

1939

THE COMMISSIONER OF PATENTS... APPELLANT;

* May 22.

* June 27.

AND

AIR REDUCTION COMPANY, INC.... RESPONDENT.

ON APPEAL FROM THE EXCHEQUER COURT OF CANADA

Patent—Procedure—Conflicting claims in two applications for patent (s. 22 of Patent Act, R.S.C., 1927, c. 150, as amended in 1932, c. 21)—Rights determined by judgment in Exchequer Court and patent issued accordingly—Position of applicant whose claims had been disallowed—Alleged abandonment of application through failure to prosecute it within six months “after any action thereon of which notice shall have been given to the applicant” (Patent Act, 1935, c. 32, s. 31).

The judgment of Maclean J., President of the Exchequer Court of Canada, [1939] Ex. C.R. 65, holding that the application for patent in question had not been abandoned and directing that it be given further consideration by the Commissioner of Patents in accordance with the practice of the Patent Office, was affirmed.

In the provision in s. 31 of *The Patent Act, 1935* (c. 32), that upon failure of the applicant for a patent to prosecute his application within six months “after any action thereon of which notice shall have been given to the applicant, such application shall be deemed to have been abandoned,” the phrase “action thereon” (which means “action” on an “application for a patent”) is not an apt description of a judgment of the Exchequer Court in exercise of the Court's authority under s. 22 of the *Patent Act* (R.S.C., 1927, c. 150, as amended in 1932, c. 21); it means something done by the Patent Office. Where, in proceedings under said s. 22, rights as to claims in conflict in two applications for patent had been determined by judgment in the Exchequer Court, which was followed by issue of patent to the applicant whose claims had by that judgment been allowed, it was held that the applicant whose claims had by that judgment been disallowed, though it had notice of the judgment and took no steps in the Patent Office within six months thereafter, yet could not be said to have abandoned its application, in the absence of any notice having been given to it of “action” by the

* PRESENT:—Duff C.J. and Rinfret, Crocket, Davis and Kerwin JJ.

Patent Office. (The issue of the patent as aforesaid was an "action" within the above phrase in s. 31, and had there been evidence of notice thereof to the applicant whose claims had been disallowed, s. 31 would have come into play).

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APPEAL from the judgment of Maclean J., President of the Exchequer Court of Canada (1), allowing the present respondent's appeal from the decision of the Commissioner of Patents holding that a certain application for patent for invention had been abandoned.

In January, 1932, an application was filed by Joshua and others for a patent of invention relating to "the Conversion of Olefines into Alcohols"—serial No. 385,527. This was assigned to The Distillers Co. Ltd.

In June, 1932, an application was filed by Metzger for a patent of invention relating to "Manufacture of Alcohols"—serial No. 390,541. This was assigned to Air Reduction Co., Inc., the present respondent.

The Commissioner of Patents was of opinion that there was apparent conflict between the two applications. The applicants deposited affidavits as required by s. 22 of the *Patent Act* (R.S.C., 1927, c. 150, as amended by Statutes of 1932, c. 21). On August 23, 1934, the Commissioner advised that on the facts stated in the affidavits he would allow the claims in conflict to Metzger, assignor to Air Reduction Co. Inc., unless within a certain time (later extended) action be taken as provided in s. 22 (4) of the *Patent Act* (as amended as aforesaid). Accordingly, proceedings were commenced in the Exchequer Court in February, 1935, in which The Distillers Co. Ltd. appeared as plaintiff and Air Reduction Co. Inc. appeared as defendant.

On October 30, 1936, an Order for Judgment was made in the Exchequer Court as follows:—

This action having come on this day before this Court on motion for judgment on behalf of the defendant, by consent, upon hearing read the pleadings and the consent to judgment signed by the Solicitors for both parties and upon hearing what was alleged by Counsel for the defendant, no one appearing for the plaintiff;

THIS COURT DOETH ORDER AND ADJUDGE that as between the parties hereto, the defendant is entitled to the issue of a patent on its application, serial number 390,541, containing claims directed to the subject matter of the invention therein described.

THIS COURT DOETH FURTHER ORDER AND ADJUDGE that the plaintiff is not entitled to the issue of a patent on its application, serial number

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385,527, containing claims directed to the subject matter in conflict with subject matter claimed in defendant's application for patent, serial number 390,541.

A certified copy of said judgment was sent to the Commissioner of Patents on November 25, 1936. A patent issued accordingly, dated March 16, 1937.

On July 13, 1938, the solicitor for Air Reduction Co. Inc. forwarded to the Commissioner of Patents an assignment dated October 28, 1935, by The Distillers Co. Ltd. to Air Reduction Co. Inc. of all the right, title and interest of The Distillers Co. Ltd. in and to the invention set forth and described in the specification of the application, serial No. 385,527. He also forwarded to the Commissioner of Patents copies of new claims "drawn to restrict the claims in such a manner that they may be distinguished from" the allowed claims of the Metzger application. He asked that the claims in application, serial No. 385,527, be cancelled and the new claims be inserted in lieu thereof. In reply (August 6, 1938) the Commissioner stated:

In reply I beg to advise that the Office holds the application abandoned. The Judgment of the Exchequer Court No. 16026 of October 30th, 1936, ordered and adjudged that the plaintiff, The Distillers Company, Limited, was not entitled to the issue of a patent in its application Serial No. 385,527, containing claims directed to the subject matter in conflict with application Serial No. 390,541. As all the claims were found in conflict there remained no claims of record in the present case, and the applicants in application Serial No. 385,527 did not present any amendment following the Judgment which was made of record in the case of the 25th of November, 1936.

and in a letter of August 20, 1938 (replying to a further letter from the solicitors of Air Reduction Co. Inc.), the Commissioner further stated:

The judgment of the Court confirmed the award of the Office which was communicated to the then attorney of record on the 23rd of August, 1934, and the judgment becomes, therefore, equivalent to an action by the Office, the status of the case being determined by the court action. The Office holds that action may be taken in such case at any time within six months from the date of the Order of the Court and that application Serial No. 385,527 became abandoned at the expiry of six months from the 30th of October, 1936, that is on the 30th of April, 1937, and absolutely abandoned at the expiry of one year from that date.

As the conflicting application matured to patent on the 16th of March, 1937, your clients had ample time after knowledge of the issued patent was open to the public to file an amendment in the above application.

and in reply to a further letter of the solicitors, he wrote on September 22, 1938, holding that the application must be considered absolutely abandoned.

Air Reduction Co. Inc. appealed from the Commissioner's decision to the Exchequer Court of Canada. Its appeal was allowed by Maclean J. (1). In his judgment he stated that all that was decided in the conflict proceedings by the Court was that the claims of Distillers Company were refused and those of Air Reduction were allowed; that the application of Distillers Company was not disallowed or voided, and conceivably its specification might contain such disclosures as would warrant the grant of claims to invention which had not been hitherto claimed, and which might be distinguishable from the claims awarded to Metzger in the conflict proceedings; that the conflict proceedings took the applications out of the Patent Office temporarily, for the Court to decide to whom belonged the claims said to be in conflict; they were then remitted back to the Patent Office for action in accordance with the Order of the Court. He held that Distillers Company was entitled to notification of the effect of the judgment of the Court in the conflict proceedings, and until that notice was received the six months could not commence to run against that applicant; that the judgment of a Court cannot be construed as official action taken by the Patent Office.

By the formal judgment in the Exchequer Court the appeal was allowed and it was ordered and declared that application serial number 385,527 had not been abandoned and it was directed that the same be given further consideration by the Commissioner of Patents in accordance with the practice of the Patent Office.

On an application under s. 83 of the *Exchequer Court Act*, leave to appeal to the Supreme Court of Canada was granted by a Judge of this Court.

W. L. Scott K.C. for the appellant.

E. G. Gowling and *G. F. Henderson* for the respondent.

The judgment of the Court was delivered by

THE CHIEF JUSTICE—This appeal turns upon the application of section 31 of the *Patent Act*:

31. Each application for a patent shall be completed and prepared for examination within twelve months after the filing of the applica-

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tion, and in default thereof, or upon failure of the applicant to prosecute the same within six months after any action thereon of which notice shall have been given to the applicant, such application shall be deemed to have been abandoned, but it may be reinstated on petition presented to the Commissioner within twelve months after the date on which it was deemed to have been abandoned, and on payment of the prescribed fee, if the petitioner satisfies the Commissioner that the failure to prosecute the application within the time specified was not reasonably avoidable. An application so reinstated shall retain its original filing date.

Section 22 of the *Patent Act* (Ch. 150, R.S.C., 1927, as amended by ch. 21, Stats. of 1932) is in these terms:

(1) Where the Commissioner has before him two or more applications, each of which he considers would be allowable if each did not contain one or more claims describing as new and claiming an exclusive property or privilege in things or combinations so nearly identical that separate patents to different patentees should not be granted on such applications, he shall forthwith notify each of the applicants of the apparent conflict and transmit to each a copy of all the conflicting claims, together with a copy of this section.

(2) Each of the applicants, within a time to be fixed by the Commissioner, shall either avoid the conflict by the amendment or cancellation of his claims or deposit with the Commissioner in a sealed envelope duly endorsed an affidavit setting out the date at which he conceived the idea of the invention described in the claims in conflict, the date and mode in which the idea was first formulated and/or disclosed by him in writing or verbally and the dates and nature of the successive steps subsequently taken by him to develop and perfect the said invention from time to time up to the date of the filing of his application for patent.

(3) 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 contemporaneously and the Commissioner shall transmit copies of the affidavits to the several applicants, at the same time stating to which of them he would, on the facts stated in the several affidavits, allow the claims in conflict.

(4) 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 of Canada 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

(i) that there is in fact no conflict between the claims in question, or
 (ii) that none of the applicants is entitled to the issue of a patent containing the claims in conflict as applied for by him, or

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

(iv) 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.

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

The judgment of the Exchequer Court in the action brought by the Distillers Co. Ltd., pronounced on the 30th day of October, 1936, disposed of all questions with which the Air Reduction Co., Inc., were concerned and they accordingly became entitled to their patent; which was, in fact, issued on the 16th of March, 1937.

There can be no question that the applicants, who at the time were The Distillers Co., Ltd., had notice of the judgment of the Exchequer Court. The proper inference from the facts is that of this judgment, which was a consent judgment, the plaintiff's solicitors of record had notice and notice to them was notice to the plaintiffs.

The phrase "action thereon" (which means "action" on an "application for a patent") as employed in section 31, is not an apt description of a judgment of the Exchequer Court in exercise of the Court's authority under section 22; and I think, notwithstanding its inexactitude, that it means something done by the Patent Office. I think the issue of the patent was such "action" and if there had been evidence of notice to the applicant, section 31 would have come into play.

Whatever may be said with regard to the judgment of the Exchequer Court, there is, it is quite clear enough, no evidence that notice of this "action" by the Patent Office was "given to the applicant."

An assignment of October, 1935, from the Distillers Co., Ltd., to the respondents is put in evidence, but it was not registered and the Distillers Company continued for a year to be parties of record in their own action. Registration did not take place until some time in 1938, considerably over a year after the issue of the patent. There does not appear to be evidence from which an inference can be drawn that notice to the respondents involved notice to the Distillers Company, who at the pertinent time were the "applicant" within the meaning of section 31.

The appeal should be dismissed. No order as to costs.

Appeal dismissed.

Solicitors for the appellant: *Ewart, Scott, Kelley, Scott & Howard.*

Solicitors for the respondent: *Henderson, Herridge, Gowl-
ing & MacTavish.*

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