

1932

\*Oct. 20, 21.

BURT BUSINESS FORMS LIMITED  
(PLAINTIFF) .....

AND

1933

\*Feb. 7.

AUTOGRAPHIC REGISTER SYSTEMS  
LIMITED (DEFENDANT) .....

APPELLANT;

RESPONDENT.

ON APPEAL FROM THE EXCHEQUER COURT OF CANADA

*Patents—Infringement—Invalidity—Novelty and utility—Evidence of invention—Commercial success—Making or selling of an element of a patent.*

Novelty and utility, without something more requiring the exercise of inventive ingenuity, is not sufficient to make an article a good subject-matter of a patent. The patentee must show an inventive step.

\*PRESENT:—Rinfret, Lamont, Smith, Cannon and Crocket JJ.

Commercial success is nothing more than a question of fact depending upon several factors; and although it may assist in determining whether there is invention, it cannot afford a basis for controverting the conclusion that the alleged improvements of a known article are not of such a character as to show invention in a pertinent sense. The making or the selling, without more, of an element of a patented combination does not of itself constitute an infringement of the combination.

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APPEAL from the judgment of the Exchequer Court of Canada (1), dismissing an action by the plaintiff appellant to have it ordered and adjudged that the defendant respondent is infringing its patents No. 246,547 and No. 237,913.

The material facts of the case are fully stated in the judgment now reported.

*W. N. Tilley K.C.* and *A. J. Thomson K.C.* for the appellant.

*O. M. Biggar K.C.* and *R. S. Smart K.C.* for the respondent.

The judgment of the court was delivered by

RINFRET J.—The appellant, who is the owner of two letters patent nos. 237,913 and 246,547, brought this action to restrain the respondent from infringing certain claims of the first patent and the whole of the second patent.

The particulars of breaches were that the respondent, at its factory, in the city of Montreal, in the province of Quebec, had manufactured and sold manifolding books or pads covered by the claims of these patents.

The defence was a denial of the alleged infringement; and, moreover, that, having regard to the common knowledge of the art and to the prior patents, publications and uses set forth in the particulars of objection, there was nothing new and there was no invention in the letters patent invoked by the appellant.

The learned President of the Exchequer Court of Canada dismissed the action on the grounds of anticipation and lack of subject-matter.

Patent 237,913 is a patent for an alleged new and useful improvement in manifolding devices. The specification discloses a machine adapted to receive and handle manifold

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sales-books, pads, etc., and especially multiple form books and pads of the type employing continuous zigzag folded sheets.

The machine is said to be especially designed for the reception and handling of books or multiple forms of this character and involves means for receiving and supporting a manifolding book, a writing tablet or support, means for advancing the several sheets of the book over the surface of the tablet, means for separating the sheets as they leave the book, means for interleaving the sheets with carbon paper, means for manually registering the printed forms on the several sheets when the first set of forms is to be written upon, means for automatically maintaining such registry on the succeeding forms, means for separating the sheets after they have been written upon, and for transferring one or more sheets to a locked secret compartment, and means for severing the remaining sheets to permit removal for recording, filing or otherwise. The only claims under this patent in respect of which infringement is alleged are claims nos. 1, 13 (a), 14 and 15.

The other patent is for an alleged new and useful improvement in a "Manifolding book." The specification relates to record supply devices for use with manifolding machines and, with respect to its more specific features, to a manifolding book or pad for use in manifolding auto-graphic registers and other machines which are adapted for the feeding of paper strips into position for the making of two or more records simultaneously by impression transfer to a lower strip of a record made on an upper strip. The supply pad is described as consisting in a plurality of similar continuous strips of printed forms superposed, interengaged, zigzag folded, each strip being provided with one or more apertures adjacent the longitudinal margin of the leaf and in transverse alignment. It is stated that the apertures serve a dual purpose: first, to arrest the feed of the forms in the register; and, second, to assist in maintaining registry between the different sheets of the form and between sets of forms throughout the pad. The pad, which is flat, is placed in a compartment at one end of the auto-graphic register, and the leaves of the top set of the pad are threaded over the plates and engaged with the feeding mechanism. In operation, each set of leaves is serially ad-

vanced as a unit across the plates (or writing tablet) by the disc feed mechanically operated by a lever or handle until the apertures in the form are reached, when feeding stops because of the cessation of the friction between the discs and the forms. The form, which usually consists of sets of three or more superposed strips on all of which appears printed matter, is then in proper writing position on the platen and the various strips of the form are in registry one with the other.

The writing on the top strip is reproduced on the lower strips by means of sheets of carbon paper transversely inserted between the strips of the form; so that one invoice, for instance, can be made out on the top strip and the strips underneath it are fac-similes of the written strip. Then, by means of the mechanism, the strips are passed along the top of the apparatus to a place where the top strips come out and can readily be detached from the remainder of the strips.

But the lowermost strip of the completed form, commonly called the audit form, is ordinarily deflected downwardly into a locked compartment which is beyond the control of the operator; and such audit strip is there re-folded and retained integrally connected across the platen with the unused portion of the supply pad.

This patent contains thirteen claims, upon all of which the appellant relied. Claim no. 2 may however be selected as typical and as describing the essential characteristics of the pad in question. It is in the following terms:—

2. A supply pad for manifolding machines including, in combination, a plurality of record strips folded zig-zag, the folds of one interengaged with those of the other so as to provide superposed sets of superposed leaves connected end-to-end, each strip having a longitudinal series of printed forms and a series of form-registering apertures in fixed relation to said forms, respectively.

The only infringement alleged in the particulars of breaches is the manufacture and sale of the book or pad (or in other words of the record "supply device" alone); the action is not for an infringement of the machine.

The utility of the pad is admitted and it will not therefore be necessary or useful to discuss its advantages. The questions are anticipation and subject matter.

The learned trial judge examined in detail and with the most minute attention the prior patents and uses alleged

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as anticipations. He gave particular attention to Sherman (U.S.A., 1922), Holmes (U.S.A., 1902), Bentel (U.S.A., 1899) and Shirek & al (U.S.A., 1901), all anterior to patent no. 237,913 issued on February 19, 1924; and to patent no. 246,547, on 3rd February, 1925. In the course of a careful analysis of these patents, the learned President said (N. B. Wiswall, to whom he refers, was the original applicant for the patents in suit): (*Here follow quotations from the judgment of the learned President*) (1).

\* \* \*

In fact, the appellant, both in its factum and at bar, conceded that

the principle of superposed, inter-engaged zig-zag folded forms was old and the principle of feed-arresting, form-registering apertures was also old;

but the appellant claimed

the combination of the two was new, so that the various patents relating to the first principle and the Shoup-Oliver patent relating to the second principle are not anticipations of Wiswall.

For the better appreciation of the situation, the Shoup-Oliver patent (Can. no. 225,649), just referred to, should now be described. This patent issued on the 7th day of November, 1922, on an application filed on the 23rd day of February, 1921. It covers a special type of autographic register in which the feed of the continuous strips depends upon the co-operation with the strips of two pairs of circular discs which grip the strips together between them and, upon the manual operation of a handle, cause them to be drawn forward. In the paper strips designed for use in this device, there are a series of holes in appropriate relation to each form and in register with one another. These holes are in the track of the discs, which, upon the holes reaching them, lose their grip and cause the progress of the strips to stop, notwithstanding that the discs continue to be turned. The holes are so placed that stoppage occurs at points such that the last set of forms used is in a position for ready detachment and the next following set in a position for use on the writing plate. A special arrangement is provided whereby, after this fresh set of forms has been written upon, the strips are moved slightly forward by a simple mechanism, so that the gripping discs escape from

(1) [1932] Ex. C.R. 39, at 48, 49, 50, 51, 52.

the holes and renew their traction on the strips until they are reached by a fresh set of holes in the latter.

Under the corresponding United States Shoup-Oliver patent, the American Sales Book Company Limited, with which the plaintiff company is associated, had obtained a licence from the Autographic Register Company, of which the defendant is a subsidiary, and both companies had, from about 1918 on, been manufacturing and selling in competition autographic registers incorporating the Shoup-Oliver invention and supplies of paper for use in such registers. During these years, the paper supply made and sold by both companies was in the form of rolls; but, in or about 1923, the appellant commenced selling flat stationery and, in 1925, the respondent began to sell a similar zig-zag folded flat paper supply, either this form or the rolled form being adapted for use in its machines by the mere omission of the spindles, when the first form was used.

Bearing in mind the above facts and the purport and object of the Shoup-Oliver patent, we may now return to the appellant's contentions.

In a supplementary memorandum, the appellant declared he did

not claim as Wiswall's invention either (a) The interleaving of a number of strips of printed paper forms. Numerous counter sales book and register supply pad patents show this, including the U.S. patents to Lawson, Rogers, Shoup 561,350, Sherman, and Smith; or (b) The zigzag folding of interleaved printed forms into a book or pad. This is shewn in the U.S. patents to Copeland, Bentel, Begg, Brakespear, McDowell, Holmes and Shirek; or (c) A record strip having a longitudinal series of form-registering feed-controlling apertures. This is shewn in the U.S. patents to Konerman, Shoup and Oliver, and Schlichter.

But the appellant does claim as Wiswall's invention

The combination of interleaved strips of printed forms folded zigzag, having form-registering, feed-controlling apertures in fixed relation to the printed forms on the strips, the apertures in one strip being interlocked or interengaged with the corresponding apertures in the other strips of the forms before they are placed in the autographic register, and maintain such registration during the passage of the forms through the register.

The combination of elements, the interlocking of a number of series of form-registering apertures, and such interlocking in alternate sets of forms constitute novel subject matter.

The invention as now defined, however, differs from that defined in the patent and goes beyond the patent claims, to which it adds new characteristics not to be found in the claims themselves.

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It need not be repeated that the claim in a specification is primarily designed for delimitation and that the monopoly is confined to what the patentee has claimed as his invention. (*Mailman v. Gillette Safety Razor Company* (1), and cases there referred to). If we turn to the patent claims; and if we look at claim no. 2 already set out above and selected as fairly describing the essential characteristics of the pad in question, we find that the thing or combination which the applicant regarded as new and in which he claimed an exclusive property and privilege (*Patent Act*, s. 14 (c) ) was a supply pad including, in combination,

- (a) A plurality of record strips;
- (b) Strips folded zigzag;
- (c) The folds of one strip interengaged with those of the other, so as to provide superposed sets of superposed leaves connected end to end;
- (d) Each strip having a longitudinal series of printed forms;
- (e) Each strip having a series of form-registering apertures in fixed relation to said forms.

The specification in the patent in suit refers to the "form-registering" apertures in this way:

As hereinafter explained, the apertures serve not only as form-registering apertures but also as feed-control apertures, and are of sufficient diameter to accommodate the feeding and registering mechanism of the machine with which the pad is used as will appear hereinafter.

\* \* \* \* \*

By placing the apertures clear of the weakened lines at the folds, the tearing off of the leaves does not affect the apertures, and hence the succeeding set of leaves will be retained with their apertures in engagement with the discs and consequently with their forms in registry relation.

\* \* \* \* \*

For filing purposes this is a great convenience because a pointed filing pin may be readily thrust through the interrupting leaf material whereas it would be more difficult to thrust such a pin through the thickness of the pad were there no apertures.

The expression "feed-control aperture" does not appear in the claims.

Now, if one compares the characteristics described in the patent claims with the disclaimers made by the appellant in its memorandum, it will at once become apparent that there was nothing new in the pad as described in the specification and that the only claim of novelty consisted in the

so-called combination of elements, every one of which was old and every one of which had been designed and used for a purpose which was old and well known in the art.

Assuming the maintenance of an integral connection between the refolded strip in the locked compartment and the supply pad as a whole was not previously claimed as new, it was suggested and disclosed in the prior publications. The prior art completely disclosed the pad as claimed in the patent in suit, with the possible exception of the provision for apertures or holes in the pad (although it might be contended that the apertures in Bentel's or Sherman's supply pads were sufficiently within the terms of the appellant's patent). But be that as it may, the combination now claimed by the appellant would consist, if we understand it correctly, in the addition to the flat pad of apertures already known and already in use for the same purpose in the roll type of paper supply for autographic registers of the same character; and the question which the learned President had to determine and which is now submitted to us, is whether there is in the so-called combination sufficient novelty to support the patent.

Granting this was a new combination—and, in our view it discloses a composite article rather than a combination in the patent sense—novelty and utility, without something more requiring the exercise of an inventive faculty, would not be sufficient to make it invention. The patentee must shew an inventive step. In this case, admittedly, the idea of the supply pad was lying ready in the prior art, the form-registering feed-controlling apertures were already disclosed and in use in the roll form of supply paper. The pad was there and the apertures were there. And the patentee added the apertures to the pad for the identical and analogous purpose for which these apertures had been disclosed and were being used in the rolls. Moreover, these holes or apertures would be necessary to co-operate with a machine equipped with disc rollers for purposes of traction. Obviously they would be required to adapt them to the Shoup-Oliver type of disc feed. That is something which would follow of necessity from the device of the mechanism. (*Lamson Paragon Supply Co. Ltd. v. Carter-Davis Ltd.* (1).)

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We think it impossible to ascribe to the adaptation of the apertures to the flat packet the character of patentable invention. No doubt mere smallness or simplicity will not prevent a patent being valid; but if you apply a known device in the ordinary way to an analogous use, without any novelty in the mode of applying it, you may get a useful article, you may get an article which, in a sense, is improved and novel, but unless you shew invention, that is to say, that in adapting the old device there were difficulties to overcome or there is ingenuity in the mode of making the adaptation, you do not shew a valid subject-matter of a patent. Such we take it to be the law as laid down by Lord Halsbury in *Morgan v. Windover* (1), by Lindley L.J. in *Elias v. Grovesend Tinplate Co.* (2), by Romer J. in *Wood v. Raphael*, the well-known eye-glass case (3), and finally by the House of Lords in *Riekmann v. Thierry* (4) (Lord Halsbury L.C., Lord Macnaghten, Lord Shand and Lord Davey), where Lord Davey referred to the decisions of the House, in *Harwood v. Great Northern Railway Company* (5), and said that the law upon this subject was all to be found in that case.

The appellant pointed to the commercial success of the pad covered by the patent. In any event, commercial success would not afford a basis for controverting the conclusion that the alleged improvements were not of such a character as to shew invention in the pertinent sense (*Guettler v. Canadian International Paper* (6).) The relation, however, between commercial success and the novelty or the merit of an invention is nothing but a question of fact. In this case, the finding of fact of the trial judge is that the commercial success was due, not to the invention itself, but to several other extraneous causes. We would be unable to disagree from that finding, for the evidence points strongly as factors of success, to the awakening of new demands in the commercial enterprises and to the fact that the appellant was specially energetic in business.

We were referred to a judgment of the United States District Court, Southern District of New York, in a case of

(1) (1890) 7 R.P.C. 131 at 134.

(4) (1896) 14 R.P.C. 105.

(2) (1890) 7 R.P.C. 455.

(5) (1865) 11 H.L.C. 654.

(3) (1896) 13 R.P.C. 730, at 735.

(6) [1928] S.C.R. 438.

*American Sales Book Company Limited v. Autographic Register Company* (1), and which upheld the United States patent for what was stated before us as being a similar pad. While that judgment is certainly entitled to great respect, the claims in the United States patent are somewhat different from those in the Canadian patent; and it is apparent that the facts presented must have been different, for we can find no foundation in the present case for some of the holdings of the learned judge presiding in the District Court. But there is yet a more important point of distinction which must be emphasized. It would appear from the reasons of judgment that, in the New York court, the case was fought and submitted almost exclusively, if not entirely, upon the question of anticipation and that there was no legal contest on the point of subject-matter—which was the main ground for the judgment rendered by the learned President of the Exchequer Court of Canada.

We would be disposed to go a step further than the learned President and to say that there was sufficient anticipation in the prior art to defeat the validity of the patent no. 246,547; but we are content to rest our judgment on the objection upheld by him and which is: that if there be distinction between what Wiswall claimed and what other patentees had previously described, published and used, it is nowhere suggested that there was any technical difficulty to overcome and, at all events, the advance is so slight as not to call for that degree of inventive genius as to justify a monopoly.

It remains to consider patent no. 237,913 in respect of which the learned President said:

I fail to conceive of any ground upon which the plaintiff should succeed in its claim that there was infringement of this patent.

The patent was granted for an improvement in a manifold machine.

The claims of the patent alleged to have been infringed by the respondent cover a combination of the machine and a "pad of the type employing continuous zigzag folded sheets." The application for the patent was filed almost two years before the application for the pad patent in suit (246,547). The specification states that the machine is

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adapted to receive and handle \* \* \* multiple form books and pads of the type employing continuous zigzag folded sheets

and, to that extent, it supplies cogent evidence of the fact that this type of books and pads were already in use in the trade; but the specification expressly declares that the machine "forming the subject-matter of the invention" is designed for the handling of manifold books

regardless of whether the several sheets are zigzag folded, interfolded, separately folded, rolled or otherwise,

so that it is entirely immaterial what the form of paper supply is. The respondent is not charged with infringement of the machine nor with infringement of the combination of the character described. The learned President declares that these conditions were not put in issue at the trial. The particulars of breaches limit the issues to the manufacture and sale of the books or pads. Nor could we readily understand, in the circumstances, a charge for infringement of the combination based solely on the manufacture and sale of a pad used in the respondent's machine which is not in any way in issue here, and more particularly where the subject-matter of the appellant's invention is described as a device absolutely

regardless of whether the several sheets are zigzag folded, interfolded, separately folded, rolled or otherwise.

It was urged upon us, in the appellant's supplementary memorandum, that the claims of patent no. 237,913, on which the appellant relied, describe the combination of the machine and supply pad as including a locked compartment at the forward end of the register to take the refolded audit copy of the forms after they have passed over the writing platen. It was further urged that in the advertising matter issued by the respondent, the use of similar registers with the flat packet supply pads and with the locked compartment is illustrated and its advantages are emphasized. It is now argued from that that the respondent has invited prospective customers to purchase and use the pads of their manufacture with a similar machine of the disc feed type, which they also manufacture and, thus, to induce the purchasers to infringe the combination claims of the appellant in the patent in question.

We think the respondent is justified in answering that the trial did not proceed on that footing and that it was not called upon to meet that kind of a case. Had such a charge

of infringement been made *in limine litis* it would have been open to the respondent to adduce evidence and to shew reasons why it was not available to the appellant company.

The infringement, as defined by the appellant, was stated to consist in the manufacture and sale of the pad; and no evidence was directed towards shewing, on the part of the respondent, an intention of manufacturing and selling the pad for the purpose of using it in the appellant's register or, generally, of infringing the appellant's combination described in the claims referred to.

The question whether, under Canadian Patent law, the making or selling of a separate element of a combination constitutes, under given circumstances, an infringement of the invention, does not arise here. In our view, that question was not raised by the appellant; nor could it properly be raised on the record submitted. Surely, under the patent in question, it could not be contended that using any flat packet pad supply with any manifolding machine (even fitted with the secret compartment) would constitute infringement of the combination protected by the claims relied on. The invention which is claimed and which is protected, assuming the claim is valid—consists in the combination of the manifolding machine described in the relevant claims with the manifolding pad therein described. Making or selling the machine alone, without more, is not of itself infringing the combination. Making or selling the pad alone is not of itself infringing the combination (*Townsend v. Haworth* (1); *The Dunlop Pneumatic Tyre Co. Limited v. David Moseley & Sons, Ltd.* (2)), confirmed in appeal (3); and neither does the making or selling of the pad for use with another similar machine constitute infringement of the combination (and that is to say: of the invention claimed and protected), unless indeed it be also shewn that the other machine is itself an infringement of the particular machine described in the combination. That is not the sort of infringement charged by the appellant or made part of the issues in the present

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(1) (1875) 48 L.J. Ch. 770.

(2) [1904] 1 Ch. Div. 164.

(3) [1904] 1 Ch. Div. 612.

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case. The right of the respondent to make, use or sell its autographic register of the disc feed type was not in dispute.

In our opinion the action as brought was rightly dismissed. The appeal fails and should be dismissed with costs.

*Appeal dismissed with costs.*

Solicitors for the appellant: *Tilley, Johnston, Thomson & Parmenter.*

Solicitors for the respondent: *Smart & Biggar.*

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