IN THE MATTER of the Petition of Right of

1906
June 30.

THE REV. DONALD R. McDONALD.....SUPPLIANT;

AND

HIS MAJESTY THE KING.....RESPONDENT.

Patent for invention—Crown's right to use—Compensation—Condition precedent to right of action.

1. Apart from statute the Crown has power, if it sees fit to do so, to use a patented invention without the assent of the patentee and without making any compensation to him therefor.
2. By the 44th section of *The Patent Act* the Government of Canada may at any time use the patented invention, paying to the patentee such sum as the Commissioner of Patents reports to be a reasonable compensation therefor.

Held, that a report by the Commissioner is a condition precedent to any right of action for such compensation.

DEMURRER to a petition of right seeking compensation against the Crown for the alleged use of a patented invention.

The grounds of the demurrer are stated in the reasons for judgment.

February 5th, 1906.

The demurrer was now argued.

F. R. Latchford, K.C., in support of the demurrer, argued that under the provisions of sec. 44 of *The Patent Act*, the patentee has a clear right to be compensated when the Crown undertakes to use his patent. The Canadian law is different from the English law in respect of the patentee's right to compensation in such a case. *Feather* v. *The Queen* (1), and *Dixon* v. *London Small Arms Co.* (2), do not apply to cases arising under section 44 of our Act. The patentee under the Canadian Act

(1) (1865) 6 B. & S. 257. (2) (1876) 1 App. Cas. 632.

1906

McDONALD v. THE KING.

Reasons for Judgment.

has an exclusive right to make and license the use of his invention. The English patent is not given as a matter of right. The form of the patent in England shows the right to be conditional. The Crown here is obliged to make compensation, and the suppliant has a right to come to the court and ask for the compensation to be determined.

E. L. Newcombe, K.C., contra, contended that the two English cases cited by the suppliant applied. The cause of action is a statutory one, and the remedy depends wholly upon the provisions of section 44. That section makes it obligatory upon the suppliant to show that the Commissioner has fixed the amount of compensation. The suppliant must first go to the Commissioner and have him determine the amount of the compensation. The court cannot supply what the Commissioner has omitted to do. (Citing *Elliott* v. *Royal Exchange Assurance Co.* (1).

Mr. *Latchford* replied, citing *Royal Trust Co.* v. *Mulligan* (2).

THE JUDGE OF THE EXCHEQUER COURT now (June 30th, 1906) delivered judgment.

To the suppliant's petition, by which he claims compensation from the Government of Canada for the use of a patented invention, the Crown sets up, among others, the following defence:—

"7. It is provided by section 44 of Ch. 61 of the "Revised Statutes of Canada that the Government of "Canada may use any patented invention, paying to the "patentee such sum as the Commissioner reports to be a "reasonable compensation for the use thereof.

"The Commissioner has not reported that the sum "claimed by the suppliant, or any sum, is due to him as

(1) (1867) L. R. 2 Ex. 237. (2) (1905) 6 Ont. W. R. 476.

1906

McDONALD v. THE KING.

Reasons for Judgment

"a reasonable compensation for the use of his invention "or at all."

To this paragraph of the statement of defence the suppliant demurs upon the following grounds :—

"(*a*) That the ascertainment by the Commissioner of "Patents of the amount properly payable to the sup- "pliant is not a condition precedent to the bringing of "this action by the suppliant as is in effect claimed in "the said paragraph.

"(*b*) That the said seventh paragraph of the state- "ment of defence herein does not set forth any ground "of defence to this action."

Subject to the provisions of *The Patent Act*, Canadian letters-patent give to the patentee and his legal representatives for the prescribed term the exclusive right, privilege and liberty of making, constructing and using and vending to others to be used the invention for which they are granted. By the forty-fourth section of the Act it is provided, as set out in the statement of defence, that the Government of Canada may at any time use any patented invention, paying to the patentee such sum as the Commissioner reports to be a reasonable compensation for the use thereof ; and if the decision of the Commissioner as to what is in any such case a reasonable compensation is a condition precedent to the maintenance of a petition of right, then the defence set up by the Crown is a good defence, and there should be judgment for the respondent, on the suppliant's demurrer.

Apart from statute, the Crown has the power, if it sees fit so to do, to use a patented invention without the assent of the patentee and without making any compensation to him. The right granted to the patentee is not exclusive of the Crown, but of its subjects and others. That is the law as settled in England, and I think the same rule would apply in Canada. By the twenty-seventh section of *The Patents, Designs and Trade*

1906

McDONALD v. THE KING.

Reasons for Judgment.

Marks Act, 1883, (1) it was provided that a patent should have to all intents the like effect as against Her Majesty the Queen, her heirs and successors, as it had against a subject; but that the officers or authorities administering any department of the service of the Crown might by themselves, their agents, contractors or others, use the invention for the services of the Crown on terms to be before or after the use thereof agreed on with the approval of the Treasury, between those officers or authorities and the patentee, or in default of such agreement, on such terms as might be settled by the Treasury after hearing all the parties interested. In *Frost on Patents* (2), the opinion is expressed that the settlement of the terms on which such officers or authorities may use a patent is not a condition precedent to bringing an action, and that the proper procedure at the present time in such cases in England is by a petition of right. At the conclusion of the paragraph in which the opinion referred to is expressed two cases are cited *Feather* v. *The Queen* (3) and *Walker* v. *Congreve* (4), but neither are, as I understand it, cited in support of the view that the settlement of the terms referred to is not a condition precedent to the right to maintain a petition of right, and they certainly afford no support for that view. And I do not see any good answer to the contention that where in such a case a patentee cannot recover against the Crown for the use of his invention by the Crown or its officer, except under the provisions of the statute, that then he must recover in accordance with the provisions of the statute. At least that seems to me to be the proper construction to put upon the provision of the Canadian Act cited. But for a provision of that kind a patentee would not in Canada be entitled as a matter of right to any compensation where the Government of Canada made

(1) 46 & 47 Vict. (Imp.) c. 57.
(2) 2nd ed. p. 378.
(3) (1865) 6 B. & S. 257.
(4) (1816) 1 Carp. Pat. Cas. 356.

1906

McDONALD v. THE KING.

Reasons for Judgment.

use of his invention. By reason of that provision he becomes entitled in such a case to such compensation as the Commissioner reports to be reasonable. His right to compensation depends in law upon the decision of the Commissioner, and without such a decision and report a petition of right will not lie.

There will be judgment for the respondent upon the suppliant's demurrer to the seventh paragraph of the statement of defence.

Demurrer overruled.

Solicitors for suppliant: *Latchford, McDougall & Daly.*

Solicitor for respondent: *E. L. Newcombe.*