

BETWEEN:

RELIABLE PLASTICS CO. LIMITED . . . PLAINTIFF;

AND

LOUIS MARX & COMPANY INC. }
and LOUIS MARX & COMPANY }
OF CANADA LTD. }

DEFENDANTS.

1955
Apr. 18-22,
25-29

1958
Apr. 11

Patents—Action for impeachment and declaration of non-infringement—Action for damages for threats—Trade libel—Slander of title—Injurious falsehood—The Patent Act, 1935, S. of C. 1935, c. 32, ss. 47, 56, 60(1), 60(2)—The Unfair Competition Act, 1933, S. of C. 1932, c. 38, ss. 11(1)(a), 11(1)(c)—Statute of Monopolies, 21 James 1, c. 3—Presumption of validity of patent—Onus of showing invalidity not easy to discharge—Simplicity of putting idea into effect not an indication of obviousness—Claim for “transparent plastic” not too wide—Sale of articles made prior to issue of patent not an infringement—Mere threat of infringement action not a cause of action—No cause of action for threats if no evidence of malice and statements not false.

The plaintiff made an open face, one-piece polystyrene injection moulded bagatelle or pin-ball game called Fire Ball, using a thermoplastic polystyrene that could be melted. In 1952 the first-named defendant produced an enclosed game which forced the appellant to make a change in its game. In 1953 the plaintiff’s Fire Ball game went off the market and it then produced three cheaper plastic pin-ball games. These were produced prior to July 14, 1953, the date when Canadian patent No. 494,947 for a Ball Control Game Apparatus issued to the first named defendant. Subsequently, the plaintiff produced other pin ball games. On August 6, the second-named defendant, a subsidiary and Canadian licensee of the first named defendant, wrote to approximately 125 persons in the plastic toys and games trade, including some of the plaintiff’s customers and purchasers, stating that it intended to enforce the patent and prosecute infringements of it and notifying the addressees of the letter accordingly. The plaintiff then brought an action for impeachment of the patent and a declaration that its games did not infringe its claims and for damages alleged to have been sustained by it as the result of the letter. The defendants counterclaimed for a declaration that the patent was valid and had been infringed by the plaintiff and for an injunction and damages.

Held: That the defendants’ game was not anticipated by any prior patent or publication and that, while there were elements in it that were old, there was no doubt that it was new.

2. That the defendants’ game had great commercial success and its utility was proved beyond dispute.
3. That there is a statutory presumption of the validity of the patent under section 47 of *The Patent Act, 1935*, and the onus of showing its invalidity is on the party attacking it, that where there has been a substantial and useful advance over the prior art, as in the present case, the Court should not make the onus of showing the invalidity of the patent an easy one to discharge and that the plaintiff has not discharged it in the present case.

1958

RELIABLE
PLASTICS Co. .
LIMITEDv.
LOUIS MARX
& COMPANY
INC. *et al.*

4. That the fact that it was easy to put an idea into practice and that all that was needed to do so was to apply well-known techniques to well-known substances does not prevent the embodiment of the idea from patentability if the idea itself involved the exercise of inventive ingenuity. *Hickton's Patent Syndicate v. Patents and Machine Improvements Company Ltd.* (1909) 26 R.P.C. 339 applied.
5. That the simplicity of putting an idea into effect is not an indication that the idea was not inventive or that it would be obvious to a person skilled in the art.
6. That the fact that the inventor saw the plaintiff's Fire Ball before he finally produced his invention does not deny his invention, that his game would not have been obvious to a person skilled in the art and that the necessary element of inventive ingenuity was present in it.
7. That the statement in the claims in which the term "transparent plastic" appears that the lower ends of the ball intercepting elements referred to in them should form rivets which pass through the bottom of the game and be headed beneath it confines the "transparent plastic" to be used to thermoplastic and does not extend it to thermo setting plastic and constitutes a complete answer to the charge that the claims are broad enough to include thermo setting plastic as well as thermoplastic and are, consequently, too wide in that they cover thermo setting plastic that would not work since such a plastic could not be "swedged", meaning thereby that the ends of the intercepting elements referred to could not be heated and flattened out to form rivets as required by the claims.
8. That the plaintiff is not entitled to a declaration that the defendant's patent is invalid and that the defendants are entitled to a declaration that claims 1, 3 and 5 are valid.
9. That even if the three games which the plaintiff made prior to the date of the issue of the patent came within the terms of the claims it is saved by section 56 of the Act from liability for infringement in respect of them.
10. That the games which the plaintiff made subsequently to the date of the issue of the patent infringe claim 1 of the patent and the defendants are entitled to a declaration accordingly.
11. That while there was evidence that the letter written by the second defendant did have an adverse effect on some of the plaintiff's customers and purchasers and that it suffered some damage as a result it did not follow that this gave the plaintiff a cause of action against the defendants.
12. That the statements in the letter written by the second defendant were not false and the plaintiff had no cause of action under section 11(1)(a) or section 11(1)(c) of *The Unfair Competition Act, 1932*.
13. That there was no evidence to support the plaintiff's claim under the Statute of Monopolies.
14. That, since the statements in the second defendant's letter were not false and there was no evidence of malice on its part, the plaintiff had no cause of action against the defendants for trade libel, slander of title or disparagement of property or injurious falsehood.

ACTION for impeachment of defendants' patent and declaration of non-infringement and for damages for threats.

The trial was held before the President of the Court at Ottawa.

Gordon F. Henderson, Q.C., and *David Watson* for plaintiff.

Christopher Robinson, Q.C., and *E. P. Medcalf, Q.C.*, for defendants.

1958
 RELIABLE
 PLASTICS Co.
 LIMITED
 v.
 LOUIS MARX
 & COMPANY
 INC. *et al.*

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

THE PRESIDENT now (April 11, 1958) delivered the following judgment:

In this action the plaintiff, which is a corporation engaged in manufacturing and selling plastic toys and games with its principal place of business in Toronto, seeks a declaration under section 60(1) of *The Patent Act, 1935*, Statutes of Canada, 1935, Chapter 32, that Canadian letters patent No. 494,447, dated July 14, 1953, of which the first-named defendant, a corporation also engaged in the plastic toys and games business with its principal place of business in New York, is the owner and of which its subsidiary, the second-named defendant, a corporation also engaged in the plastic toys and games business with its principal place of business in Toronto, is a licensee, are invalid. The plaintiff also seeks a declaration under section 60(2) of the Act that certain plastic bagatelle or pin-ball games made by it at the date of the issue of the letters patent do not infringe any of the claims of the patent.

But the plaintiff's main claim is for damages alleged to have been sustained by it as the result of a letter written by the second-named defendant, dated August 6, 1953, and sent to approximately 125 persons in the plastic toys and games trade, some of whom were customers of or purchasers from the plaintiff. The letter was written from New York and the list of persons to whom it was addressed together with a copy of the letter was filed as Exhibit 26. The letter was in the following terms:

August 6th, 1953.

Gentlemen:

We are pleased to announce that a Canadian patent No. 494,447 covering the construction used in our bagatelle and other skill games, in our current line has been granted by the Canadian Patent Office under date of July 14, 1953. The patent issued to Louis Marx & Company, Inc. of New York City, and we are licensed to manufacture and sell in Canada under the Canadian patent.

1958

RELIABLE
PLASTICS Co.
LIMITED

v.

LOUIS MARX
& COMPANY
INC. *et al.*

Thorson P.

We shall not attempt to summarize or to interpret the scope of the patent, which speaks for itself. However, we are informed by counsel that our games listed below and others in our line, embody our new construction and are protected by the patent:

G-64 and G-88	Ladder Ball Game
G-68 and G-72	Bagatelle
G-70 and G-86	Skor Ball Game
G-82	Big Game
G-92 and G-94	Roll Bowl Game
G-98	Acro Ball Game
G-184	Grand Prize Bagatelle
G-59	Pin Ball Game Assortment

We are advised by counsel that the "Lucky Star" game, manufactured by T. Cohn, Inc., of New York City, and being offered in Canada, is an infringement of the Canadian patent. It may interest you to know that a suit has been filed under the corresponding U.S. patent against T. Cohn, Inc. We are also advised that the "Speedway" and "Hook-A-Fish" games, made by Reliable Toy Co., Ltd. (or/and Reliable Plastics Co., Ltd.) of Toronto, are an infringement of the Canadian patent. The sale of the above products in Canada competes directly with, and is injurious to our own business in Canada. It is our intention (joined by Louis Marx & Company, Inc.) to enforce the Canadian patent and to prosecute these infringements thereof.

Although the U.S. patent has issued only recently, it has already received recognition from other manufacturers, and two such manufacturers have acknowledged infringement and validity of the patent and have taken licenses under the same.

We are advised that the Canadian patent is valid and that its validity will be upheld in the Canadian courts. We are taking this opportunity to formally notify you of the patent, in the thought that you would not want to knowingly become an infringer thereof.

We would appreciate word from you regarding your intentions in this matter.

Very truly yours,
LOUIS MARX & CO. OF CANADA, LTD.

Harmer L. Cox

The defendants, on the other hand, counterclaim for a declaration that the letters patent are valid and have been infringed by the plaintiff and for an injunction and damages.

A brief statement of the facts leading to the writing of the letter and the bringing of the action may be helpful. The plaintiff has been in the plastic toys and games business for a considerable time. This is a very competitive business, for the average life of a plastic toy or game is very short and there is a constant search for something new and attractive. Competitors in the trade watch each other's productions

closely. One of the plastic games brought out by the plaintiff was a bagatelle or pin-ball game called Fire Ball, an example of which was filed as Exhibit 3. It will be described later. Fire Ball was a one-piece polystyrene injection moulded game. The polystyrene used was a thermo plastic that could be melted into a liquid. The term "injection moulded" means that the liquid plastic is injected into a mould and hardened into its final form in the mould which is then removed leaving the completed plastic article. The Fire Ball game was shown to the trade very early in 1950 and shipments to it began in May, 1950. The game was priced at 98 cents and was a success. Fire Ball was an open face game, that is to say, there was no top on it. There was a slight change in its form in September, 1951, and it continued to be sold in 1952. But competition in the United States showing up in 1952 forced a change to an enclosed game. There is no doubt that this change was due to the effect of the plastic bagatelle game brought out by the first-named defendant in New York, an example of which was filed as Exhibit 7. The plaintiff's representatives saw this at the Toy Show in New York in 1952 and felt that it would adversely affect the sales of Fire Ball since it was more expensive to make and "looked more for the money". Indeed, Fire Ball went off the market in 1953. When the plaintiff saw the change coming it proceeded to get out enclosed games that would be cheaper than the defendants' game and eventually three plastic pin-ball games, which it called "Hook-a-Fish", "Speedway" and "Game Hunt", examples of which were filed as Exhibits 8A, 8B and 8C, were produced. These games were sold at 25 cents each. The moulds for their production were obtained in June, 1953, and they were said to have been made prior to July 14, 1953, the date of the issue of the Canadian letters patent, the first-named defendant having obtained a United States patent at an earlier date. The games were first marketed on July 18, 1953. After a letter from the defendants' solicitor to the plaintiff, the second-named defendant wrote and circulated the letter of August 6, 1953, the terms of which have been cited, and then the plaintiff launched its action on August 24, 1953. It is obvious that the plaintiff decided to take proceedings before the defendants did so. It is likewise obvious that it did not intend to be diverted from its course by the threat of proceedings contained in the letter

1958

RELIABLE
PLASTICS Co.
LIMITED

v.

LOUIS MARX
& COMPANY
INC. *et al.*

Thorson P.

1958
 RELIABLE
 PLASTICS Co.
 LIMITED
 v.
 LOUIS MARX
 & COMPANY
 INC. *et al.*
 Thorson P.

of August 6, 1953, for it went ahead with its plans to produce other enclosed games. The moulds for three other pin-ball games, which it called "Trail Blazer", "Pirate Gold" and "Ambush", examples of which were filed as Exhibits 9A, 9B and 10, were completed on August 11, 1953. The first shipments of "Trail Blazer" and "Pirate Gold" were made on September 1, 1953, and of "Ambush" on September 12, 1953. The first two went on the market at 49 cents each and the third at 98 cents. Hereafter, the games produced by the plaintiff will be referred to by their exhibit numbers.

I now set out the facts relating to the production of the defendants' game. The alleged inventor was R. J. Lohr, an employee of the first-named defendant and head of its experimental and development department. One of his functions was to design new toys and games. Ideas for them came from many sources. His company avoided enclosed bagatelle games with glass tops because of their danger to children. In his search for new bagatelle games he made a small model of a plastic enclosed game in 1949, getting his idea from a Japanese game that he had seen. An example of a game similar to it was filed as Exhibit K. The game Mr. Lohr had then in mind was to be sold at 10 cents and the costs were estimated accordingly. The idea behind it was basically the same as that behind the game he eventually designed. There is no doubt that he had the plaintiff's Fire Ball game before him before he put out his final game. He found it over-priced at 98 cents but he considered that a game embodying his idea would result in a superior game. Finally, he did a drawing on December 6, 1950, from which the defendant's game finally developed as early as February 7, 1951. Eventually Mr. Lohr's model was approved by the first-named defendant on September 19, 1951 and an example of it was shown at the Toy Show in New York in March, 1952. Mr. Lohr stated that it was received very enthusiastically and went so far as to say that "it hit the toy industry like a bombshell". He further said that it revolutionized the bagatelle industry, and subsequently produced an entirely new line of small games that had been very important to the defendants' business and, as he said, "spawned a lot of imitators". According to him, the game turned out to be the best toy of the year for his company.

According to Mr. H. Cox, the manager of the foreign operations of the first-named defendant and the manager of

the second-named defendant, the production of the defendants' game began in the United States in March, 1952, and it was first made in Canada in December, 1952. It had great success, proving to be the most outstanding item in its whole 1952 line.

The plaintiff's main complaint against the defendants is that it suffered damage through loss of sales and loss of good will by reason of the threats made to its customers and purchasers from it in the letter of August 6, 1953. There is evidence that the letter did have an adverse effect on some of the plaintiff's customers and that it suffered some damage as a result but it does not necessarily follow that this gives it a cause of action against the defendants. It will first be necessary to consider whether the patent is valid, then ascertain whether the plaintiff has infringed any of the defendants' rights and, finally, consider whether the plaintiff has any cause of action for damages by reason of the threats said to be contained in the letter.

Before I deal with the validity of the patent I should give a brief description of the plaintiff's Fire Ball game which it commenced to market in May, 1950. As stated, an example of it was filed as Exhibit 3. It was an open face game with legs inserted at the back at the top end. It had an arrangement of pins and other obstructions and cups or pockets. The game was played with a ball activated by a spring. Five balls were sold with each unit. The cups or pockets had figures marked near them to indicate score values and the purpose of the game was to shoot the ball with the aid of the spring to the top of the board in such a way as to cause it to come to rest in the pocket that had the largest score figure. When all the balls had been shot the score figures were added together. The object of the game was to get as large a score as possible. The balls came in a bag with the game and the box containing it had the following instructions:

Insert two legs in position to hold up top end of game; place one ball at a time in shooting position; pull trigger back and release; try to shoot balls into the cups. They have two numbers. The first ball in the cup scores the lowest number, but when a second ball lands in the same cup the highest number is scored for that ball. The black ball counts double the amount where it lands. All balls must score. High score wins.

The game was made of plastic and was integrally moulded by injection moulding. The back was painted. A leaf spring was inserted at the bottom of the shooting alley.

1958
 RELIABLE
 PLASTICS Co.
 LIMITED
 v.
 LOUIS MARX
 & COMPANY
 INC. *et al.*
 Thorson P.

1958

RELIABLE
PLASTICS Co.
LIMITED
v.
LOUIS MARK
& COMPANY
INC. *et al.*

Thorson P.

I now refer to the defendants' patent. The specification describes the invention covered by it as a Ball Control Game Apparatus and it was said that it related to games and more particularly to ball control games. The objects of the invention are stated as follows:

The primary object of the present invention is to generally improve such games. A more particular object is to so simplify the construction of the game that it may be made under quantity production conditions at low cost, while at the same time strengthening the game structure and giving it a smooth, finished, lustrous appearance superior to prior games made at far greater cost.

The specification then states:

With these objects in view we have originated a game structure in which we use clear transparent plastic as the transparent top wall of the game, and we further mold the top wall integrally with side and end walls, and ball intercepting elements. The latter here shown include partition walls, scoring pockets and stalls, and obstacle pins, all molded integrally with the top wall in a single molding operation. To complete the toy it is merely necessary to add a bottom wall, and this may be inexpensively made of thin sheet metal appropriately lithographed to add color to the toy, and to provide scoring targets and numbers. Moreover, the bottom may be attached to the main body of the toy inexpensively by using projections on the molded body of the toy as rivets, and the edges of this sheet metal bottom may be housed within a peripheral plastic ledge, thus protecting the user against contact with the sharp edge of the sheet metal, and also avoiding any cheapening of the appearance of the toy which might result from exposure of the sheet metal.

There follows a detailed description of the construction, method of assembly and method of operation of the game, much of the detail being applicable to its preferred form, an example of which was filed as Exhibit 7. This was called Bagatelle and is similar to the game called Bazooka, specifically referred to in the description, an example of which was filed as Exhibit M. It will be sufficient if I set out the description without some of the detail and omitting references to the numbers in the figures accompanying the specification. I have Exhibit 7 before me as I do so:

The game comprises a transparent top wall with which there are integrally molded a remote end wall, a near end wall and side walls. The one piece molded structure is closed at the bottom by means of a bottom plate, which may be made of a single piece of sheet metal stamped to desired configuration with its top face lithographed to provide score indications. The peripheral edge of the molded body is appropriately offset and recessed to receive the metal bottom, the edges of the latter being housed within and concealed by the plastic.

Here I might interject that it is clear that the bottom need not be of sheet metal. That is used in the preferred form of

Exhibit 7 but any sheet material, including cardboard, may be used. I now continue the summarized description:

1958

RELIABLE
PLASTICS Co.
LIMITED

v.
LOUIS MARX
& COMPANY
Inc. et al.

Thorson P.

The top wall has molded integrally therewith a partition wall which separates the left side of the game, which acts as a scoring compartment, from the right side, which acts as a ball storage and ball projecting compartment. At its near end the partition curves leftward and has a branch extending rightward, the latter acting to guide successive balls in front of the ball projector shown here as a plunger.

The top wall has molded integrally therewith a series of scoring pockets. There are additional partition walls formed integrally with both the top wall and the nearer end wall, which act to divide the near end of the game into a series of scoring stalls, in which the balls may be received with appropriate scoring values. All the partitions taper downward, to facilitate the molding operation.

In addition, the top wall is formed integrally with a series of obstacles which deflect the ball to one side or the other as it rolls from the remote toward the near end of the game. These obstacles are essentially round pins. For ease in molding the pins are tapered so that each pin is essentially frustraconical in shape. The pins may be hollowed and molded with a conically shaped opening which passes through the top wall of the toy. This helps insure complete accurate filing of the molding cavity which forms the pin and saves material.

An examination of Exhibit 7 demonstrates this part of the description. I continue with it:

The pins, and also the partitions and pockets, extend downwardly from the top wall towards the bottom and preferably all the way down to the bottom for in that case they help support and stiffen the bottom against upward movement. Moreover, rivets for holding the bottoms may be formed at the lower ends of selected pins and also at selected points on the partitions. The pin as molded includes a cylindrical stud which passes through a mating hole in the bottom and by application of a heated tool the projecting end may be spread or riveted, thereby anchoring the bottom as well as spacing it properly from the top wall. These rivets are most readily formed at the lower ends of the pins. Additional rivets are also formed in the partitions.

The pins thus act as spacers between the top wall and the bottom and the statement that the projecting ends are riveted refers to the process called "swedging". This means that heat is applied to the projection of the plastic pin extending through the mating hole in the bottom which causes it to melt and flatten down so that it acts as a rivet. When that is done the projection is said to be "swedged". Swedging may take place regardless of the composition of the bottom. Thus swedging may be done on a cardboard bottom as well as on a metal one. I now continue the summarized description:

The remote end wall is curved, and in its simplest form is semi-circular, in order to guide a projected ball smoothly around after it has been fired by the ball projector. Despite the curved configuration of the

1958
 RELIABLE
 PLASTICS CO.
 LIMITED
 v.
 LOUIS MARX
 & COMPANY
 Inc. *et al.*
 Thorson P.

wall, the one-piece molded body is extended outwardly beyond the curved wall by areas which are at a lower level immediately adjacent to the bottom wall. These extensions provide room in which to form inverted sockets which detachably receive legs. When the legs are inserted in the sockets the game is supported at an angle to the horizontal.

The specification then gives a detailed description of the ball projector or plunger and its actuating spring, the manner of assembling it with the rest of the game and the manner of its operation, with all of which we are not particularly concerned in this case. There is also a description of some special advantages when a sheet metal bottom is used. Then there is a description of the balls:

The game may be provided with a desired number of balls. They are all permanently sealed inside the game, and therefore inaccessible, and cannot be lost, yet all of them are readily restored to initial firing position by first tilting the board towards the upper right hand corner and then tilting it towards the near end and then towards the left until the balls are aligned along the partition wall. Each time the projector is retracted and let go one ball is fired.

Then there are directions to the effect that the pockets and stalls between the partitions may be given suitable score values and that the lithography on the bottom may be pictorialized. Thus in Exhibit M the firing channel is drawn to resemble a bazooka, which fact gave that game its name. The specification then contains the following statement of the game's advantages:

The game has a rich, lustrous, finished appearance, because almost all of the game structure is made of glass-like transparent plastic. However, the game may be mass produced at low cost because substantially all of the game structure is molded in a single piece, in a single molding operation. The bottom is inexpensively stamped out of sheet metal, appropriately lithographed to add everything that is needed in the way of color illustration and score markings. To assemble the toy the balls and the ball projector with its spring are dropped in position and the bottom added and riveted in place by means of rivets formed integrally with the main molded body. The game is characterized by a smooth dependable operation which is intriguing and challenging to the user. The balls cannot be lost.

Then it is pointed out that changes may be made in the structure without departing from the scope of the invention, as sought to be defined in the claims, and it is pointed out that the term "ball intercepting element" in the claims is intended to be generic to the pins, pockets, stalls, and partitions.

The specification ends with 20 claims and the defendants in their counterclaim put all of them in issue except claims

2, 6, 8, 9 and 10, but, in my opinion, it is not necessary to do more than set out claims 1, 3 and 5. They read as follows:

1958

RELIABLE
PLASTICS Co.
LIMITED

v.

LOUIS MARX
& COMPANY
INC. *et al.*

Thorson P.

1. A game device comprising top and end and side walls molded out of transparent moldable plastic to form a single body which is generally enclosed except at the bottom, a generally opaque bottom made of relatively thin sheet material and having apertures for the reception of rivets, the periphery of said molded plastic body surrounding the bottom to protect the edge of the bottom, and a ball, a plurality of ball intercepting elements molded integrally with said top wall and projecting downwardly from said top wall toward the bottom, the lower ends of some of said ball intercepting elements being shaped to form spacer surfaces and rivets, which rivets project further in the direction away from the top and which rivets pass through said apertures and are headed beneath the sheet material bottom to hold said bottom against said spacer surfaces, said elements which have rivets thereby acting as spacers between the top wall and the bottom of the game device.

3. A game device comprising top and end and side walls molded out of transparent moldable plastic to form a single body which is generally enclosed except at the bottom, a generally opaque bottom made of relatively thin sheet material and having apertures for the reception of rivets, a ball, and a resiliently movable ball projector, a plurality of ball intercepting elements molded integrally with said top wall and projecting downwardly from said top wall toward the bottom, the lower ends of some of said ball intercepting elements being shaped to form spacer surfaces and rivets which rivets project further in the direction away from the top and which rivets pass through said apertures and are headed beneath the sheet material bottom to hold said bottom against said spacer surfaces, said elements which have rivets thereby acting as spacers between the top wall and the bottom of the game device, said ball projector being received upwardly into a part of said molded body and being positioned thereby against upward movement, the part of said molded body receiving said ball projector also bearing sidewardly against the projector and thereby serving to position the same against undesired lateral movement while permitting the desired ball projecting movement, the aforesaid bottom serving to complete the mounting of said ball projector by supporting it from beneath against downward movement.

5. A game device comprising top and end and side walls molded out of transparent plastic to form a single body which is generally enclosed except at the bottom, a generally opaque bottom made of relatively thin sheet material, at least one ball, and a resiliently movable ball projector, the periphery of said molded plastic body surrounding the bottom and being appropriately stepped outwardly to receive the bottom within its periphery and upwardly against its step in order to properly space the bottom from the top wall and in order to protect the edge of the thin sheet material forming the bottom, a plurality of ball intercepting elements molded integrally with said top wall and projecting downwardly from said top wall toward the bottom, said molded body being shaped to form integral rivets which rivets project in the direction away from the top and which rivets pass through mating parts of the sheet material bottom and are headed beneath the bottom in order to hold the same in assembled relation with the body, said ball projector being positioned by a mating part of said molded body against undesired movement while permitting the desired ball projecting movement, one of said ball intercepting elements

1958
 RELIABLE
 PLASTICS Co.
 LIMITED
 v.
 LOUIS MARX
 & COMPANY
 INC. *et al.*
 THORSON P.

being a wall disposed immediately adjacent to and at an angle leading rearwardly and sidewardly to the ball projector in order to guide and return a ball to the ball projector.

There were several attacks on the validity of the patent. It was conceded that the defendants' game was not anticipated by any prior patent or publication but there was no acknowledgment of its patentable novelty. It was urged, indirectly if not directly, that there was really nothing new about it and resort was had to the evidence of the prior art to support this contention. This may be summarized briefly. Bagatelle or pin-ball games are old. They are staples in the toys business. At first they were open face with wood frames and cardboard or masonite bottoms. The obstructions, styled "intercepting elements" in the claims, were clamped on the bottom. Later, there were metal frames. Then there were enclosed games with wood or metal walls, masonite bottoms and glass tops. The enclosed games had an advantage over the open face ones in that the balls did not get lost but they suffered from the disadvantages that the glass tops were subject to breakage and were dangerous to children. Nor was there anything new about the use of plastics or the processes of injection moulding or swedging. But, notwithstanding these facts, there cannot be any doubt that the defendants' game, as exemplified by Exhibit 7, was new. All that is necessary is to look at it and compare it with anything that existed before. There was certainly no doubt about its novelty in the minds of those who saw the game for the first time at the Toy Show in New York in March, 1952.

Apart from attacks on some of the claims on the ground that they contemplated devices that would not work, there was no attempt to dispute the utility of the defendants' game. I have already referred to Mr. R. Lohr's statement that it was received very enthusiastically at the New York Toy Show and that "it hit the toy industry like a bombshell". The evidence is that it was the first \$1 enclosed plastic bagatelle game and there is no doubt that it had great commercial success. Its utility was proved beyond dispute.

The main attack on the validity of the patent was that the game lacked the essential elements of invention in that it was merely a workshop improvement over the prior art that would be obvious to any person skilled in it and that it did not involve the exercise of any inventive ingenuity

on the part of the alleged inventor. It was contended that the game was not an inventive advance over the prior art or the common knowledge of the persons skilled in it. The submission was that it was essentially the same as the plaintiff's Fire Ball, Exhibit 3, that the pins, obstructions and pockets were similar in each case and their relationship to one another was really the same, that basically the only difference between the two was that Exhibit 3 was moulded from the bottom whereas Exhibit 7 was moulded from the top, that all that the alleged inventor had done was to take the plaintiff's game Fire Ball, turn it upside down and apply a bottom to it, that in reversing the plaintiff's device he merely took advantage of the well-known characteristics of plastics and used the well-known method of injection moulding, that there was nothing inventive about putting a bottom on the game or using the well-known process of swedging the projections of the pins and that the alleged inventor really did nothing more than apply his common knowledge and well-known substances and techniques to the plaintiff's prior device.

I have no hesitation in rejecting the submissions thus put forward on behalf of the plaintiff and finding that there was inventive ingenuity in Mr. Lohr's game. There is a statutory presumption of the validity of the patent under section 47 of *The Patent Act, 1935* from which it follows that the onus of showing its invalidity is on the party attacking it: *Vide The King v. Uhlemann Optical Co.*¹ And in *O'Cedar of Canada Ltd. v. Mallory Hardware Products Ltd.*² I expressed the opinion, which I repeat, that, in view of this statutory presumption, where there has been a substantial and useful advance over the prior art, as is the case here, the Court should not make the onus of showing the invalidity of the patent an easy one to discharge. In my opinion, the plaintiff has not discharged it in the present case.

But quite apart from the statutory presumption of validity I find that in fact the production of Mr. Lohr's game did involve the exercise of inventive ingenuity on his part. The essence of his invention, to put it briefly, was to mould the top wall integrally with the end and side walls and the partitions, pins and pockets in a single moulding of transparent plastic with a separate bottom attached by the pins projecting through holes in the bottom and being headed and

1958

RELIABLE
PLASTICS Co.
LIMITEDv.
LOUIS MARX
& COMPANY
INC. *et al.*

Thorson P.

¹ [1950] Ex. C.R. 142 at 161.² [1956] Ex. C.R. 299 at 318.

1958
 RELIABLE
 PLASTICS CO.
 LIMITED
 v.
 LOUIS MARX
 & COMPANY
 INC. *et al.*
 Thorson P.

the heads being swedged so as to serve as rivets and fasten the bottom in place to make an enclosed game. The fact that it was easy to put the idea into practice and that all that was needed to do so was to apply well-known techniques to well-known substances does not prevent the embodiment of an idea from patentability if the idea itself involved the exercise of inventive ingenuity. The decision of the Court of Appeal in *Hickton's Patent Syndicate v. Patents and Machine Improvements Company Ltd.*¹ is ample authority for this statement. The simplicity of putting an idea into effect is not an indication that the idea was not inventive or that it would be obvious to a person skilled in the art. And I am satisfied that the fact that Mr. Lohr saw the plaintiff's Fire Ball before he finally produced his invention does not deny his invention. I agree with counsel for the defendants that Mr. Lohr had to regard the Fire Ball game as part of the prior art and that, apart from the statutory presumption of validity, it must appear that his invention would not have been obvious to a person skilled in the art who had seen Fire Ball. In my opinion, there is no doubt that it would not have been obvious to such a person. Mr. Lohr's game overcame the defects of open face games such as Fire Ball and provided an enclosed game that had brilliance, color and lightness without fragility not previously obtainable. Moreover, the idea of the integral moulding from the top and the simplicity of the manner of attaching the bottom resulted in the possibility of an enclosed plastic bagatelle or pin ball game that could be sold at \$1, an idea that had never occurred to any one before Mr. Lohr thought of it and a development that would not have been obvious to any workman in the art even if he had the plaintiff's Fire Ball before him. In my opinion, there is no doubt that the necessary element of invention was present in the defendants' game.

In view of the finding that the defendants' game involved the exercise of inventive ingenuity on the part of the inventor I need not consider the evidence of its commercial success or its effect on the issue of invention and I refrain from doing so.

I now turn to the attacks made on some of the claims in the patent. The most important one was that the term "transparent plastic" as used in some of the claims, as, for

¹(1909) 26 R.P.C. 339.

example, in claim 5, was broad enough to include thermo setting plastic as well as thermo plastic and that, consequently, such claims were too wide in that they purported to cover a plastic, namely thermo setting plastic, that would not work since such a plastic could not be swedged. Dr. W. Gallay was called by the plaintiff in support of this contention. He explained that there were two kinds of polystyrene plastic, commonly described simply as styrene plastic, namely, thermo plastic and thermo setting plastic. And he gave a clear explanation of what is meant by the term "swedging". As he put it, the term "swedging" involved the integral moulding of the components that passed through a mating hole in the second component, followed by the application of heat to the protruding portions of such components so that they flattened out to form heads over the holes in the mating component so that they formed rivets and rendered possible a method of fastening the two components. Dr. Gallay put the distinction between the two kinds of plastic referred to very clearly. Thermo plastic could be remelted with the application of heat and then re-solidified and this process could be repeated indefinitely. But thermo setting plastic could not be remelted once it had hardened, so that if heat was applied to it all that would happen would be that it would decompose and burn. It was an irreversible salt. Consequently, any protusions of plastic, if thermo setting, could not be swedged for they could not be remelted by the application of heat in such a way as to act as rivets and it would not be possible to fasten the two components together. Moreover, thermo setting plastic is moulded by compression and does not lend itself to injection moulding. While it is conceded that a patent is invalid if it extends to material that will not work and the attack on the validity of the patent on the ground put forward seemed, at first, to be a strong one, I have come to the conclusion that a complete answer to the charge of invalidity on this ground was given by Dr. Gallay on his cross-examination. He then said, in answer to a question put by counsel for the defendants, that if he was told that there was a clear transparent plastic that was to have rivets and that the rivets were to be headed his conclusion would be that the plastic referred to would have to be thermo plastic for it was only when the plastic was thermo plastic that it could be headed. I am, therefore, of the view that when

1958

RELIABLE
PLASTICS Co.
LIMITED

v.

LOUIS MARX
& COMPANY
INC. *et al.*

Thorson P.

1958

RELIABLE
PLASTICS CO.
LIMITEDv.
LOUIS MARX
& COMPANY
INC. *et al.*

Thorson P.

the claims speak of the pins, that is to say, the projections, as rivets to be headed as several of them, as, for example, claim 5, do, they sufficiently confine the clear transparent plastic that is to be used to thermo plastic and do not extend to thermo setting plastic. This attack on the validity of the claims fails.

Only a brief reference need be made to another attack. It was contended that in some of the claims, as, for example, in claim 1, there was no reference to a ball projector or plunger or activating means and that, consequently, the device covered by it would not work. There are two answers to this. In some of the claims, as, for example, in claim 3, there is a reference to a ball projector so that, even if claim 1 were invalid for failure to include a ball projector, claim 3 could not be attacked on that ground. But it should be noted that claim 1, although it does not specify the use of a ball projector, does not exclude its use. The claim is broad enough to include games or devices in which a ball projector might not be necessary as well as a game in which it was used. The ball projector was not part of what Mr. Lohr invented. This attack on the patent fails.

And I need not deal with the attack on claims 19 and 20 on the ground that they were added after the allowance of the other claims and were broader than any of the allowed claims. In my opinion, this attack also fails.

I consequently find that claims 1, 3 and 5 are valid. This is not to be taken as a finding that the other claims are invalid. It follows from this finding that the plaintiff is not entitled to a declaration that the letters patent are invalid and that the defendants are entitled to a declaration that claims 1, 3 and 5, at any rate, are valid.

I next come to the plaintiff's claim for a declaration of non-infringement and the defendants' counterclaim for a declaration of infringement. I shall deal first with the plaintiff's claim. It was for a declaration that its games "Hook-a-Fish", "Speedway" and "Game Hunt", being games 8A, 8B and 8C, did not infringe the defendants' patent even if it were held to be valid. The claim is confined to a declaration in respect of these games for they were the only ones made by the plaintiff at the date of the commencement of its action, namely, August 24, 1953, that could possibly be said to infringe the patent.

Counsel for the plaintiff contended that these games did not infringe any of the claims of the patent and that even if they did come within their terms the plaintiff was saved from liability for infringement under section 56 of the Act, which reads, in part, as follows:

56. Every person who, before the issuing of a patent has purchased, constructed or acquired any invention for which a patent is afterwards obtained under this Act, shall have the right of using and vending to others the specific article, machine, manufacture or composition of matter patented and so purchased, constructed or acquired before the issue of the patent therefor, without being liable to the patentee or his legal representatives for so doing; . . .

The plaintiff began to market these games on July 18, 1953. This fact was, of course, known to the defendants prior to the letter of August 6, 1953, for two of them were specifically mentioned in it. But it was contended on behalf of the plaintiff that all these games had been made prior to July 14, 1953, the date of the issue of the patent, and that, consequently, it was entitled to the benefit of section 56 of the Act. There is some conflict in the evidence on this point. Mr. A. Samuels, the plaintiff's vice-president, said that about 3,000 dozen of the games were sold in 1953 and when he was asked how many of them would have been made before July 14, 1953, his answer was "2,500 dozen". If his answer was correct the plaintiff would have the benefit of section 56 in respect of the 2,500 dozen games that were made prior to July 14, 1953, but not in respect of the 500 dozen that were made afterwards. But I do not think that this was so. On his re-examination Mr. Samuels said that all the units shipped on July 18, 1953, had been made prior to July 14, 1953. This is, I think, a true statement. Mr. Samuels said of the 2,500 dozen that they would all be made in one run. It is most unlikely that a second run of 500 dozen would be made. In my opinion, the evidence as a whole indicates that all the plaintiff's games 8A, 8B and 8C were made prior to July 14, 1953, and I so find. In view of this finding it may not be necessary to consider whether the games, apart from section 56, infringed the patent. But, if I had to deal with that question I would accept the submission of counsel for the defendants that they do infringe claim 5, notwithstanding the seeming differences in respect of the plunger and the wall on which counsel for the plaintiff relied in support of his contention that the games did not in fact infringe.

1958

RELIABLE
PLASTICS Co.
LIMITEDv.
LOUIS MARX
& COMPANY
INC. *et al.*Thorson P.
—

1958

RELIABLE
PLASTICS Co.
LIMITED

v.

LOUIS MARX
& COMPANY
INC. *et al.*

Thorson P.

It follows from what I have said that the plaintiff is not entitled to the declaration sought by it that its 8A, 8B and 8C games did not infringe any of the claims in the patent but I see no reason why it should not have a declaration that it is not liable for infringement in respect of the 8A, 8B and 8C games made by it prior to July 14, 1953, and I make such declaration accordingly.

The defendants' counterclaim for a declaration of infringement is on a different footing. It was sought in respect not only of the games 8A, 8B and 8C but also in respect of the games called "Trail Blazer", "Pirate Gold" and "Ambush", being games 9A, 9B and 10. These were all made by the plaintiff subsequently to the date of the issue of the patent and the date of the letter complained of, the first two being marketed on September 1, 1953, and the third on September 12, 1953. In respect of these games the plaintiff is not entitled to any benefit under section 56 of the Act for it does not extend to them. Counsel for the plaintiff did not attempt to argue that these games did not infringe the patent but was content to stand on his contention of invalidity. Without going into detail I have no hesitation in finding that the games do infringe at least claim 1 of the patent. The defendants are entitled to counterclaim for such a declaration and I make it in their favor accordingly. But, in view of my finding with regard to games 8A, 8B and 8C, I do not extend the declaration to them.

There remains only the claim for damages for threats. This was put on three grounds, namely, first, under section 11(1)(a) of *The Unfair Competition Act, 1932*, Statutes of Canada, 1932, Chapter 38, secondly, as an action at common law, and, thirdly, under the Statute of Monopolies, 21 James I, Chapter 3. In his opening counsel for the plaintiff relied particularly on section 11(1)(a) of *The Unfair Competition Act, 1932*. In addition, the statement of claim alleges acts within the ambit of section 11(1)(c).

The plaintiff's claim is a novel one in the sense that there has never been a case in this Court where such a claim has been allowed. That is not to be taken as establishing that a claim for damages for threats can never lie. Whether there are circumstances under which such a claim would lie is a question reserved for consideration in a more appropriate case than the present. Here I have no hesitation in finding that the plaintiff has no cause of action on any of the grounds on which its claim was based.

It was contended that the plaintiff's claim was related to the fact that at the time of the action the only games made by it that could possibly be said to infringe the defendants' patent were the games 8A, 8B and 8C and that the letter of August 6, 1953, should be construed accordingly. Even on that assumption the claim should be dismissed.

1958
 RELIABLE
 PLASTICS Co.
 LIMITED
 v.
 LOUIS MARX
 & COMPANY
 Inc. *et al.*
 Thorson P.

The relevant sections of *The Unfair Competition Act, 1932*, provide as follows:

11. No person shall, in the course of his business,
- (a) make any false statement tending to discredit the wares of a competitor;
 - (c) adopt any other business practice contrary to honest industrial and commercial usage.

The statements in the letter of August 6, 1953, that were said to be false were the statements that the games "Hook-a-Fish" and "Speedway" infringed the defendants' patent, that the patent was valid and that the games listed in the letter were covered by it. I do not agree. Even if it could be argued that the statement that the plaintiff's named games infringed the patent was untrue, in view of the freedom from liability for infringement afforded by section 56 of *The Patent Act, 1935*, that does not make it a *false* statement. And the other statements referred to were true. There was thus no cause of action under section 11(1)(a). Nor was there any support for a claim under section 11(1)(c).

And there was no evidence to support the claim under the Statute of Monopolies even if the Court had jurisdiction to entertain such a claim, a question that need not be determined in this case.

Nor was there any basis for the claim at common law. This has been variously described as a claim for trade libel or slander of title or disparagement of property or, to put it more broadly, injurious falsehood. The elements that are essential to such a cause of action have been variously stated in the cases but I do not think that it would be appropriate, in view of the facts in this case, to attempt now to define the limits of such a claim. To the extent that falsity is an essential element in such a cause of action the plaintiff's claim fails. As I have already stated there is no evidence of falsity in the letter complained of. Nor, in my opinion, was there any evidence of malice. If malice is an essential ingredient of such a cause of action the onus of

1958
 RELIABLE
 PLASTICS Co.
 LIMITED
 v.
 LOUIS MARX
 Inc. *et al.*
 THORSON P.

proof of malice lay on the plaintiff and it has failed to discharge it. It was urged that there was recklessness on the part of the second-named defendant in writing the letter and that this amounted to malice on its part. I do not agree. It appeared from the letter that the defendant had been informed of its rights under the patent and the extent of its coverage and there is no evidence to indicate any disbelief on its part that it could enforce its patent rights. It was not shown that the defendant acted otherwise than with an intention to prevent infringement. The fact that the defendant failed to consider that the plaintiff might be saved from liability for infringement in respect of the games made by it prior to the date of the issue of the patent is not sufficient to saddle it with falsity or malice.

It follows that the plaintiff's claim for damages must be dismissed.

In the result the plaintiff's action must be dismissed with costs, except that it is entitled to a declaration that it is not liable for infringement in respect of the games 8A, 8B and 8C made by it prior to July 14, 1953, and that the costs of the action payable by it should be reduced by one-third. So far as the defendants' counterclaim is concerned there will be a declaration that claims 1, 3 and 5 of the patent are valid and that the plaintiff's games "Trail Blazer", "Pirate Gold" and "Ambush" infringe claim 1 and an order that if the parties are not able to agree on the amount of damages there will be a reference to the Registrar or a Deputy Registrar and judgment for the defendants for such amount of damages as shall be found on the reference. The claims for an injunction and for delivery of the articles said to infringe are denied. The defendants are entitled to the costs of the counterclaim.

Judgment accordingly.