

1927
Mar. 5.
Mar. 14.

NIEBLO MANUFACTURING COM- } PLAINTIFF;
PANY, INC. }

AND

DAVIES J. REID ET AL. DEFENDANTS.

Practice—Patents—Infringement—Defense—Counter-claim—Impeachment
Held: That it is not competent to a defendant in an action in this court
for infringement of a patent for invention to attempt to impeach the
patent in question by counter-claim.

APPLICATION by plaintiff to strike out the counter-
claim made by the defendants.

Application heard before the Registrar.

Geo. Macdonnell for plaintiff.

R. S. Smart, K.C., for defendants.

The facts are stated in the Memorandum filed by the Registrar.

THE REGISTRAR, sitting as Judge in Chambers, this 14th March, 1927, delivered judgment (1).

This is an application to strike out the counter-claim, if I may use the term, by the defendant to the Statement of Defence. I say this because there is no separate or independent pleading filed as a counter-claim in the record. The parties, represented by counsel (Mr. G. F. Macdonnell for the plaintiff and Mr. R. S. Smart, K.C., for the defendant) came before me by consent on the 5th of the present month, counsel for the plaintiff then contending that under the Patent Acts of Canada and the Practice of the Exchequer Court the defendant in an action for the infringement of a patent for invention cannot file a counter-claim seeking the impeachment of the patent relied on in the Statement of Claim. Looking at the pleadings in the action I find a document bearing the endorsement "Statement of Defence and Counter-Claim." On its face the document bears the same legend. There are 6 paragraphs purporting to deal with grounds of defence; in the 5th paragraph the defendant allege that the patent in question "is and always has been invalid, null and void for the reasons given in the Particulars of Objection delivered herewith." By the 6th paragraph the defendant would appear to be concluding his defence in the usual way by submitting "that this action should be dismissed with costs." But thereafter there is the following:—

"And by way of counter-claim:

7. The defendants impeach the said Letters Patent No. 245,444, and submit that the said Letters Patent should be adjudged to be invalid, null and void, and voided by this Court for the reasons given in the Particulars of Objection delivered herewith.

Now it is perfectly clear that in any court properly clothed under the law with jurisdiction to entertain a counter-claim in an infringement action, there could be no objection to putting the defence and counter-claim in one document so long as both matters of pleading are kept distinct in form and substance. But because the defendant

(1) No appeal was taken to the Judge of the Court.

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here continues the numbering of the paragraphs, as begun in the Statement of Defence, in the counter-claim, does not make it less a substantive pleading, nor remove the distinction between a defence and a counter-claim, so as to enable the court to take cognizance of a matter in respect of which it does not have jurisdiction under the law and practice.

On turning to the Annual Practice, 1927, page 324, the following rules as to pleading a counter-claim when the same is competent are to be found:—

A counter-claim is governed by the same rules of pleading as a statement of claim, and the reply to it by the same rules as a defence. All the facts relied on by way of counter-claim must be stated in numbered paragraphs under the heading "counter-claim," so as to distinguish them from the facts alleged by way of defence. If any of the facts on which the counter-claim is founded have been already stated in the defence, they need not be re-stated in the counter-claim.

That being so the counter-claim would be irregular in form even if it were permissible to plead it.

Looking at the prime source of jurisdiction, namely, the Canadian Patent Act, R.S., 1906, Ch. 69, I find that by sec. 34 the defendant in any action of infringement may plead

as matter of defence, any fact or default which, by this Act, or by law, renders the patent void; and the court shall take cognizance of such pleading and of the facts connected therewith, and shall decide the case accordingly.

That is an express provision in a statute as to procedure, and cannot be added to unless the court undertakes to supply a *casus omissus*. There is clearly no express or implied provision in the Act allowing the defendant to proceed to impeach the patent by way of counter-claim. That was true of the English law down to 1907 when by the Patents and Designs Amendment Act, 7 Ed. VII, Ch. 28, sec. 26, the Parliament of Great Britain enacted as follows:—

A defendant in an action for infringement of a patent, if entitled to present a petition to the court for the revocation of the patent, may, without presenting such a petition, apply in accordance with the rules of the Supreme Court by way of counter-claim in the action for the revocation of the patent.

The Canadian Parliament did not in the Consolidation Act of 13-14 Geo. V, Ch. 23 (1923) see fit to adopt this provision of the above named British Act but re-enacted in sec. 36 thereof the provisions of sec. 34 of the former Can-

adian Act, *ipsissimis verbis*. That section, as has been pointed out, enabled the defendant in an action of infringement to plead any fact or default which renders the patent void. Then, again, sec. 37 of the Canadian Patent Act of 1923 continues the special provision on behalf of anyone who desires to impeach any patent by way of a writ of *scire facias* as found in R.S., 1906, Ch. 69. The proceeding by *scire facias* to repeal a patent was abolished in England by sec. 26 of the British Act of 1883, which substituted a petition for revocation of the patent in lieu of the proceeding by *scire facias* (see Frost on Patent Law, 3rd Edition, Vol. 1, p. 291) so that in two material respects the Canadian Parliament has not seen fit to follow the lead of the British Parliament. Under these circumstances, and in view of the recognized body of doctrine laid down in the books in respect of the interpretation of statutes, the intendment of Canadian legislation down to date must be taken to exclude the authorization of proceedings by way of counter-claim to impeach a patent in an action for infringement.

Then, again, there is the further consideration inhering in the fact that by rule 18 of the Practice where it is sought to impeach a patent of invention in a substantive proceeding by Statement of Claim the plaintiff must give security for the defendant's costs in the sum of \$1,000. If the defendant were allowed to effectuate his purpose by counter-claim, he would be in the position of a party brought into court at the suit of another party and so claim exemption from providing the security required by the said rule on proceedings to impeach by Statement of Claim. A further embarrassing situation for the plaintiff also lies in the fact that with a counter-claim facing him he could not discontinue the action *quoad* the counter-claim. The defendant could insist on going on with the case which would then resolve itself into an action of impeachment pure and simple. Considerations also arise adverse to the liberty of the defendant to counter-claim in such a case under the provisions of rule 16 which provide special procedure for the impeachment of patents by information and by *scire facias* in addition to the method of proceeding by Statement of Claim filed by any person interested. Rules of Court made in pursuance of the power granted in sec. 87

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of the Exchequer Court Act, when they are *intra vires* have the same power and authority as if they were enacted in a statute, and ought to be regarded as governed by the same rules of construction. As these rules purport to deal exhaustively with the methods of procedure open to a party who desires to impeach a patent, such methods should be adhered to with exactitude and no irregular procedure allowed to creep into the practice of the court which would have the effect of nullifying the safeguards by which protection is extended to a person to whom a patent for invention has been issued.

I am therefore of the opinion that it is not competent to a defendant in an action in this court for infringement of a patent for invention to attempt to impeach the patent in question by way of counter-claim. I, therefore, order and direct that the counter-claim be stricken out of the pleadings, and that the defendant have leave to amend the Statement in Defence accordingly. At the request of counsel for both parties I further direct that the costs of and incidental to this motion be costs in the cause.

Judgment accordingly.

Solicitors for plaintiff: *Cassels, Brock & Kelley.*

Solicitor for defendant: *R. S. Smart, K.C.*