

BETWEEN:

E. I. DU PONT DE NEMOURS AND
COMPANY and DUPONT OF CAN-
ADA LIMITED

PLAINTIFFS;

Ottawa
1966

Feb. 1

Ottawa
Feb. 18

AND

MONTECATINI-SOCIETA GENE-
RALE PER L'INDUSTRIA MINER-
ARIA E CHIMICA

DEFENDANT.

*Patents—Action to declare a patent invalid or void—Patent Act, s 62—
Status of Plaintiffs—Whether “interested persons”—Overlapping
claims—No allegation of infringement—Absence of male fide.*

The first plaintiff, which owned a Canadian patent, and the second plaintiff, which purchased from the first and sold products manufactured according to such patent's teachings, brought action to declare defendant's patent invalid or void. Defendant moved to dismiss the action on the ground that plaintiffs had no status to maintain the action because they were not “interested persons” within the meaning of s. 62 of the *Patent Act*, R.S.C. 1952, c. 209.

The relevant allegations of the statement of claim were that the first plaintiff was prejudicially affected in that defendant's patent contained claims which included within their scope products which were within the scope of the claims of plaintiff's patent, and that the second plaintiff was prejudicially affected in its trading right and interest in that the subject matter of the two patents overlapped.

Held, dismissing defendant's motion, plaintiffs were “interested persons” within the meaning of s. 62(1) of the *Patent Act* notwithstanding that they did not allege infringement, actual or contemplated, of defendant's patent. The words “interested persons” in s. 62(1) have a wide meaning. There was nothing in the material before the court to indicate *male fide* on the part of plaintiffs in bringing their action. *Bergeron v. DeKermor Electric Heating Co.* [1926] S.C.R. 72 per Duff J. at pp. 74 and 75; *Refrigerating Equipment Ltd. v. Drummond et al.* [1930] Ex. C.R. 154, per Maclean P. at p. 157; *Hall v. B. & W. Inc.* [1952] Ex. C.R. 347, per Thorson P. at pp. 348-9;

Application for Revocation of White's Patent [1957] R.P.C. 405, per Lloyd-Jacob, J. at p. 406; *International Minerals & Chemical Corp. v. Potash Co. of America* (1965) 47 at D.L.R. (2d) 324 per Thorson P. considered.

MOTION by defendant to dismiss or stay plaintiffs' claim.

G. F. Henderson, Q.C. for plaintiffs.

D. G. Wright for defendant.

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GIBSON J.:—This is a motion by the defendant for an Order dismissing the plaintiffs' claim or perpetually staying the same on the ground that the plaintiffs have no status to maintain this action because they are not interested persons with the meaning of s. 62(1) of the *Patent Act*, R.S.C. 1952, c. 209 as amended, or in the alternative for an Order striking out the amended Statement of Claim; or in the alternative for an Order requiring the plaintiffs to furnish further particulars; and for other relief.

Section 62(1) of the *Patent Act* reads as follows:

62. (1) A patent or any claim in a patent may be declared invalid or void by the Exchequer Court at the instance of the Attorney General of Canada or at the instance of any interested person.

The Statement of Claim of the plaintiffs has been amended three times. It was originally filed on February 8, 1962; it was amended by praecipe April 20, 1965; it was further amended pursuant to an Order dated September 10, 1965; and it was amended again October 26, 1965 pursuant to an Order of the same date.

The relevant paragraphs of the Statement of Claim are paragraphs 4a, 4b, 4c and 4d. They read as follows:

4a. The Plaintiff, E. I. Du Pont de Nemours and Company, is the owner of Canadian Patent 573,755 issued 7th April, 1959 entitled "Interpolymers of Olefins and Non-Conjugated Diene Hydrocarbons".

4b. The Plaintiff, E. I. Du Pont de Nemours and Company's rights under its Canadian Patent 573,755 are prejudicially affected by reason that Canadian Patent 680,494 in suit contains claims which include within their scope products included within the scope of the claims of the Plaintiff's Canadian Patent 573,755.

4c. The Plaintiff, Dupont of Canada Limited, sells throughout Canada elastomeric polymers manufactured from olefins and non-conjugated dienes by the Plaintiff, E. I. Du Pont de Nemours and Company, according to the teaching of Canadian Patent 573,755 and United States Patent 2,933,480 of E. I. Du Pont de Nemours and Company.

4d. The subject matter claimed in Canadian Letters Patent 680,494 to Montecatini overlaps the subject matter claimed in United States Patent 2,933,480 and Canadian Patent 573,755 of E. I. Du Pont de Nemours and Company and prejudicially affects the trading right and trading interest of Dupont of Canada Limited in Canada.

The defendant demanded further particulars of this pleading on November 8, 1964 as follows:

1. Particulars of in what respects, if any, the rights of the plaintiff, E. I. Du Pont de Nemours and Company are prejudicially affected by reason that Canadian Patent 680,494 in suit, contains claims which include within their scope products included within the scope of the claims of the said plaintiff's Canadian Patent 573,755 as alleged in paragraph 4b of the said amended statement of claim.

2. Particulars of the trading right and trading interest of Dupont of Canada Limited in Canada referred to in paragraph 4d of the said amended statement of claim.

3. Particulars of in what respects, if any, the said trading right and trading interest of Dupont of Canada Limited in Canada is prejudicially affected by reason that the subject matter claimed in Canadian Letters Patent 680,494 overlaps the subject matter claimed in United States Patent 2,933,480 and Canadian Patent 573,755 as alleged in paragraph 4d of the amended statement of claim.

The plaintiffs replied to this demand of particulars on December 7, 1965 as follows:

1. In response to the demand made under paragraph 2 the Plaintiff, Du Pont of Canada Limited says that Du Pont of Canada Limited purchases from E.I. Du Pont de Nemours and Company elastomeric polymers manufactured from olefins and non-conjugated dienes in accordance with the teachings of Canadian Patent 573,755 and United States Patent 2,933,480 of E.I. Du Pont de Nemours and Company and Du Pont of Canada Limited sells said elastomeric polymers throughout Canada.

2. In response to the demand made under paragraph 3 the Plaintiff, Du Pont of Canada Limited says that Du Pont of Canada Limited does not have freedom to manufacture use or sell all of the products taught or claimed within the full scope of Canadian Patent 573,755 and United States Patent 2,933,480 in the face of the Defendant's Canadian Patent.

Counsel for the plaintiffs takes the position that the pleadings and particulars of the plaintiffs as they now stand are adequate pleadings to qualify the plaintiffs as interested persons within the meaning of s. 62(1) of the *Patent Act* so as to entitle them to maintain this action to declare invalid or void the defendant's patent.

The defendant submits that the plaintiffs are not interested persons within the meaning of s. 62(1) of the *Patent Act*; that since the plaintiffs do not plead that any act either of manufacture or sale that they do or that they contemplate or propose to do will infringe the patent of the defendant, that at the present time there is no real issue raised by the Statement of Claim but only a hypothetical one, and the Court should refuse to hear a case based on a hypothetical question in accordance with the usual practice of the Court; that the plaintiffs' plea that the defendant's patent overlaps their patent also does not give them the status to maintain this action because every improvement on a patented invention overlaps the original invention in respect of which the former is an improvement. (See in reference thereto s. 34 of the *Patent Act*).

In brief, the defendant says that the plaintiffs have not established any interest sufficient to maintain an action and

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the plaintiffs must spell out in detail the particular interest they have in getting rid of the defendant's patent, and until they do so they have not the status of interested persons.

The plaintiffs submit that you do not have to admit you infringe to be an "interested person" within the meaning of s. 62(1) of the *Patent Act*; where one is not able to sell all the products he desires then such a person has a trading and manufacturing interest which is sufficient for the purpose of s. 62(1); and where a patent cannot be exploited fully because of the presence of a subsequent patent, that is a sufficient interest to give status to qualify as such "an interested person".

In my opinion the words "interested person" in s. 62(1) of the *Patent Act* have a wide meaning.

In *Bergeron v. De Kermor Electric Heating Co.*¹ at pages 74 and 75, Duff J. (as he then was), in defining these words in reference to the facts of that case said:

. . . At the time of the trial, it is unquestioned that the appellant had a status to impeach the respondent company's patent, in virtue of the patent granted after the commencement of the action. . . The appellant, admittedly, is and was when the action was commenced, *engaged in the design and manufacture of electric steam generators or water heaters*, and a trader in articles similar to the alleged invention which is the subject of the patents attacked. It is not suggested, and could not be suggested, in face of the correspondence in evidence, that the application (which, as already mentioned, had been granted before the trial) was a merely frivolous one or that it was presented *male fide* for the purpose of acquiring a colourable standing to impugn the respondent company's patent. Indisputably, the existence of the patents attacked was calculated directly to affect the appellant prejudicially in his business as a manufacturer and trader, and both in the prosecution of his application and in respect of the protection to be afforded him by his patent if his application for a patent should be successful. In these circumstances, there seems little room for doubt that the appellant possessed a sufficient "interest", within the meaning of rule 16, to qualify him to maintain the action, and the appeal should therefore be allowed. . .

In *Refrigerating Equipment Ltd. v. Drummond et al.*² at page 157, Maclean P. said:

At the trial, the defendants urged that the plaintiff was without status to institute these proceedings. It will be convenient here to dispose of this point. By sec. 25 of the Exchequer Court Act, the Exchequer Court has jurisdiction, in actions to impeach or annul a patent; and by rule 16 of the Exchequer Court Rules, such action may be instituted by a statement of claim filed by any person interested. I think the plaintiff is a party interested. It is pleaded and not denied, that the plaintiff and the

¹ [1926] S.C.R. 72.

² [1930] Ex. C.R. 154.

defendants are manufacturing and selling to the public, what is practically the same thing, refrigerating apparatuses. If, as the plaintiff alleges, Canadian Folger was described in the three United States Folger patents, and other publications, more than two years prior to the application for letters patent for Folger in Canada, then Canadian Folger is invalid; and if the plaintiff believes it to be invalid, then, in the circumstances of this case, it is a person interested. Where an individual is using an invention, in respect of which another person claims to have a patent, which the unlicensed user believes to be invalid; or where a person is desirous of using anything described in a patent, but which patent he has reason to believe is void, then he has such an interest as to qualify him to initiate proceedings to annul such letters patent. I think therefore that the plaintiff is possessed of sufficient interest to qualify it to institute this action.

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In *Hall v. B. & W. Inc.*¹ at pages 348 and 349 Thorson P. said:

The United States action, which has been pending for several years, involves the interpretation and construction of a contract, dated September 15, 1944, between Jesse E. Hall and Kenneth A. Wright and also the question of the rights of the parties to the inventions of Hall and Wright in foreign countries and to file applications for patents in foreign countries and one of the grounds stated in the notice of motion for the stay was that the present action involves in many respects a duplication of the determination of rights which are now in process of determination before the United States District Court and that such action may result in it appearing that the plaintiff in the present action has no rights in the inventions and applications referred to in the statement of claim and is therefore not an interested party within the meaning of section 60 (1) of the The Patent Act, in which case it would not have the necessary status to bring the action. I am satisfied that there is no substance in this submission and that the plaintiff is sufficiently "interested" to enable it to sue. It is not necessary that it should be entitled to the invention or application claimed by it. It is enough to show, as it has sufficiently done by the affidavit of Thomas E. Schofield, that it was engaged in dealing with the same kind of thing as the defendant and was in competition with it. It would not matter, therefore, whether the United States District Court action might result in some one other than the plaintiff being found entitled to the invention and application claimed by it: vide *Bergeron v. The De Kermor Electric Heating Co. Ltd.; Refrigerating Equipment Ltd. v. Waltham System Incorp.*

In *Application for Revocation of White's Patent*² at page 406, Lloyd-Jacob J. said in reference to the English statutory words:

Sub-para. (2), with its further sub-divisions, is in effect a request for particulars as to the nature of the manufacture carried out by the Petitioners and as to whether or not that is alleged to be an infringement of the patent. I think that request proceeds upon an erroneous belief that a mere allegation of a trading interest within the general field covered by the Letters Patent is not sufficient. I know of no authority which would justify me in proceeding upon the basis that only an admitted infringer

¹ [1952] Ex. C.R. 347.

² [1957] R.P.C. 405.

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can in fact petition, either in the sense that he is already engaged in a manufacture which constitutes an infringement, or alternatively that he is anxious to embark upon a manufacture which constitutes infringement. Indeed, it is plain that the right to petition for revocation is not limited to actual or potential infringers, because the grave embarrassment that would be caused to trade and industry by the presence of a Patent subsisting is clear enough, most particularly in cases where the document is so ambiguous that it is quite impossible for anybody, including the Court, to tell whether or not a manufacture carried on by a petitioner is or is not an infringement. Accordingly, I take the view that I am not entitled to impose upon an unwilling party the obligation to deliver the particulars therein referred to.

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In support of the view that the words "interested person" have a wide meaning it is inducive to note that the Supreme Court of Canada in *International Minerals & Chemical Corp. v. Potash Company of America*¹ upheld a decision of Thorson P. that a third party be admitted to conflict proceedings under s. 45(8)(b), as such third party had sufficient interest to give him the status to be a proper party to the proceedings in that if the Court in those proceedings should grant to one of the parties to the conflict the exclusive right to use the process which the intervening third party had been using for years it would "affect the legal right" of the intervening third party "to continue to carry on its business". Cartwright J. at pages 330-31 put the matter this way:

The second argument of the appellant is that the order under appeal is outside the jurisdiction to add parties conferred on the Exchequer Court by the applicable Rules of Practice. By virtue of R. 42 of the Exchequer Court Rules the practice as to adding parties is governed by Rule 11 of Order 16 of the Rules of the Supreme Court of Judicature in England, which reads as follows:

"No cause or matter shall be defeated by reason of the misjoinder or nonjoinder of parties, and the Court may in every cause or matter deal with the matter in controversy so far as regards the rights and interests of the parties actually before it. The Court or a Judge may, at any stage of the proceedings, either upon or without the application of either party, and on such terms as may appear to the Court or a Judge to be just, order that the names of any parties improperly joined, whether as plaintiffs or defendants, be struck out, and the names of any parties, whether plaintiffs or defendants, who ought to have been joined, or whose presence before the Court may be necessary in order to enable the Court effectually and completely to adjudicate upon and settle all the questions involved in the cause or matter, be added. No person shall be added as a plaintiff suing without a next friend without his own consent in writing thereto. Every party whose name is so added as defendant shall be served with a writ of summons or notice in manner hereinafter mentioned,

¹ (1965) 47 D.L.R. (2d) 324

or in such manner as may be prescribed by any special Order, and the proceedings as against such party shall be deemed to have begun only on the service of such writ or notice."

In support of this argument the appellant relies chiefly on the judgment of Devlin, J., as he then was, in *Amon v. Raphael Tuck & Sons Ltd.*, [1956] 1 Q.B. 357, in which the construction and scope of O. 16, r. 11 are fully considered.

After quoting the Rule Devlin, J., says that there are two views about its scope and that authority can be cited for both. One, the wider, is that the Rule gives a wide power to the Court to join any party who has a claim which relates to the subject-matter of the action; the other, and narrower, is that the power given by the Rule is hedged about with limitations which are to be found in the decided cases and which do not merely set out principles on which the Court's discretion should be exercised but place limits on its jurisdiction. At p. 363 of the report Devlin, J., quotes, as an accurate statement of the narrower view of the application of the Rule, the following portion of a note in the White Book (1955 ed., p. 232):

"Generally in common law and Chancery matters a plaintiff who conceives that he has a cause of action against a defendant is entitled to pursue his remedy against that defendant alone. He cannot be compelled to proceed against other persons whom he has no desire to sue... Generally speaking, intervention can only be insisted upon in three classes of case, namely: (A) In a representative action where the intervener is one of a class whom plaintiff claims to represent, but who denies that the plaintiff does in fact represent him; (B) Where the proprietary rights of the intervener are directly affected by the proceedings, and (C) In actions claiming the specific performance of contracts where third persons have an interest in the question of the manner in which the contract should be performed."

After an elaborate review of the relevant authorities Devlin, J., expresses the view that the narrower construction of the Rule should be adopted. To decide whether a particular case falls within class (B) in the passage from the White Book, quoted above, Devlin, J., proposes the following test p. 386: "May the order for which the plaintiff is asking directly affect the intervener in the enjoyment of his legal rights?" On the material before him in the *Amon* case Devlin, J., held that this question should be answered in the affirmative and accordingly allowed the intervention.

In order to decide the present appeal I do not find it necessary to choose between the wider and the narrower view as to the scope of the Rule and I refrain from doing so. On the material before us I am satisfied that in this case the question formulated by Devlin, J., should be answered in the affirmative. The order for which Duval is asking in the action is that it be declared that it is entitled to the issue of a patent which, if granted, will confer upon it the exclusive right of using the flotation process which PCA has been using for years and proposes to use in the development of its deposits of potash ores in Saskatchewan. The order sought would, in my opinion, affect the legal right of PCA to continue to carry on its business. It is true that if the intervention were not allowed the question of the validity of any patent to which Duval might be declared entitled would not as against PCA be *res judicata* and

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could be put in question under either s. 61 or s. 62 of the *Patent Act*, but until the patent was successfully impeached the right of PCA set out above would be affected. To allow the present action to proceed to judgment without the intervention of PCA, leaving it to its rights under the sections mentioned, would be to countenance the multiplicity of proceedings which it was one of the objects of the Rule to avoid.

There is nothing in the material filed on this motion from which it could be inferred that the plaintiffs commenced and are carrying on this lawsuit *male fide* for any reason, and specifically not for example as was indirectly suggested in argument, for the purpose of causing the defendant to lose its patent by default because the defendant did not wish to engage for any reason of its own in a costly lawsuit. What precisely is the plaintiffs' purpose in carrying on this lawsuit is not immediately apparent on the face of the proceedings to date in this matter. But this circumstance does not affect the issue to be determined on this motion.

In the result, therefore, I am of the opinion that on the present state of the pleadings the plaintiffs have the status to maintain this action as interested persons within the meaning of s. 62(1) of the *Patent Act*.

The motion is dismissed with costs.