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BETWEEN :

PHILCO-FORD CORPORATION ..... PLAINTIFF;

AND

RADIO CORPORATION OF AMERICA ... DEFENDANT.

*Patents—Conflict proceedings—Commissioner permitting defendant to substitute claim—Whether in excess of his powers—Pleadings—Motion to strike out—Embarrassing allegation—Restricted nature of proceedings—Patent Act, s. 45(8).*

Following the commencement of conflict proceedings defendant's claim in conflict was cancelled and a new claim substituted therefor and this claim was ultimately awarded defendant by the Commissioner of Patents. Plaintiff alleged *inter alia* that the Commissioner exceeded his authority in continuing the proceedings after the cancellation of defendant's original claim and in awarding the substituted claim to defendant and prayed *inter alia* for a declaration that such award was a nullity, that plaintiff was entitled to the original claim, and that defendant was not entitled to the substituted claim.

*Held*, certain of plaintiff's allegations should be struck out.

1. Since the controversy following the cancellation of the original claim was confined to the subject matter of the substituted claim plaintiff's allegations and prayers for relief with respect to the original claim were embarrassing *Radio Corp. of America v. Philco Corp.* [1966] S.C.R. 296, referred to.
- 2 The controversy, though it arose because of the Commissioner's action in permitting the substitution of a new claim for defendant's original claim, went only to the validity of the patent which might issue, which was not the type of question which could be raised in conflict proceedings.

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*Tezaco Development Corp. v. Schlumberger Ltd* [1967] 1 Ex. C.R. 459; *Carborundum Co. v. Norton Co.* [1967] 1 Ex. C.R. 466, applied; *Kellogg Co v. Kellogg* [1941] S.C.R. 242; *International Minerals and Chemical Corp. v. Potash Co. of America* [1965] S.C.R. 3; *Standard Oil Co. v. Commissioner of Patents* (1958) 28 Sec. 11 C.P.R. 69 distinguished.

## MOTION.

*David Watson* for plaintiff.

*Russel S. Smart, Q.C.* for defendant.

THURLOW J.:—This is a motion for an order striking out paragraphs 5, 6, 7, 8, 9, 10, 11, 12, 19 and 20 of the statement of claim and paragraphs (a), (b) and (c) of the prayer for relief thereto on the ground that they relate to matters over which this court has no jurisdiction in an action commenced pursuant to section 45(8) of the *Patent Act* and “that in relation to the determination of the respective rights of the parties pursuant to section 45(8)” they are irrelevant and embarrassing.

Omitting the wording of claim C1 in paragraph 6 the impugned allegations read as follows:

5. By official letter dated January 15, 1962, written under section 45(2) of the Patent Act, RSC 1952, c. 203 as amended, the Commissioner of Patents notified the plaintiff that conflict existed between its application Serial No. 638,606 and another application designated as 000,616, later identified as the defendant's application Serial No. 616,616, in regard to the subject matter as set forth in claim 1 of the plaintiff's application and designated by the Commissioner of Patents as claim C1.

6 Said claim C1 reads as follows:

...

7. By said official letter dated January 15, 1962, the plaintiff was advised that if it wished to contest the allowance of the Claim it must be retained in its application, otherwise the claim should be removed.

8 The plaintiff retained said claim C1 in its application

9. By official letter dated April 30, 1962, written under section 45(3) and (4) of the Patent Act, the Commissioner of Patents notified the plaintiff of the maintenance of conflicting subject matter

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in the other application designated as 000,616 and advised the plaintiff that the claim in conflict with application No. 000,616 was claim C1 aforesaid.

10. In compliance with section 45(4) of the Patent Act, the plaintiff was given three months in which to submit prior art and any arguments (other than those based on priority between the parties) against the allowance of the claim in conflict to any or all parties.

11. On July 6, 1962, the plaintiff filed a written submission with the Commissioner of Patents in reply to the official letter dated April 30, 1962.

12. By official letter dated September 21, 1966, purported to be written under section 45(2), (3) and (4) of the Patent Act, the Commissioner of Patents advised the plaintiff that claim C1 aforesaid had been cancelled by the applicants of application No. 000,616 and that extended prosecution of application No. 000,616 under section 45(4) had resulted in the presentation of a new claim as further defining the conflict to replace claim C1 aforesaid.

...

19. The plaintiff says that the Commissioner of Patents erred in:

- (a) failing to award original conflict claim C1 to the plaintiff following the cancellation by the defendant of the original conflict claim C1 from its said application;
- (b) continuing the said conflict proceeding following the cancellation by the defendant of said original conflict claim C1 from its application;
- (c) awarding new conflict claim C1 to the defendant when it had cancelled the original conflict claim C1 from its application;
- (d) permitting the defendant to assert a new claim to an embodiment of its alleged invention which was not patentably different from the invention defined in the original claim C1 which the defendant had cancelled from its said application.

20. The plaintiff further says that the Commissioner of Patents exceeded his statutory authority in continuing the said conflict proceeding and in awarding new conflict claim C1 to the defendant when the defendant had cancelled the original conflict claim C1 from its patent application Serial No. 616,616.

The statement of claim also alleged that new claim C1 had been put in conflict and had ultimately been awarded to the defendant and reference was made to section 66 to section 74 inclusive of the Patent Rules of which section 68 and section 69 read as follows:

68. Any party to a conflict may, at any time before the commencement of proceedings in the Exchequer Court, avoid the conflict wholly or partially by amendment or cancellation of any of the conflicting claims in his application, but he is not entitled to amend his application otherwise, except for the purpose of defining the conflict, if it contains any conflicting claim.

69. An applicant may not reassert any claim that has been amended or cancelled to avoid a conflict or assert any claim to an embodiment of his invention not patentably different from that defined in a claim so amended or cancelled.

The statement of claim went on to pray for a declaration that as between the parties thereto:

- (a) The award by the Commissioner of Patents of new claim C1 to the defendant is a nullity.
- (b) The plaintiff is entitled to the issuance of a patent containing original claim C1.
- (c) The defendant is not entitled to the issuance of a patent containing original claim C1.

AND IN THE ALTERNATIVE

- (d) Robert C. Moore and not G. C. Sziklai, is the first inventor of the subject matter of new claim C1.
- (e) The plaintiff is entitled to the issuance of a patent containing new claim C1.
- (f) The defendant is not entitled to the issuance of a patent containing new claim C1.

...

Section 45 of the *Patent Act* provides as follows:

45. (1) Conflict between two or more pending applications exists
- (a) when each of them contains one or more claims defining substantially the same invention, or
  - (b) when one or more claims of one application describe the invention disclosed in the other application.

(2) When the Commissioner has before him two or more such applications he shall notify each of the applicants of the apparent conflict and transmit to each of them a copy of the conflicting claims, together with a copy of this section; the Commissioner shall give to each applicant the opportunity of inserting the same or similar claims in his application within a specified time.

(3) Where each of two or more of such completed applications contains one or more claims describing as new, and claims an exclusive property or privilege in, things or combinations so nearly identical that, in the opinion of the Commissioner, separate patents to different patentees should not be granted, the Commissioner shall forthwith notify each of the applicants to that effect.

(4) Each of the applicants, within a time to be fixed by the Commissioner, shall either avoid the conflict by the amendment or cancellation of the conflicting claim or claims, or, if unable to make such claims owing to knowledge of prior art, may submit to the Commissioner such prior art alleged to anticipate the claims; thereupon each application shall be re-examined with reference to such prior art, and the Commissioner shall decide if the subject matter of such claims is patentable.

(5) Where the subject matter is found to be patentable and the conflicting claims are retained in the applications, the Commissioner shall require each applicant to file in the Patent Office, in a sealed envelope duly endorsed, within a time specified by him, an affidavit of the record of the invention; the affidavit shall declare:

- (a) the date at which the idea of the invention described in the conflicting claims was conceived;
- (b) the date upon which the first drawing of the invention was made;

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(c) the date when and the mode in which the first written or verbal disclosure of the invention was made; and

(d) the dates and nature of the successive steps subsequently taken by the inventor to develop and perfect the said invention from time to time up to the date of the filing of the application for patent.

(6) No envelope containing any such affidavit as aforesaid shall be opened, nor shall the affidavit be permitted to be inspected, unless there continues to be a conflict between two or more applicants, in which event all the envelopes shall be opened at the same time by the Commissioner in the presence of the Assistant Commissioner or an examiner as witness thereto, and the date of such opening shall be endorsed upon the affidavits.

(7) The Commissioner, after examining the facts stated in the affidavits, shall determine which of the applicants is the prior inventor to whom he will allow the claims in conflict and shall forward to each applicant a copy of his decision; a copy of each affidavit shall be transmitted to the several applicants.

(8) The claims in conflict shall be rejected or allowed accordingly unless within a time to be fixed by the Commissioner and notified to the several applicants one of them commences proceedings in the Exchequer Court for the determination of their respective rights, in which event the Commissioner shall suspend further action on the applications in conflict until in such action it has been determined either.

(a) that there is in fact no conflict between the claims in question,

(b) that none of the applicants is entitled to the issue of a patent containing the claims in conflict as applied for by him,

(c) that a patent or patents, including substitute claims approved by the Court, may issue to one or more of the applicants, or

(d) that one of the applicants is entitled as against the others to the issue of a patent including the claims in conflict as applied for by him.

(9) The Commissioner shall, upon the request of any of the parties to a proceeding under this section, transmit to the Exchequer Court the papers on file in the Patent Office relating to the applications in conflict.

It will be observed that while the statement of claim alleges that new claim C1 is "not patentably different" from old claim C1 there is no allegation that the two claims are in respect of the same subject matter. In the course of argument counsel for the plaintiff conceded that if the two claims were not in respect of the same subject matter paragraph 19(a) of the statement of claim and paragraphs (a), (b) and (c) of the prayer for relief could not be supported since there is no longer any conflict in respect of original claim C1, and only new claim C1 has been put in conflict by the Commissioner. The controversy is there-

fore confined to its subject matter.<sup>1</sup> Counsel was, however, not prepared to take a position on whether the subject matters were the same or not. In my opinion the pleading in its present state is therefore embarrassing and on this ground alone paragraphs 19(a) of the statement of claim and paragraphs (a), (b) and (c) of the prayer for relief should not be allowed to stand.

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Counsel for the plaintiff, however, sought to support the remainder of the impugned allegations on the ground that assuming their truth, as must be done on an application of this kind, they would warrant the declaration sought by paragraph (f) of the prayer for relief that the defendant was not entitled to a patent for new claim C1. His position

<sup>1</sup> *Vide Radio Corporation of America v. Philco Corporation* [1966] S.C.R. 296, where Martland J. speaking for the Court said at page 304:

The important point is, however, that, since 1923, Parliament has made it clear in the provisions of the various *Patent Acts* that, notwithstanding the jurisdiction conferred by the *Exchequer Court Act* upon the Exchequer Court to deal with conflicting patent applications, the right to seek redress in that Court by an applicant is governed and limited by the provisions of the *Patent Act* respecting conflicting applications. The conclusion which I draw from the legislative history of the provisions of the *Patent Act* respecting conflicting applications is that, although jurisdiction is conferred upon the Exchequer Court by s. 21 of the *Exchequer Court Act* in cases of conflicting applications for a patent, the right of a party involved in such a conflict to attack the patent application of another party is governed by s. 45 and such party is restricted to such rights as are conferred by that section. As previously stated, it is the opinion of this Court that proceedings under subs. (8) of that section are limited to the subject matter of the claims found to be in conflict by the Commissioner.

It might also be noted that while section 45(8) refers to "proceedings" in this Court it does not prescribe the type of such proceedings. That subject is dealt with by Rule 31 of the Rules of this Court which prescribes a somewhat special procedure. It reads:

#### RULE 31

##### Conflicting Applications For a Patent

In any proceeding taken in the Court pursuant to subsec. 4 of sec. 22 of The Patent Act, as enacted by 22-23 Geo. V, c. 21, sec. 1, the applicant shall file with the Registrar of the Court a statement of his claim, and an office copy thereof shall be served upon the Commissioner and upon any other applicant and such applicant shall, within twenty-eight days after the service upon him of such statement of claim, file a statement in defence. Subsequent pleadings, if any, shall follow the general practice of the Court with respect to such pleadings.

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was that if he lost on the question of priority of invention but won on the question so raised of the right of the defendant to have a patent for new claim C1 the result would be a declaration of the kind referred to in section 45(8)(b) of the Act that neither party was entitled to a patent including the claim in conflict.

Notwithstanding the able argument put forward and in particular the submission that here, unlike the situation in the cases to be referred to, the question arises out of the action of the Commissioner in connection with the conflicting applications in permitting new claim C1 to be asserted after old claim C1 had been cancelled by the defendant from its application, the point, in my opinion, is simply one of the authority of the Commissioner with respect to an application pending before him, and, if sound, goes only to the validity of any patent he may issue for the claim. The point is thus one of the kind which this court has held may not be raised in an action under section 45(8). Thus in *Texaco Development Corp. v. Schlumberger Ltd.*<sup>2</sup> Jackett P. said:

It might be of some assistance, in the event that there is an appeal from my order striking out paragraphs 9, 10, 13 and 14, if I indicate, very briefly, that, reading section 45 as a whole, it is my view that it provides for an interruption in an ordinary processing of an application for a patent for the sole purpose of deciding which of two applicants is the inventor (sometimes described as the first inventor) of an invention which is claimed by each of two applications pending in the Patent Office. This interruption in the ordinary processing of applications for patents is extraordinary and should, in my view, be restricted to the determination of the conflict which it is designed to resolve. It is for this reason that, while I recognize that the words of paragraph (b) of subsection (8) read literally and by themselves are wide enough to include a consideration of such questions as whether the particular claim put in conflict by the Commissioner is an "invention" within the appropriate sense of that word and whether there is a statutory bar under paragraph (b) of subsection (1) of section 28 of the *Patent Act* to a grant of a patent to him, nevertheless, having regard to the scheme of section 45, it seems clear to me that paragraph (b) of subsection (8) thereof is referring only to the case where "none of the applicants is entitled to the issue of a patent containing the claims in conflict as applied for by him" because the evidence has revealed that the real inventor of the invention described in the claims in conflict is some person other than the applicants who are before the Court.

All other objections to the granting of a patent to one of the applicants should be dealt with in the ordinary course of events as they would be dealt with if there had been no conflict proceedings

<sup>2</sup> [1967] 1 Ex. C.R. 459 at p. 465.

under section 45. To construe subsection (8) of section 45 as permitting such questions to be raised in the conflict proceedings converts those proceedings into a full scale impeachment action resulting in a protracted trial and, in my view, something quite different from the relatively simple proceedings contemplated by subsection (8) of section 45.

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(The emphasis has been added.)

In *Carborundum Co. v. Norton Co.*<sup>3</sup> the position was even more closely similar to the present. Jackett P., said:

Paragraphs 7 and 9(a) of the statement of claim in this case contain facts upon which the plaintiff seeks to establish that there is a bar to the grant of a patent to the defendant even if the defendant's inventor is the first inventor of the conflict claims. He endeavours to support the pleading of such facts as a basis for a prayer for judgment in his favour under paragraph (d) of subsection (8) of section 45.

Notwithstanding the ingenuity of the argument of counsel for the plaintiff, I cannot escape the conclusion that such pleas are irrelevant to a claim for judgment under that paragraph. Paragraph (d) of subsection (8) of section 45 confers jurisdiction on the court to decide that "one of the applicants is entitled *as against the others* to the issue of a patent including the claims in conflict". (The emphasis is mine.)

If the plaintiff alleges and proves that the Commissioner was wrong in not deciding that the plaintiff's inventor was the first inventor, the court can decide that the plaintiff is entitled as against the defendant to the issue of a patent including the claims in conflict. Such a decision can be made whether or not there is some other bar to the grant of a patent to the defendant. Any allegation of such a bar is therefore irrelevant to the claim for relief based on the contention that the plaintiff's inventor was the first inventor. On the other hand, a plea of some alternative bar to the grant of a patent for the conflict claim to the defendant cannot *by itself* be a sufficient basis for decision that the plaintiff is entitled to a patent containing the claim in conflict as long as the Commissioner's decision that the defendant's inventor was the first inventor of that claim remains intact. Such an alternative attack on the defendant's right to a patent is not, therefore, material to a claim for a decision under paragraph (d) of subsection (8) of section 45. It is unnecessary to support a claim based on a contention that the plaintiff's inventor and not the defendant's inventor is the first inventor and it is insufficient to support a decision as long as the finding that the defendant's inventor is the first inventor remains intact. I therefore reject the submission of counsel for the plaintiff in so far as paragraph (d) of subsection (8) of section 45 is concerned.

Counsel for the plaintiff made an alternative argument with reference to paragraph (b) of subsection (8) in which he drew a distinction between the type of plea that was made in *Texaco Development Corp. v. Schlumberger Ltd.* and the type of plea that is made by paragraphs 7 and 9(a) of the amended statement of claim in this case.

<sup>3</sup> [1967] 1 Ex. C.R. 466 at p. 470.



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In *Texaco Development Corp. v. Schlumberger Ltd.*, the pleas that were involved were pleas which, if accepted, would operate to invalidate the applications of both parties. In this case, the pleas that are contained in paragraph 7 and in paragraph 9(a) would operate, if successful, to prevent the defendant from being granted a patent pursuant to his application, but would not affect the plaintiff's application for a patent.

While I recognize the distinction between the two classes of claims, the distinction is not, in my view, relevant to the grounds which caused me to put the interpretation on paragraph (b) of subsection (8) of section 45 that I did in *Texaco Development Corp. v. Schlumberger Ltd.* As I indicated in that case, I recognize that, read literally and by themselves, the words of paragraph (b) extend to include the grounds that were put forward in that case as well as the grounds that have been put forward in this case. Having regard to the scheme of section 45 as a whole, and having regard to the scheme of the *Patent Act* as a whole, as I understand it, I am of the view that paragraph (b) must be restricted to the issues that directly or indirectly relate to the resolution of the conflict that gave rise to the conflict proceedings in the first place.

See also *Hovercraft Development Ltd. v. De Havilland Aircraft of Canada Ltd.*<sup>4</sup> and *E. I. Du Pont de Nemours v. Allied Chemical Corp.*<sup>5</sup>

Counsel for the plaintiff relied on the judgment of the Supreme Court in *Kellogg Co. v. Kellogg*<sup>6</sup> but there the alternative claim, which was attacked but which the Court held to be cognizable in an action pursuant to section 45(8), was, in my opinion, one for a declaration under paragraph (d) of section 45(8). The case, therefore, as I read it, was not concerned with the point decided by the President of this court in the cases to which I have referred. The same applies to *International Minerals and Chemical Corp. v. Potash Co. of America*<sup>7</sup> where the Court was concerned with a plea of precisely the kind to which in the opinion of Jackett P., as expressed in the *Texaco v. Schlumberger Ltd.* case, paragraph (b) of section 45(8) is confined.

Reliance was also placed on the judgment of Cameron J., in *Standard Oil Co. v. Commissioner of Patents*<sup>8</sup> but that case, as I read it, merely holds that no appeal lies from a decision of the Commissioner under section 45(7) and is not in point. In particular it does not decide that a conflict action is a proper procedure to challenge the action

<sup>4</sup> [1967] 2 Ex. C.R. 205.

<sup>5</sup> [1967] 2 Ex. C.R. 151.

<sup>6</sup> [1941] S.C.R. 242

<sup>7</sup> [1965] S.C.R. 3

<sup>8</sup> (1958) 28 C.P.R. 69.

of the Commissioner in permitting an applicant to add a claim to his application in the circumstance alleged in the statement of claim.

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When, in the course of the argument, it became apparent that paragraph (f) of the prayer for relief was not concerned with a declaration under section 45(8)(d) but was directed to obtaining the declaration thereby sought for the purpose of section 45(8)(b) counsel for the defendant asked leave to amend the notice of motion so as to request as well that paragraph (f) be struck out. As I did not understand counsel for the plaintiff to contend that paragraph (f) would serve any other purpose the defendant will have leave to amend the notice of motion as requested and all the impugned paragraphs including paragraph (f) of the prayer for relief, will be struck out.

The defendant will have the costs of the motion in any event of the cause.