to sell. In such cases they have in general offered to sell and at the same time have warned the purchasers that in selling they waived none of their rights under the patent. The evidence discloses however one case in which a person whose name is not known but who professed to be acting for the plaintiffs refused to sell a binder to Mr. Huysman, of Montreal, unless he would agree to use in it the plaintiffs' sheets only. This however is an isolated case, and one in which the course adopted by the agent was contrary to the general policy that the plaintiffs appear to have adopted; and on the whole my conclusion is that the refusal to sell uncon-

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ditionally has not been brought home to the plaintiffs with sufficient directness and clearness to justify so great a penalty as the declaration that their patent is void.

We now come to the questions as to infringement. And first it will, I think, be convenient to deal with the binder manufactured by the Guertins. Is it an infringement of the plaintiffs' patent? I think that question should be answered in the affirmative. There is in this binder a combination of one removable post with two fixed posts. All the posts are extensible, that is, each post is made of two parts, one part of which may be removed from the other part, but that is not objectionable. The infringement arises from the fact that both parts of one of the posts are removable and may be wholly withdrawn or removed from the binder. But for that feature of the Guertin binder I should not think there was any infringement.

Then, with regard to the defendant, Daniel Hatton, what the plaintiffs complain of is that, having purchased a binder from them on the condition that it was for use only with sheets sold by or under the plaintiffs' authority, he has, contrary to such condition, used in it sheets supplied by the defendants, the Guertins.

Now, as to that, I have already stated my opinion that under the Canadian Patent Act it is not open to the owner of a patent, against the will of the person desiring to use and obtain the invention patented, to impose any such condition. In that I agree with Mr. Mignault, but I also agree with Mr. Cassels that there is nothing in the Act to prevent anyone from agreeing to such a condition if he sees fit to do so, and if he does so agree he is bound by the condition, and any use of the invention in excess thereof would be unauthorized and constitute an infringement. In using the binder contrary to the condition Hatton not only broke his contract but he infringed the patent. For he had not acquired the right

so to use it, and the use of it in that way was an infringement of the plaintiffs' exclusive right to the use of his invention.

Then, as to the Guertins. They were aware, I think, of the terms upon which Hatton had purchased a binder from the plaintiffs. They furnished Hatton with sheets prepared and adapted for use in that binder, and to induce him to buy such sheets from them they undertook to indemnify him against any action the plaintiffs might bring against him in that behalf. Under these circumstances the plaintiffs contend that the Guertins are contributory infringers; and if the decisions of the courts in the United States that have been cited were to be followed there is no doubt that the contention would be sustained (1). But it is not at all clear that in this court there can be any question of contributory infringement. It depends perhaps on what is meant by that expression. The jurisdiction of the court is statutory. It has no common law authority to grant a remedy to anyone for the invasion of his rights. And with respect to the infringement of a patent of invention the jurisdiction is given in cases in which a remedy is sought respecting such infringement (2). If the act complained of as a contributory infringement is in fact an infringement, well and good. The court has jurisdiction. But if it is not an infringement the court has no jurisdiction, and it will not acquire jurisdiction by introducing a term that is not to be found in the statute. The question is: Did the Guertins, in what they did, infringe the plaintiffs' patent? It is a question of infringement, not a question of contributing to an

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(1) See amongst others *Heaton-Peninsular Button Fastener Company v. Eureka Specialty Company*, 47 U. S. App. 146; 77 Fed. R., 288; *American Graphophone Company v. Leeds*, 87 Fed. R., 873; *Tubular Rivet and Stud Company v. O'Brien*, 93 Fed. R., 200; *Edison Phonograph Company v. Kaufmann*, 105 Fed. R., 960; *Rupp and Whittgenfeld Company v. Elliott*, 131 Fed. R., 730; and *Cortelyou v. Johnson*, 138 Fed. R., 110.
 (2) 54-55 Vict., c. 26, s. 4 [c].

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infringement by some act that falls short of being an infringement. And in considering that question it will, I think, be convenient to divide it into two questions and enquire (1st.) whether what they did was actionable or not, and, if so, then (2ndly.) whether that actionable wrong may with propriety be termed an infringement of the plaintiff's patent?

It is clear, of course, that it is not an infringement of a patent to sell an article which in itself does not infringe, although it may be so used as to infringe such patent (1). Going a step further, it is, I think, well settled in England that such a sale is not of itself an infringement although the seller knows at the time of the sale that such article is intended to be used by the purchaser in the infringement of the patent (2). In the case of *Townsend v. Haworth* (3), which came before Sir George Jessel, the Master of the Rolls, in 1875, and which afterwards went to the Court of Appeal, where his judgment was affirmed, Lord Justice Mellish is reported to have said that "selling materials for the purpose of infringing a patent to a man who is going to infringe it, even although the party who sells them knows that he is going to infringe it and indemnifies him, does not by itself make the person who sells an infringer. He must be a party with the man who so infringes and actually infringe." And Lord Justice James said: "It is clear there is no case for an injunction. Upon this bill there is no allegation that the demurring defendants are in any sense of the word infringers. It is true they may be having a privity in the sale of the articles and may indemnify the other defendant, the infringer. But it is impossible in my mind to con-

(1) *Savage v. Brindle*, 13 R. P. C. 266. *Ld. v. Cresswell*, 18 R. P. C. 473; and *Dunlop Pneumatic Tire Co. Ltd.*

(2) *Townsend v. Haworth*, 48 L. J. Ch. 770; *Innes v. Short*, 15 R. P. C. 612.

(3) *Dunlop Pneumatic Tire Co.* (3) 48 L. J. Ch. 770.

“ receive a declaration at law which would meet the case and make them liable, and if they are not liable at law they are not liable in equity.” That so far as I know is the strongest authority in favour of the defendants and against the plaintiffs that is to be found. There are however a few English cases in which the person who was not the actual infringer has been held liable for the infringement or restrained from aiding in it. In *Sykes v. Haworth* (1), it appeared that the defendant, a cardmaker, supplied cards that were used in a way that infringed the plaintiffs’ patent. The infringement occurred when these cards were nailed on to certain rollers that he had agreed “ to clothe ” in that way. The nailer was nominated and selected by the manufacturer but was paid by the defendant. It was held by Mr. Justice Fry that the nailer was the defendants’ agent for the purpose of the nailing and that the defendant had infringed. In *Innes v. Short* (2), the facts were that the defendant sold zinc powder with directions for its use in a way that would constitute an infringement of the plaintiff’s patent, and Mr. Justice Bigham held that while the defendant had a right to sell the powder he had no right with the sale to give such directions; that they constituted an invitation to infringe. And an injunction was granted to restrain the defendant from selling powdered zinc with an invitation to his purchasers to use it in such a way as to infringe the plaintiff’s patent. In *The Incandescent Gas Light Company, Ltd. v. The New Incandescent Mantle Company and others* (3), one of the defendants sold fittings down stairs, and another upstairs in the same building sold the mantles to go with the fittings. The fittings were not an infringement of the plaintiffs’ patent but the mantles were. Mr. Justice Matthew found on the evidence that the defendants were acting in

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(1) L. R. 12 Ch. D. 826.

(2) 15 R. P. C. 449.

(3) 15 R. P. C. 81.

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concert and held that the defendant who sold the fittings was also an infringer. In his reasons for his judgment he said that "in the most restricted sense to aid and abet may not constitute infringement; but if a business of infringing is carried on the aiding and abetting in that sense is sufficient." And in *The Incandescent Gas Light Company, Ltd. v. Brogden* (1), Mr. Justice Kennedy held that a person infringes a patent who passes on to another to be filled an order for infringing articles (in that case mantles) and takes a commission upon the transaction.

In *The Mogul Steamship Company v. McGregor* (2) Lord Justice Bowen said that the intentional procurement of a violation of individual rights contractual or otherwise is forbidden by law. And in *Allen v. Flood* (3) Lord Watson stated that any invasion of the civil rights of another person is in itself a legal wrong, carrying with it liability to repair its necessary or natural consequences, in so far as these are injurious to the person whose right is infringed, whether the motive which prompted it be good, bad or indifferent. And again, in the same case he stated his view of the law in this way: "There are, in my opinion, two grounds upon which a person who procures the act of another can be made legally responsible for its consequences. In the first place he will incur liability if he knowingly and for his own ends induces that other person to commit an actionable wrong. In the second place when the act induced is within the right of the immediate actor, and is therefore not wrongful in so far as he is concerned, it may yet be to the detriment of a third party; and in that case according to the law laid down by the majority in *Lumley v. Gye* (4) the inducer may be held liable if he can be shewn to have procured his object by the use

(1) 16 R. P. C. 179.

(2) 23 Q. B. D. at p. 614.

(3) [1898] A. C. at pp. 92, 96.

(4) 2 E. & B. 216.

“of illegal means directed against that third party.” With regard to the case of *Lumley v. Gye* (1) Lord Macnaghten in *Quinn v. Leathem* (2) stated that speaking for himself he had no hesitation in saying that he thought the decision in that case was right, not on the ground of malicious intention—that was not he thought the gist of the action—but on the ground that a violation of a legal right committed knowingly is a cause of action; and that it is a violation of legal right to interfere with contractual relations recognized by law, if there be no sufficient justification for such interference. And Lord Lindley in *Quinn v. Leathem* (3) after expressing his opinion that *Lumley v. Gye* (4) was rightly decided, proceeded as follows: “Further the principle involved in it cannot be confined to inducements “to break contracts of service; nor indeed to inducements “to break any contracts. The principle which underlies “the decision reaches all wrongful acts done intentionally “to damage a particular person and actually damaging “him.” These expressions of general principles of the law go far I think to remove the difficulty with which Lord Justice James felt himself confronted in *Townsend v. Haworth* (5) and show, it seems to me, that a declaration at law might be framed to meet the case of one who provided the materials for the infringement, and for his own ends and benefit procured or induced another to infringe a patent and indemnified him against the consequence of such infringement. I do not see that infringements of patents can in this respect be distinguished from other wrongs; and if not the acts of the Guertins of which the plaintiffs complain fall within the first of the two propositions laid down by Lord Watson in *Allen v. Flood* (6) It may be said that they did not actually know that Hatton would commit an actionable wrong and become an in-

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(1) 2 E. & B. 216.

(2) [1901] A. C. 495.

(3) [1901] A. C. at p. 535.

(4) E. & B. 216.

(5) 48 L. J. Ch. 770.

(6) [1898] A. C. 96.

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fringer by using their sheets in the binder purchased from the plaintiffs. They may have thought that the claims the plaintiffs were setting up could not be sustained, and if so they had a right to resist them and to indemnify Hatton. *Townsend v. Haworth* (1) and *Plating Company v. Farquharson* (2). But they knew of the patent and of the plaintiffs' claims and they took their chances. If it had turned out that Hatton had not infringed the patent by using their sheets no wrong would have been done to anyone, and they would not have been liable. But we have seen that what Hatton did was actionable, and it seems very clear that he was induced to commit the wrong by the defendants Guertins, and that they did this for their own ends and benefit and to the detriment of the plaintiffs, knowing very well at the same time what they were doing and the chances they were taking. That, it seems to me is sufficient in respect to knowledge. I think the first of the two questions proposed, namely, whether or not what the defendants the Guertins did, in inducing or procuring Hatton to infringe the plaintiffs' patent, is actionable or not should be answered in the affirmative.

But it does not follow of course that the actionable wrong that the Guertins in that way committed was an infringement of the patent. One who without justification or excuse induces another to break a contract may commit a wrong but he does not break the contract. One may commit a wrong by knowingly and for his own ends inducing another person to commit an actionable wrong, but the two wrongs may not always be the same.

Under the grant made by Canadian letters patent the patentee and his legal representatives and assigns acquire during the prescribed term the exclusive right privilege and liberty of making, constructing and using and vending to others to be used, in Canada, the invention covered by the patent. And it does not appear to me to be going too far to hold that any invasion or violation of that

(1) 48 L. J. Ch. 770.

(2) L.R. 17 Ch. D. 49.

right is an infringement of the patent. But is not that the right which one invades who knowingly and for his own ends induces or procures another to violate or infringe it? And if so, may not the act of the procurer or inducer be with propriety termed an infringement of the patent? In short does not one who knowingly and for his own ends and benefit and to the damage of the patentee induces or procures another to infringe a patent himself infringe the patent? It seems to me on principle that it comes to that.

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There will be judgment for the plaintiffs, and the general costs of the cause will follow the event, but the defendants will have their costs incident to the issues raised in respect of the sixth and seventh claims of the specifications prior to the amendment of the pleadings and also the costs incident to such amendment.

There will be the usual reference to take an account of profits or damages; and with respect to the injunction the defendant Hatton and his servants and agents will be restrained from using in any binders purchased from the plaintiffs, on the conditions mentioned, sheets other than those sold by or under the plaintiff's authority. The defendants (the Guertins) and their servants and agents will be restrained from making, using or vending to others to be used binders in which there is a combination of one or more fixed posts with one or more removable posts; and with respect to sheets adapted for use in the plaintiff's binders they will not be restrained from making or selling them, but from procuring or inducing persons whom they know to have purchased one or more of the plaintiff's binders on the conditions mentioned to purchase such sheets from themselves and to use them in such binders.

Judgment accordingly.

Solicitors for plaintiff: *Mills, Raney, Anderson & Hales.*

Solicitors for defendants: *Archer, Perron & Taschereau.*