1925
*Nov. 23.
*Dec. 10.

PAUL BERGEON (PLAINTIFF) .... APPELLANT;

AND

DE KERMOR ELECTRIC HEATING COMPANY (DEFENDANT) .... RESPONDENT.

ON APPEAL FROM THE EXCHEQUER COURT OF CANADA

Patents—Practice—Action to impeach—Abandonment of grounds of—Interest—Status——Exchequer Court Act, R.S.C. (1906) c. 140, s. 23 and rule 16.

The appellant, to whom a Canadian patent upon an apparatus for electric heating had been granted in the interval between the commencement of his action and its coming on for trial, sought to impeach certain patents of the respondent company alleged to cover similar devices. At the trial, the appellant, in order to avoid an adjournment applied for by the respondent, offered to refrain from giving evidence in respect of certain foreign patents, and on these terms the trial proceeded. At the conclusion of the argument, the respondent for the first time raised the question of the appellant's status to maintain the action. The trial judge held that the appellant had adduced no evidence showing that he was a "person interested" within the meaning of rule 16 of the Exchequer Court Act and had no *locus standi;* and he accordingly dismissed the action.

Held that effect ought not to have been given to the respondent's objection without first giving the appellant an opportunity of producing the foreign patents as evidence to meet it.

*PRESENT:—Anglin C.J.C. and Duff, Mignault, Newcombe and Rinfret JJ.

(1) 2 Chand. R. 247.

(2) Q.R. 30 S.C. 45.

Held, also, that, in the circumstances of this case, the appellant possessed a sufficient "interest," within the meaning of rule 16, to qualify him to maintain the action.

Judgment of the Exchequer Court of Canada ([1925] Ex. C.R. 160) reversed and new trial ordered.

APPEAL from the judgment of the Exchequer Court of Canada (1) dismissing the appellant's action.

The material facts of the case and the questions at issue are fully stated in the above head-note and in the judgment now reported.

Smart and *McDougall* for the appellant.
Sinclair K.C. for the respondent.

The judgment of the court was delivered by

DUFF J.—On the 5th of October, 1921, the appellant applied for a patent upon an apparatus for electric heating. A patent was granted on this application on September 23, 1924. By an action commenced on the 25th of February, 1924, the appellant sought to impeach certain patents of the respondent company alleged to cover devices similar to that which was the subject of the appellant's application. When the action came on for trial, in February, 1925, counsel for the respondent company applied for an adjournment, alleging the necessity of taking the evidence of certain witnesses in France touching the issue of priority raised by the appellant's allegation that the devices which were the subjects of the respondent company's patents were not new but had been previously invented by the appellant or by others. The appellant, with a view to facilitating the early trial of the action and in order to avoid an adjournment, offered to refrain from giving evidence in respect of certain patents set up in the particulars of objections, and on these terms the trial proceeded.

By s. 23 of the *Exchequer Court Act,* the Exchequer Court has jurisdiction in actions to impeach or to annul a patent or invention; and by rule 16 of the Exchequer Court Rules, such an action or proceeding may be by information, by a statement of claim filed by any person interested, or by *scire facias.*

At the conclusion of the argument at the trial, for the

(1) [1925] Ex. C.R. 160.

first time the respondent company raised the question of the appellant's status to maintain the action. The learned trial judge gave effect to the objection, without pronouncing on the merits of the action, holding that as he had adduced no evidence shewing that he was a "person interested" within the meaning of rule 16 at the date of the filing of the statement of claim, the appellant had no *locus standi;* and he accordingly dismissed the action with costs.

It is not seriously disputed that had the patents respecting which the appellant had undertaken, in the circumstances already mentioned, to offer no evidence, been put in evidence, no question could have arisen as to the appellant's status. The appellant's undertaking not to give such evidence was proposed solely with the purpose of meeting the respondent company's complaint that in fairness to him the trial ought not to proceed without giving him an opportunity to meet the evidence afforded by these patents as bearing upon the issue of priority of invention; it was, as all parties must have understood, proffered solely with a view to meeting this objection by excluding the patents as evidence upon that issue. Had it been suggested that the appellant's *locus standi* was attacked, the undertaking would unquestionably have been qualified or restricted by permitting the admission of these patents as evidence establishing such status or, more probably, by an admission of the appellant's status by the respondent company. In these circumstances, it seems to be quite clear that effect ought not to have been given to the respondent company's objection without, at all events, first giving the appellant an opportunity of producing these patents as evidence to meet it. The appellant's undertaking, which was given *alio intuitu,* could not have been regarded as standing in the way.

There is another ground, however, upon which the appeal should succeed. At the time of the trial, it is unquestioned that the appellant had a status to impeach the respondent company's patent, in virtue of the patent granted after the commencement of the action. It may be assumed, without deciding either point, that status at the date of the trial only is not sufficient, and that, for the purpose of conferring status, the patent in evidence ought not to be considered as relating back to the application for it,

which, as already mentioned, was presented before the commencement of the action. But, these assumptions made, the facts seem to be amply sufficient to establish the interest of the appellant at the critical date. The appellant, admittedly, is and was when the action was commenced,

engaged in the design and manufacture of electric steam generators or water heaters,

and a trader in articles similar to the alleged invention which is the subject of the patents attacked. It is not suggested, and could not be suggested, in face of the correspondence in evidence, that the application (which, as already mentioned, had been granted before the trial) was a merely frivolous one or that it was presented *male fide* for the purpose of acquiring a colourable standing to impugn the respondent company's patent. Indisputably, the existence of the patents attacked was calculated directly to affect the appellant prejudicially in his business as a manufacturer and trader, and both in the prosecution of his application and in respect of the protection to be afforded him by his patent if his application for a patent should be successful. In these circumstances, there seems little room for doubt that the appellant possessed a sufficient "interest," within the meaning of rule 16, to quality him to maintain the action, and the appeal should therefore be allowed. A new trial is a regrettable necessity. The respondent company must pay the costs of the appeal forthwith. The appellant's costs of the abortive trial will abide the event of the new trial, while the respondent company's costs of the abortive trial will be borne by the respondent company in any event.

Appeal allowed with costs.

Solicitors for the appellant: *Fetherstonhaugh & Co.*
Solicitor for the respondent: *R. V. Sinclair.*