

1885
 Dec. 19.

THE TORONTO TELEPHONE MAN- } PETITIONERS;
 UFACTURING COMPANY..... }

AND

THE BELL TELEPHONE COM- } RESPONDENTS.
 PANY OF CANADA..... }

Patent—Jurisdiction of Minister of Agriculture under sec. 28 of the Patent Act of 1872—Importation of elements common to several patented inventions belonging to same patentee—How patentee may satisfy requirements of statute as to manufacture.

The jurisdiction, in respect of the avoidance of patents, conferred upon the Minister of Agriculture by section 28 of *The Patent Act of 1872* is exclusive of that possessed by any other tribunal in the Dominion.

2. Where the owner of several patents illegally imports elements common to the composition of all his inventions but uses the same in the construction of one of them only, such importation operates a forfeiture in respect of the particular invention so constructed but does not affect the other patents.
3. A patentee is within the meaning of the law in regard to his obligation to manufacture, when he has kept himself ready either to furnish the patented article or to sell the right of using, although not one single specimen of the article may have been produced, and he may have avoided his patent by refusal to sell, although his patent is in general use.

PETITION for the avoidance of three patents granted to Thomas Alva Edison (now owned by the Bell Telephone Company of Canada), namely:—No. 8,026, issued the 17th October, 1877, No. 9,922, issued the 1st May, 1879, and No. 9,923, issued the 1st May, 1879, for alleged forfeiture on the grounds of non-manufacturing and of importing, contrary to section 28 of *The Patent Act of 1872* (1).

(1) Section 28.—Every patent granted under this Act shall be subject and expressed to be subject to the condition that such patent and all the rights and privileges thereby granted shall cease and determine and the patent shall be null and void at the end of two

November 4th, 1885.

The case was heard before the Deputy Minister of Agriculture.

After some proceedings had taken place to establish the particulars of petitioners' complaint, the question of the jurisdiction of the tribunal was argued substantially as follows:—

Cameron, Q C. for respondents said, in substance, that they maintain the same objection to the jurisdiction

years from the date thereof, unless the patentee, or his assignee or assignees, shall, within that period have commenced, and shall, after such commencement, continuously carry on in Canada the construction or manufacture of the invention or discovery 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, at some manufactory or establishment for making or constructing it, in Canada, and that such patent shall be void if, after the expiration of twelve months from the granting thereof, the patentee, or his assignee or assignees, for the whole or a part of his interest in the patent, imports, or causes to be imported into Canada, the invention for which the patent is granted; and provided always, that in case disputes should arise as to whether a patent has or has not become null and void under the provisions of this section, such disputes shall be settled by the Minister of Agriculture or his deputy, whose decision shall be final.

2. Whenever a patentee has been unable to carry on the construction or manufacture of his invention within the two years hereinbefore mentioned, the Com-

missioner may at any time not more than three months before the expiration of that period grant to the patentee a further delay on his adducing proof to the satisfaction of the Commissioner that he was for reasons beyond his control prevented from complying with the above-mentioned condition.—*The Patent Act of 1872* as amended by 38 Vic. c. 14.

3. The Commissioner may grant to the patentee or his assignee or assignees for the whole or any part of the patent, an extension for a further period of time, not exceeding one year beyond the twelve months limited by the first paragraph of this section, during which he may import or cause to be imported into Canada the invention for which the patent is granted: Provided, that the patentee or his assignee or assignees for the whole or any part of the patent, shall show cause satisfactory to the Commissioner to warrant the granting of such extension; but no extension shall be granted, unless application be made to the Commissioner at some time within three months before the expiry of the twelve months aforesaid or any extension thereof.—*The Patent Act of 1872* as amended by 45 Vic. c. 22.

1885

THE
TORONTO
TELEPHONE
MANUFACTURING CO.
v.
THE BELL
TELEPHONE
COMPANY
OF CANADA.

Argument
of Counsel.

1885
 THE
 TORONTO TELEPHONE
 MANUFACTURING Co.
 v.
 THE BELL TELEPHONE
 COMPANY OF CANADA.
 ———
 Argument of Counsel.

of this tribunal as was raised in the other case, tried before the Minister, between the same contending parties,—an objection which is the subject of an application for a *certiorari* to remove the proceedings and review the decision. Under such circumstances, the tribunal should not proceed with the adjudication upon this case. I have also another objection to the jurisdiction, which is a new one, and has not been urged before, arising from the circumstances of this case. The jurisdiction which you are authorized to exercise, under the 28th section of the Act in cases of this kind, is concurrent with the jurisdiction to try these very questions of importation and refusal to sell and manufacture vested in the ordinary courts of the country. A suit is now pending in which the Bell Telephone Company have brought an action against Mr. Roaf's clients for an infringement of these very patents. In that suit the petitioners in this case have pleaded as a matter of defence that these patents are void in consequence of importation, non-manufacture and refusal to sell. That question is, therefore, pending, and was pending, before the filing of this petition, in the Chancery Division of the High Court of Justice, in the Province of Ontario; the parties are at issue upon it; the question is to be tried in that case. I submit to you that that tribunal being seized of this question you ought not now to proceed, and I can show ample authority that, by the practice of the courts, where two courts have concurrent jurisdiction, the court which is first seized of litigation on any particular question is allowed to determine that question, and no other court which has concurrent jurisdiction will interfere with it pending the decision of the court which is already seized of the question. By *The Patent Act*, section 26, concurrent jurisdiction is given to the other court, and the petitioners in this case have them-

selves invoked this jurisdiction as a matter of defence, they have thereby admitted its existence. The 26th section is as follows :

“ 26. The defendant, in any such action, may specially plead as matter of defence, any fact or default which, by this Act, or by law, would render the patent void ; and the court shall take cognizance of that special pleading and of the facts connected therewith, and shall decide the case accordingly.”

Roaf, for petitioners, said that it is established by the courts that the sole jurisdiction in such cases is vested in the Department of Agriculture. Section 26 has reference to matters that render the patent void from its commencement, cases in which a patent should not have been granted, but does not apply to a forfeiture of the patent by a breach of the terms upon which the patent was granted. The Act says that, in questions as to the breach of the terms, the Minister shall settle, and it is his duty to settle, any dispute arising under that matter. There is no decision establishing concurrent jurisdiction.

The Deputy Minister decided that the case should go on before him, as there was nothing to show the existence in law of the concurrent jurisdiction, now, for the first time, invoked here.

The counsel for the petitioners, not being ready to produce his evidence, the case was adjourned till Wednesday, the 9th December, 1885.

December 9th, 1885.

The proof adduced consisted of the record of another case between the same contending parties, in relation to the Bell Patent No. 7,789,—of the office documents relating to the three patents concerned in this dispute,—of the two sworn depositions of Messrs. C. F. Sise and C. T. Sclater, manager and secretary of the Bell

1885
 THE
 TORONTO
 TELEPHONE
 MANUFACTURING CO.
 v.
 THE BELL
 TELEPHONE
 COMPANY
 OF CANADA.
 Statement
 of Facts.

1885 Telephone Company, taken by Mr. J. A. Archibald, commissioner appointed in that behalf in relation to a suit before the High Court of Justice, Chancery Division, for Ontario,—of a number of Customs copies of invoices, certified by the Toronto Customs officials, of the verbal evidence of Mr. J. N. Foster, instrument maker, of Toronto, of Mr. L. E. Simoneau, electrician of Montreal, and of Mr. C. F. Sise.

1885
 THE
 TORONTO
 TELEPHONE
 MANUFACTURING CO.
 v.
 THE BELL
 TELEPHONE
 COMPANY
 OF CANADA.

Statement
 of Facts.

The following is a short analysis of the arguments on both sides :—

Roaf, for the petitioners, in substance said : As regards Patent No. 8,026, the evidence shows that there was no attempt whatever to manufacture a single instrument under this patent until August, 1882,—there was no attempt to even offer patent 8,026 to the public. In relation to patents Nos. 9,922 and 9,923, the Gold & Stock Telegraph Company, who held the two patents at the time, sent several instruments as models and had instruments made according to those ; but they did not specify, nor can the evidence identify, this manufacture with these particular patents. The instruments manufactured were simply stamped "T. A. Edison's Patent." That is not a compliance with section 49 of *The Patent Act* which requires the date of the patent to be stamped on every article under a penalty. This manufacture comes down to one instrument made in two different forms. Extensive orders were given, and there was a public demand for these instruments, they were manufactured during sixteen months at the rate of nearly \$1,000 worth a month. When does the stoppage take place ? As soon as the Canadian Telephone Company is incorporated and acquires all the patents that it can acquire ; the Bell Telephone Company comes in then and we find these instruments dropped out of the way. They intended to build up a monopoly, and it led them beyond the provisions of

The Patent Act in the case of the Bell Patent, according to the decision of Mr. Pope, and I submit that it has also led them beyond the provisions of *The Patent Act* in relation to these other patents. As to the importation it is true there is no importation of any one of those instruments made. The only importation is one upon which I do not lay much stress. I do not rely upon the importations as being of themselves importations sufficient to upset these patents without more proof. About the carbon button, it is an essential part of the patent, and it was imported, and the question arises whether they would have the right to import that carbon button. There has never been a carbon button made in Canada. It lies with the respondents, who assert that they have complied with the conditions of the Act, to show, and to show conclusively, that the articles made by them, or the parties through whom they claim manufacture, complied with the provisions of these patents. I submit that we are entitled to have the patent declared void because the parties did not manufacture the patented article in Canada according to the law.

Cameron, Q. C. for the respondents, in substance, argued: From the evidence brought here by the petitioners, we find that, as a matter of fact, the manufacture of the instrument, known in commercial language as the Edison telephone, was commenced in April, 1879, and continued to the year 1880 in Mr. Foster's shops in Toronto, and that the instruments manufactured were the result of the patents concerned in this case. The manufacture was contemporaneous with the petitioning for and obtaining of the two patents Nos. 9,922 and 9,923. As to patent No. 8,026, it is embodied in the two others, which are improvements in the putting into operation of the claims of No. 8,026. No instruments were made under

1885

THE
TORONTO
TELEPHONE
MANUFACTURING CO.
v.
THE BELL
TELEPHONE
COMPANY
OF CANADA.
Argument
of Counsel.

1885
 THE
 TORONTO
 TELEPHONE
 MANUFACTURING
 CO.
 v.
 THE BELL
 TELEPHONE
 COMPANY
 OF CANADA.

Argument
 of Counsel.

the precise description of the last mentioned patent, and after 1880 it does not appear that instruments were made after the two other Edison patents in Canada, for the very simple reason that there was no demand for them, and that the owners of these patents had a quantity of these Edison instruments on their shelves, of which they could not, and cannot at this moment, dispose. The facts of this case are totally different from the facts of the *Bell Case* (1) tried before the Minister of Agriculture. In the present case the petitioners are driven to the paltry importation of \$12 worth of carbon buttons, applied to the manufacture of \$15,000 worth of instruments, which insignificance brings to memory the maxim *de minimis non curat lex*. As regards "manufacture," its meaning is the supply of a demand, and when no demand is made there is no breach of the condition imposed by law, as ruled in *Barter v. Smith* (2). The case then sums itself up to this, that the importation after the year was a bagatelle, and no violation of the spirit of the Act at all, and I submit, no violation even of the letter of the Act; that the manufacturing had been going on continuously as long as the public wanted the instruments, and we must assume that a certain number of them were imported during the period when the law allowed the importation. Between those that were so imported and those that have since been made there has been a manufacture of a greater quantity than the public now want; there is a lot of them on hand comparatively useless and unasked for. I ask you then to dismiss this application on the ground that the petitioners have not established any violation either of the letter or of the spirit of the Act.

Lash, Q.C. for the respondents, argued, in substance,

(1) Reported *ante*, p. 495.

(2) Reported *ante*, p. 455.

that in the decisions in *Barter v. Smith* (1), and the *Bell Telephone Case* (2), it is established that it is not the mere fact of importation, but injury to home labor which was intended to be guarded against by the legislature. The evidence in this case is entirely out of question, it comes within the class laid down in those two cases as that which would not avoid a patent. It is a surprise to hear counsel for the petitioners arguing that the onus of proof in this case is upon the respondents. We hold a title which is good as long as the contrary is not proved against us, surely not by us, but by the petitioners, as was ruled in *Barter v. Smith* (1). This case must be treated as the other cases, holding the law as not being directed to matters of form or *minutiae*, but to broad principles, *i.e.*, to the articles invented, the manufacture and industry in Canada, the manufacture of the articles when demanded.

1885
 THE
 TORONTO
 TELEPHONE
 MANUFACTURING CO.
 v.
 THE BELL
 TELEPHONE
 COMPANY
 OF CANADA.
 Argument
 of Counsel.

Wood, for respondents, argued that such part of the argument of the learned counsel for the petitioners as was directed to establishing that the instrument manufactured by Mr. Foster, for the patentee, was generally under Edison's patents, without referring to any one in particular, does not agree with Mr. Foster's evidence, where it is distinctly stated that these instruments were made under patents 9,922 and 9,923.

Roaf, in reply, said, in substance, that no attempt whatever was made here in Canada to carry out the combination referred to in the first patent. As to the two other patents, the question would be as to whether the patentee has satisfied the law by manufacturing instruments in which all the claims of the separate patents are not taken in and put in operation. Mr. Sise, who appeared for the respondents, cannot identify that manufacture with any one of the three patents;

(1) Reported *ante*, p. 455.

(2) Reported *ante*, p. 495.

1885
 THE
 TORONTO
 TELEPHONE
 MANUFACTURING CO.
 v.
 THE BELL
 TELEPHONE
 COMPANY
 OF CANADA.

Argument
 of Counsel.

then, I say, the onus of the proof lies on the respondents to show what part of the patents they intended to maintain. The petitioners come here because of a Chancery suit which is now pending between these very parties, in which these very patents are now in issue, and which the respondents are attempting to use to prevent the petitioners in this case manufacturing telephones for use in Canada; it is a part of their policy to keep everything to themselves by holding to a dozen of different patents for the sake of monopolizing the business. We have proved that they manufactured something different from the articles patented; the witness who made it is unable to identify it, except that he supposes it was made under these patents. They have patents with 30 or 40 different claims. They do not manufacture any one of those, but manufacture something which is a combination of these two or three put together; in reality they have made something which would be the subject of a new patent, being new combinations of parts. The policy of patent laws is to favor new combinations, and not to stop the exercise of superior brain and push from utilizing in a better way the elements previously made use of.

At the conclusion of the hearing, the Deputy Minister reserved his decision for a future day.

TACHÉ, D.M.A., now (December 19th, 1885) rendered his decision.

It is proper, first, to refer to the renewal of objections against the jurisdiction of this tribunal, and, especially, to the new point raised, which is, let it be remarked, in contradiction to the absolute denial of competency in this tribunal. This new exception is to the effect that the jurisdiction possessed by this tribunal is one concurrent with the jurisdiction of the ordinary

courts in matters of patents and in relation to section 28 of *The Patent Act*.

Of course, if it were so that a concurrent jurisdiction existed, it would follow that the court first possessed of the question would be the proper tribunal to adjudicate upon it, it would be one of the many applications of the maxim—*prior tempore, potior jure*. The point here is as to whether there is or is not concurrent jurisdiction?

The law leaves no possibility of doubt about the jurisdiction of this tribunal, about this jurisdiction being an exclusive one, and about its decisions being final and therefore binding on every one. These three characters *The Patent Act* distinctly establishes in the 28th section, which governs the matter. After reciting special causes of forfeiture, it goes on enacting as to the manner and way, and by whom, such forfeiture is to be ascertained, and declares in the following terse, imperative and unmistakable language:—

Provided always, that in case disputes should arise as to whether a patent has or has not become null and void under the provisions of this section, such disputes shall be settled by the Minister of Agriculture, or his deputy, whose decision shall be final.

Such a clear enactment could not fail to be sustained by the courts before which an objection might be raised against it; and, as a matter of fact, it has been so sustained by the courts where the question has been brought up.

It is now argued that, in virtue of the 26th section of *The Patent Act*, a concurrent jurisdiction is given to ordinary courts, whenever it is specially pleaded as a matter of defence in suits for infringements, to declare the patentee's rights forfeited for want of manufacture or for importation contrary to the 28th section. To this contention the counsel for the petitioners

1885

THE

TORONTO
TELEPHONE
MANUFACTURING Co.

v.

THE BELL
TELEPHONE
COMPANY
OF CANADA.Decision
of Taché,
D.M.A.

1885
 THE
 TORONTO
 TELEPHONE
 MANUFACTURING CO.
 v.
 THE BELL
 TELEPHONE
 COMPANY
 OF CANADA.

Decision
 of Taché,
 D.M.A.

answered that the 26th section does not refer to such defaults as are mentioned in the 28th section.

The 26th section, however, most assuredly, has reference to such defaults as well as to other defaults; for it says—"any fact or default, which, by this Act or by law, would render the patent void;" but it does not, for all that, give rise to a concurrent jurisdiction, which is not mentioned nor even hinted anywhere in the Act. In that there are neither difficulties nor conflicts created. It is very easy to reconcile the two provisions of the statute in keeping with the ordinary rules of law and of procedure. When the forfeiture, on account of illegal importation or non-manufacture, is specially pleaded as a matter of defence in any suit for infringement, it simply becomes a *question préjudicielle*, which has to be determined by the arbitrator appointed by the law, whose decision, being final, is the only evidence which can be accepted to establish or contradict the allegation of forfeiture in the case. It does not vest the court seized of the suit for infringement with the jurisdiction of another tribunal; but it resolves itself into a simple question of the kind of evidence which is admissible on that specific point, which evidence, according to *The Patent Act*, can only be the decision of the Minister of Agriculture or his deputy.

The allegation of importation after the expiration of twelve months from the granting of each of the three patents involved in this case, has not been in any way sustained by evidence. It is not even necessary to examine whether the few articles imported after twelve months from the dates of any one of these patents could be properly, or to what extent properly, qualified as illegal importations, for the simple reason that the insignificance of their total value forbids the view of their being susceptible of affecting in the least

any patent. The counsel for the petitioners has, with commendable good faith, admitted this in saying: "I do not rely upon the importations as being of themselves importations sufficient to upset the patents, without more proof."

The dispute raised in this case, as regards non-manufacture, must have been so raised through a misapprehension of the technical meaning of the word "manufacture" as employed in the 28th section of *The Patent Act of 1872*, unless it was intended to rest exclusively on applying the three refusals proved in the case of the *Bell Telephone* (1), tried by the Minister of Agriculture, to the three patents aimed at in this case.

The technical and legal meaning of the words—"carry on in Canada the construction or manufacture of the invention or discovery patented"—is not to be searched for in Webster or The Imperial Dictionary, but must be extracted from the very matter itself, in accordance with the reason of things and the application, to the subject, of the ordinary rules of legal interpretation; it is not a question of grammar, but of jurisprudence.

Forfeiture might reach a patent for want of manufacturing, when Canada is at the same time flooded with the patented article; a patent might be proof against any attack for non-manufacturing, when not a single one article patented has been produced, or "manufactured" in the grammatical sense of the word.

The interpretation of the 28th section is laid down at length in the decision of the case *Barter v. Smith* (2). That interpretation has been sustained by several of the highest courts in Canada, particularly by the Supreme Court in the case of *Smith v. Goldie* (3); therefore it is not necessary to enter here into any further details on the subject.

1885
 THE
 TORONTO
 TELEPHONE
 MANUFACTURING CO.

v.
 THE BELL
 TELEPHONE
 COMPANY
 OF CANADA.

Decision
 of Taché,
 D.M.A.

(1) Reported *ante*, p. 495.

(2) Reported *ante*, p. 455.

(3) 9 Can. S. C. R. 46.

1885

THE
TORONTO
TELEPHONE
MANUFACTURING CO.
v.
THE BELL
TELEPHONE
COMPANY
OF CANADA.

Decision
of Taché,
D.M.A.

The whole case then, as regards the three patents here in question, resumes itself into ascertaining whether or not the refusals to sell telephones, which have been proved in the dispute raised against Bell's patent, No. 7,789, applies to Edison's patents, No. 8,026, Nos. 9,922 and 9,923, as it is alleged by the petitioners, who have filed, as sole evidence on this point, the evidence produced in the *Bell Case* (1) before the Minister of Agriculture. If it were clearly proved that the refusals to sell which were a part of the defaults that caused the forfeiture of Bell's patent 7,789, were also refusals to sell Edison's patents, the forfeiture of the last mentioned patents would have also to be declared as the conclusion of the present dispute.

The proof adduced, in *Bell's Case* (1), of refusal to sell to Mr. Bate, of Ottawa, to Mr. Dickson, of Montreal, and to Mr. Dinnis, of Toronto, was brought against the existence of patent No. 7,789, (Bell's), and contributed in part to the avoidance of that patent; it is evidence specifically concerning the patent mentioned and under trial in another case; therefore it cannot legitimately serve to destroy three other distinct patents (Edison's) unless it is specifically proved that the same refusals which applied to Bell's one patent were also extended to Edison's three patents. Nothing of the kind has been proved; Edison's patents are not specified in the declarations and correspondence in *Bell's Case* (1), and nothing has been brought in this, *Edison's Case*, to assert and establish, as a matter of proof, that the said refusals applied to Edison's three patents on a formal demand to purchase them. In the absence of proof in any case, the legal presumption is in favor of the maintenance of the patent, and, in this case, there is more than the ordinary presumption; for it is impossible to reasonably pretend that, in the demand for telephonic

(1) Reported *ante*, p. 495.

communication, the parties formulating that demand intended to purchase all the patented instruments owned by the Bell Telephone Company, who were then proprietors of more than a dozen different patents. Reason and justice force on the conclusion that the proof adduced against Bell's patent, without mention of other patents, applies only to the patent which was on trial in the case in which that proof was produced, and cannot be accepted, in a round-about way, as sufficient to destroy the other patents because they happen to be owned by the Bell Telephone Company of Canada.

1885
 ~~~~~  
 THE  
 TORONTO  
 TELEPHONE  
 MANUFACTURING CO.  
 v.  
 THE BELL  
 TELEPHONE  
 COMPANY  
 OF CANADA.  
 ———  
 Decision  
 of Taché,  
 D.M.A.  
 ———

The several patents acquired by the Bell company are all for the purpose of telephonic communication, they all make use of the same elements; but they are distinct combinations, and have a right to stand as separate inventions. This is a fundamental principle in patents in all countries, there being everywhere a great many patents for combinations to an occasional one for an entirely new art or mechanism.

Therefore the avoidance of one patent for a telephone does not, by any means, entail the avoidance of another patent for a telephone; because they stand as distinct combinations. Bell's patent was declared null and void, by the Minister of Agriculture, because there was ample proof of importation, in forbidden time, having taken place to the notable detriment of home labor, and because there was sufficient proof of refusal to sell, which amounted to non-manufacture; while in this (*Edison's Case*) there is no such proof as applied to any one of the three Edison's patents.

The efforts to prove that there was not, for more than two years, any instrument made according to patent No. 8,026, that the instruments executed by Mr. Foster were not the distinct articles patented in patents 9,922 and 9,923, as well as the alleged illegal

1885  
 THE  
 TORONTO TELEPHONE  
 MANUFACTURING CO.  
 v.  
 THE BELL TELEPHONE  
 COMPANY OF CANADA.

stamping of the articles produced, have no bearing upon the points at issue. A patentee is within the meaning of the law in regard to his obligation to manufacture, when he has kept himself ready either to furnish the patented article or to sell the right of using, though, may be, not one single specimen of the article has been produced, and he may have avoided his patent by refusal to sell, although his patent is in general use.

Decision  
 of Taché,  
 D.M.A.

In this case there is absence of the proof without which no patent should be considered forfeited.

Therefore. Thomas Alva Edison's patents No. 8,026, for telephonic communication, No. 9,922, for improvements in telephones, and No. 9,923, for improvements in telephones and circuits, have not become null and void under the provisions of section 28 of *The Patent Act of 1872*.