

BETWEEN:

HALL DEVELOPMENT COM- }  
PANY OF VENEZUELA, C.A., ... } PLAINTIFF;

1952  
Mar. 13  
May 7

AND

B. and W. INC. .... DEFENDANT.

*Practice—Application for order staying proceedings pending trial of action in another country—The Patent Act, 1935, S.C. 1935, c. 32, s. 60(1)—Interested person—General Rules and Orders, Rule 2(1) (a)—Order XXV, r. 4 Supreme Court of Judicature of England—Applicant must prove action vexatious in point of fact.*

The defendant applied for an order staying proceedings until after the final determination of an action in a United States Court.

*Held:* That proof that the plaintiff was engaged in dealing with the same kind of thing as the defendant and was in competition with it was sufficient to make it an “interested person” within the meaning of section 60(1) of The Patent Act, 1935.

2. That there is no presumption that an action is vexatious from the fact that an action with reference to the same subject matter has been taken in another country.
3. That on an application for an order staying proceedings in an action on the ground that an action with reference to the same subject matter has been taken in another country the onus of proof is on the applicant to show that the action is in fact vexatious and he must satisfy the Court not only that the continuance of the action would work an injustice to the defendant but also that the stay would not cause any injustice to the plaintiff.

APPLICATION for an order staying proceedings.

The application was heard by the President at Ottawa.

*H. G. Fox Q.C.* for plaintiff.

*M. B. Gordon* for defendant.

The facts and questions of law raised are stated in the reasons for judgment.

THE PRESIDENT now (May 7, 1952) delivered the following judgment:

This is a motion on behalf of the defendant for an order staying proceedings in this action until after the final determination of an action in the United States District Court, Southern District of California, Central Division, between Jesse E. Hall as plaintiff and Kenneth A. Wright and B. and W. Inc. as defendants. After hearing counsel for the parties I dismissed the motion for reasons which I

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merely enumerated. Subsequently, counsel suggested that my reasons ought to be reported. Under the circumstances, I think it would be desirable to set them out with greater particularity than I did orally.

The plaintiff is a Venezuela corporation and the defendant a California corporation. The plaintiff claims to be the assignee and owner of certain inventions made by one Jesse E. Hall and of the applications for Canadian letters patent for such inventions made by him and brings this action for a declaration that the defendant's Canadian re-issued letters patent No. 472,221, dated March 13, 1951, is invalid. The action is brought under section 60(1) of The Patent Act, 1935, Statutes of Canada, 1935, chap. 32, which provides:

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

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 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 Bergeon v. The De Kermor Electric Heating Co. Ltd.* (1); *Refrigerating Equipment Ltd. v. Waltham System Incorp.* (2).

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There is no provision in the General Rules and Orders of this Court governing the practice and procedure in a motion of this sort so that under Rule 2(1) (a) resort must be had to the practice and procedure in force in similar actions in the Supreme Court of Judicature in England. There Order XXV, r. 4, provides:

The Court or a judge may order any pleading to be struck out, on the ground that it discloses no reasonable cause of action or answer, and in any such case or in case of the action or defence being shown by the pleadings to be frivolous or vexatious, the Court or a judge may order the action to be stayed or dismissed, or judgment to be entered accordingly, as may be just.

There are several reasons for finding that the defendant is not entitled to succeed under this rule. In the first place, the issues in the United States District Court action are not the same as in this one. Nor is there similarity in the remedies sought. If the plaintiff succeeds in this action it will have a judgment in rem which would not be available in the United States District Court action.

There is a more serious objection to the motion. Even if the issues in the two actions were the same the defendant has not succeeded in showing, as he must do, that the present action is frivolous or vexatious. The English cases on the subject were recently carefully reviewed by McRuer C.J. H.C. in *Empire Universal Films v. Rank et al* (3). He referred to *McHenry v. Lewis* (4); *Peruvian Guano Company v. Bockwoldt* (5) and *The Christiansborg* (6) and also to *St. Pierre v. South American Stores (Gath & Chaves) Ltd.* (7). In the latter case the earlier decisions were mentioned and the important case of *Logan v. Bank of Scotland* (No. 2) (8) was also considered. These authorities establish that on a motion for an order staying proceedings in an action it is not sufficient to show that

(1) (1925) Ex. C.R. 160;  
 (1926) S.C.R. 72.

(2) (1930) Ex. C.R. 154 at 157.

(3) (1947) O.R. 775.

(4) (1882) 22 Ch. D. 397.

(5) (1883) 23 Ch. D. 225.

(6) (1885) 10 P.D. 141.

(7) (1936) 1 K.B. 382.

(8) (1906) 1 K.B. 141.

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proceedings have been taken with reference to the same subject matter in another country. In such a case there is no presumption that the action in this country is vexatious. The applicant for the order must show that there is vexation in point of fact. The Court should not lightly interfere with the plaintiff's right of suit and must be careful to avoid depriving him of benefits and advantages that might rightfully accrue to him from suing in both countries. On the other hand, it will not hesitate to order a stay in a proper case. To establish that the action is vexatious in point of fact the applicant for the order of stay must satisfy the Court not only that the continuance of the action would work an injustice to the defendant because it would be oppressive to him but also that the stay would not cause any injustice to the plaintiff. The onus of proof that these conditions exist lies on the applicant. In my view, it has failed to discharge it. Indeed, the evidence of loss of business given by Mr. Schofield indicates that a stay of proceedings would cause injustice to the plaintiff and the defendant has failed to show that the continuance of the action would work any injustice to it.

For these reasons, I ordered that the motion be dismissed with costs in the cause to the plaintiff in any event of the cause. It was also ordered that the defendant should have an extension of time of four weeks for the delivery of its statement of defence.

*Judgment accordingly.*

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