1965
*Nov. 23, 24
1966
Jan. 25

RADIO CORPORATION OF AMERICA (*Plaintiff*) ..... APPELLANT;

AND

PHILCO CORPORATION (DELAWARE) (*Defendant*) ..... RESPONDENT.

ON APPEAL FROM THE EXCHEQUER COURT OF CANADA

Patents—Practice and procedure—Application to strike out part of statement of claim filed in Exchequer Court—Whether proceedings before that Court must be confined to the claims in conflict before the Commissioner of Patents—Patent Act, R.S.C. 1952, c. 203, s. 45—Exchequer Court Act, R.S.C. 1952, c. 98, s. 21.

In proceedings before him concerning conflicting claims in respect of patents for inventions relating to coloured television, the Commissioner of Patents awarded some of the claims to the plaintiff and the others to the defendant. Pursuant to s. 45(8) of the *Patent Act*, R.S.C. 1952, c. 203, the plaintiff filed a statement of claim in the Exchequer Court in which it included claims other than those in conflict before the Commissioner of Patents. The defendant filed a notice of motion to strike out the parts of the statement of claim which were not confined to the claims in conflict before the Commissioner. The motion was granted by the Exchequer Court. The plaintiff appealed to this Court.

*PRESENT: Abbott, Martland, Ritchie, Hall and Spence JJ.

Held: The appeal should be dismissed.

Proceedings under s. 45(8) of the *Patent Act* are restricted to a determination of the respective rights of the parties in respect of the subject matter of the claims put in conflict by the Commissioner of Patents.

Section 21 of the *Exchequer Court Act*, R.S.C. 1952, c. 98, does not confer upon the plaintiff the right to the relief which was sought by the impugned parts of the statement of claim. The conclusion which is to be drawn 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 of the *Patent Act*, and such party is restricted to such rights as are conferred by that section.

Brevets—Procédure—Requête pour faire radier partie de la déclaration produite devant la Cour de l'Échiquier—Les procédures devant cette Cour doivent-elles être restreintes aux revendications qui sont en conflit devant le Commissaire des Brevets—Loi sur les Brevets, S.R.C. 1952, c. 203, art. 45—Loi sur la Cour de l'Échiquier, S.R.C. 1952, c. 98, art. 21.

Lors de procédures concernant des revendications en conflit au sujet de brevets pour inventions se rapportant à la télévision en couleurs, le Commissaire des Brevets a accordé certaines des revendications à la demanderesse et les autres à la défenderesse. En vertu de l'art. 45(8) de la *Loi sur les Brevets*, S.R.C. 1952, c. 203, la demanderesse a produit une déclaration devant la Cour de l'Échiquier dans laquelle elle a inclus d'autres revendications que celles qui étaient en conflit devant le Commissaire des Brevets. La défenderesse a présenté une requête pour faire radier les parties de la déclaration qui n'étaient pas restreintes aux revendications en conflit devant le Commissaire. La requête a été accordée par la Cour de l'Échiquier. La demanderesse en appela devant cette Cour.

Arrêt: L'appel doit être rejeté.

Les procédures sous le régime de l'art. 45(8) de la *Loi sur les Brevets* sont limitées à la détermination des droits respectifs des parties relativement à la matière en litige des revendications qui ont été mises en conflit par le Commissaire des Brevets.

L'art. 21 de la *Loi sur la Cour de l'Échiquier*, S.R.C. 1952, c. 98, ne donne pas à la demanderesse le droit au recours qu'elle a recherché par les parties de la déclaration qui sont attaquées. La conclusion que l'on doit tirer de l'historique législatif des dispositions de la *Loi sur les Brevets* concernant les demandes en conflit est à l'effet que, quoique l'art. 21 de la *Loi sur la Cour de l'Échiquier* confère à la Cour de l'Échiquier la juridiction dans les cas de demandes pour brevets qui sont en conflit, le droit de la partie engagée dans un tel conflit d'attaquer la demande de brevets d'une autre partie est gouverné par l'art. 45 de la *Loi sur les*

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Brevets et cette partie est restreinte aux seuls droits qui sont conférés par cet article

APPEL d'un jugement du Président Jackett de la Cour de l'Échiquier du Canada[1], radiant certains paragraphes de la déclaration. Appel rejeté.

APPEAL from a judgment of Jackett P. of the Exchequer Court of Canada[1], striking out certain paragraphs of the statement of claim. Appeal dismissed.

Christopher Robinson, Q.C., and *Russell S. Smart*, for the plaintiff, appellant.

David Watson and *Edwin A. Foster*, for the defendant, respondent.

The judgment of the Court was delivered by

MARTLAND J.:— This appeal is from a judgment of the learned President of the Exchequer Court[1] which, upon a motion brought by the respondent, struck out paragraphs 10 to 19 inclusive of the appellant's amended statement of claim and also paragraph (*a*) of the prayer of that statement of claim. The question in issue on the appeal involves the interpretation of s. 45 of the *Patent Act*, R.S.C. 1952, c. 203, and of s. 21 of the *Exchequer Court Act*, R.S.C. 1952, c. 98.

The action was brought by the appellant, as plaintiff, against the respondent, as defendant, following a decision of the Commissioner of Patents, dated December 13, 1963, in a conflict between patent application Serial Number 606,877, filed on October 17, 1950, by C. W. Hansell, as inventor, and assigned to the appellant, and patent application Serial Number 609,764, filed on December 29, 1950, by Wilson P. Boothroyd and Edgar M. Creamer, and assigned to the respondent. The former is entitled "Color Transmission System" and the latter "Electrical Intelligence Transmission System".

Section 45 of the *Patent Act*, which is headed "CONFLICTING APPLICATIONS", provides as follows:

[1] [1965] 2 Ex. C.R. 197.

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;

(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.

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(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.

On September 18, 1961, the Commissioner notified the appellant and the respondent of a conflict between the two applications in respect of 12 claims, which he designated C1 to C12. Affidavits were filed by the parties, pursuant to subs. (5) of s. 45, and, after considering these, the Commissioner, pursuant to subs. (7), awarded claims C1 to C4 to the appellant, and claims C5 to C12 to the respondent.

Pursuant to subs. (8), the appellant filed a statement of claim in the Exchequer Court on March 12, 1964, claiming entitlement to claims C5 to C12. On April 8 the respondent filed a statement of defence and a counterclaim claiming entitlement to claims C1 to C4.

On November 23, 1964, the appellant filed an amended statement of claim, which added additional paragraphs 10 to 19 inclusive and a new prayer.

On January 25, 1965, the respondent filed a notice of motion to strike out the amendments. This motion was successful, save as to paragraph 18, as to which there is no cross-appeal, and which is no longer in issue before this Court.

The amendments to the statement of claim, now in issue, attacked 78 of the claims in the respondent's application, in addition to those which the Commissioner had designated as C1 to C12. Of these 78 claims it was alleged that 21 were

claims to subject matter disclosed in the appellant's application, that 30 were identical with claims in patents already granted to the appellant, that 17 were claims to subject matter disclosed in patents already granted to the appellant and that 10 were claims to subject matter known by one Sziklai before any invention by Boothroyd (the respondent's inventor) and disclosed to the public and to the respondent before the respondent's application was filed.

The point which is in issue on this appeal is as to whether the appellant had the right, in proceedings taken pursuant to s. 45(8), to attack claims contained in the respondent's application in relation to which no conflict had been found by the Commissioner.

On behalf of the appellant, it was contended that the possibility of such an attack being made was contemplated by the terms of s. 45 standing by itself, but that, in any event, such proceedings were authorized by s. 21 of the *Exchequer Court Act*.

At the conclusion of the argument for the appellant we stated our unanimous opinion that the first contention could not be successfully maintained. We were in agreement with the learned President, who stated his position in the following words:

> In these circumstances, the question is whether the very special provision impliedly made by subsection (8) of section 45 for proceedings in this Court to determine the respective rights of the parties whose applications are in conflict is restricted to the respective rights in respect of the claims in conflict as dealt with by the Commissioner or whether that very special provision opens the door to an attack by either of the applicants on any of the claims set out in the other party's application no matter what the basis for that attack may be and no matter how remote such claims may be from the subject matter of the claims put in conflict by the Commissioner.
>
> I am of opinion that proceedings under section 45(8) are restricted to a determination of the respective rights of the parties in respect of the subject matter of the claims put in conflict by the Commissioner. Giving the best consideration that I can to section 45 as a whole and reading it in relation to the other provisions of the Act, I cannot read subsection (8) as applying to anything except the claims that have been dealt with pursuant to subsections (3) to (7) inclusive.

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I turn now to consider the effect of s. 21 of the *Exchequer Court Act*, which, it was submitted, permitted the course taken by the appellant by its amendment to the statement of claim. That section provides:

> 21. The Exchequer Court has jurisdiction as well between subject and subject as otherwise,
>
> (*a*) in all cases of conflicting applications for any patent of invention, or for the registration of any copyright, trade mark or industrial design;
>
> (*b*) in all cases in which it is sought to impeach or annul any patent of invention, or to have any entry in any register of copyrights, trade marks or industrial designs made, expunged, varied or rectified; and
>
> (*c*) in all other cases in which a remedy is sought under the authority of any Act of the Parliament of Canada or at common law or in equity, respecting any patent of invention, copyright, trade mark, or industrial design.

Dealing with this issue, the learned President stated:

> While I recognize that the jurisdiction conferred on this Court by section 21 of the *Exchequer Court Act*, R.S.C. 1952, chapter 98, may not extend to such parts of paragraphs 11 to 17 as do not form the basis for a claim in respect of conflicting applications, I am of opinion that what I have to decide is not to be determined by reference to that section. In my view, section 21 confers jurisdiction on the Court where a right to relief exists, in the classes of cases therein defined, by virtue of some other statutory provision, at common law or in equity. (Unlike section 18(1)(*c*), section 21 does not create a right to relief as well as confer jurisdiction on the Court.) In addition to the jurisdiction conferred by section 21, the Court has jurisdiction wherever some statutory provision expressly imposes on the Court a duty to hear and determine some claim for relief in classes of cases not covered by section 21. Applications for patents of invention are creatures of the *Patent Act*. No right to obtain relief from a Court in respect thereto exists except where such right has been conferred expressly or impliedly by some statute and, as far as I am aware, the only statute that deals with such applications is the *Patent Act* itself. The only provision in the *Patent Act* upon which the plaintiff has attempted to found the claims for relief contemplated by paragraphs 11 to 17 is section 45. In my view, those paragraphs must be struck out unless section 45 confers on the plaintiff a right to seek the relief contemplated thereby in this Court.

In contending that s. 21 conferred upon the appellant the right to the relief which was sought by the amended statement of claim, reference was made by counsel to the case of *Hutchins Car Roofing Company and Frame v.*

Burnett[1]. That was an application to stay proceedings before the Exchequer Court respecting conflicting applications for a patent. The plaintiff in those proceedings had sued for a declaration that the plaintiff Frame was the first and true inventor and for an order requiring the issue of letters patent to the plaintiffs. The defendant sought a stay, alleging that he had already named an arbitrator so that the issue of conflict might be determined by arbitration in accordance with s. 20 of the *Patent Act*, R.S.C. 1906, c. 69.

That section, which was headed "CONFLICTING APPLICATIONS", provided that in the case of conflicting applications for any patent the same should be submitted to the arbitration of three skilled persons, two to be chosen by the applicants and one to be chosen by the Commissioner. A majority decision of the arbitrators was declared final. No reference was made in this section to the Exchequer Court.

The predecessor of this section is to be found in s. 43 of Chapter 26, 35 Vict. (1872). That section preceded the enactment, in s. 4 of Chapter 26, 54-55 Vict. (1891), of the section which is now s. 21 of the *Exchequer Court Act*.

The application for a stay was refused, Cassels J. holding that the Exchequer Court had jurisdiction under s. 23 of the *Exchequer Court Act*, R.S.C. 1906, c. 140, (the predecessor of the present s. 21), to determine the matter notwithstanding the proceedings pending for arbitration under the *Patent Act*.

When an appeal was launched to this Court[2], the plaintiffs sought to quash the appeal on the grounds of lack of jurisdiction. It was held an appeal would lie. There is no report of any later decision by this Court on the merits.

A few years after the decision of Cassels J., and, presumably, to meet the difficulty created by the possible existence of two distinct procedures for dealing with conflicting applications for a patent, Parliament, when it enacted the

[1] (1916), 16 Ex. C.R. 391.
[2] (1917), 54 S.C.R. 610, 36 D.L.R. 45.

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Patent Act, Chapter 23, Statutes of Canada 1923, added to s. 22 (formerly s. 20, R.S.C. 1906, c. 69) a new subs. (7), which provided as follows:

> (7) If prior to such time as may be fixed by the Commissioner for the appointment of arbitrators or allowed by him to enable the conflicting applicants to unite in appointing arbitrators, any one of the conflicting applicants takes proceedings in the Exchequer Court for the determination of the conflict, no further proceedings shall be taken thereon under this section, and the said Court shall have exclusive jurisdiction in the premises; but no such proceedings shall be taken in the Exchequer Court after the expiration of such time.

This subsection recognized the jurisdiction of the Exchequer Court with respect to conflicting applications for patents, but limited the period during which it might be exercised. It continued in effect as subs. (7) of s. 22 of the *Patent Act*, R.S.C. 1927, c. 150.

In 1932 s. 22 was repealed. The procedure by way of arbitration was replaced by the method of dealing with conflicting applications which now appears in s. 45 of the present Act. The change was effected by Chapter 21, Statutes of Canada 1932.

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.

In my opinion, therefore, this appeal should be dismissed with costs.

Appeal dismissed with costs.

Solicitors for the plaintiff, appellant: Smart & Biggar, Ottawa.

Solicitors for the defendant, respondent: Gowling, MacTavish, Osborne & Henderson, Ottawa.