

Federal Court
of Appeal



Cour d'appel
fédérale

Date: 20110718

Docket: A-282-10

Citation: 2011 FCA 228

**CORAM: NADON J.A.
EVANS J.A.
LAYDEN-STEVENSON J.A.**

BETWEEN:

**CORLAC INC., NATIONAL-OILWELL CANADA LTD.,
and NATIONAL OILWELL INCORPORATED**

Appellants

and

**WEATHERFORD CANADA LTD.,
WEATHERFORD CANADA PARTNERSHIP,
DARIN GRENKE, as Personal Representative of the Estate of EDWARD GRENKE,
and GRENCO INDUSTRIES LTD.**

Respondents

and

THE INTELLECTUAL PROPERTY INSTITUTE OF CANADA

Intervener

Heard at Toronto, Ontario, on June 13, 14, 15, 2011.

Judgment delivered at Ottawa, Ontario, on July 18, 2011.

REASONS FOR JUDGMENT BY:

LAYDEN-STEVENSON J.A.

CONCURRED IN BY:

**NADON J.A.
EVANS J.A.**

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REASONS FOR JUDGMENT

[1] This is an appeal from the judgment of Justice Phelan of the Federal Court (the judge) in an infringement action and counterclaim in relation to Canadian Letters Patent No. 2,095,937 (the '937

Patent) issued on December 22, 1998 and titled “Sealing Assembly for Rotary Oil Pumps and Method of Using Same.”

[2] The respondents alleged infringement of the '937 Patent in the manufacture and sale of the appellants' drive systems for rotary oil well pumps. The appellants denied the allegations, attacked the validity of the patent and counterclaimed against the respondents. The appellants alleged that, by assignment or licence, they were the owners of the '937 Patent and the respondents had infringed the appellants' patent rights. The proceeding was the subject of a bifurcation order under which damages were to be tried separately from liability.

[3] The judge issued a declaration that the patent was valid and infringed by the appellants jointly and severally. He ordered injunctive relief, damages to be assessed, pre- and post-judgment interest and costs to be determined. The judge's reasons for judgment are reported as 2010 FC 602, 84 C.P.R. (4th) 237.

[4] The appellants appeal from the judgment on several grounds. Intervener status was granted to the Intellectual Property Institute of Canada (IPIC) to make submissions with respect to a single issue. For the reasons that follow, I would allow the appeal regarding the judge's finding of infringement with respect to claim 17 of the '937 Patent. In all other respects, I would dismiss the appeal. For ease of reference, a table of contents is provided.

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Background

[5] The factual background is lengthy and complex. It is set out in detail in the judge’s reasons for judgment (reasons). The parties identified 27 issues at trial; there are seven issues on appeal.

Only the facts essential to an understanding of the issues before this Court will be summarized here.

Further background may be provided throughout these reasons as necessary. The summary below is a much-abbreviated version of the factual background provided by the judge.

[6] Conventional oil wells were operated by vertically-reciprocating pumps that were constructed in such a way that a stuffing box protected against leakage and loss of oil. When rotary progressive cavity pumps (PC pumps) came on the scene, the conventional stuffing boxes did not work well. The stuffing box (stuffed with compressed packing) caps the flow tee (which diverts oil into pipes leading it to storage) and seals the rotating polished rod of the PC pump.

[7] In the 1980s, Canadian oil producers were experiencing a common problem. The oil being pumped from the ground was not pure; it contained dirt, salt and sand. The debris created friction and pressure. These forces caused the stuffing boxes on the PC pumps to fail, which resulted in loss of oil, environmental damage, and unplanned shutdowns of the wells to allow for repairs.

[8] Oil producers were interested in a technology that would either stop stuffing boxes from failing, or would allow them to anticipate a failure in order to schedule planned maintenance. In late 1990, H&R Valve (H&R) was testing a prototype stuffing box employing a static seal against the polished rod. Art Britton (Britton), a maintenance crew foreman at Amoco (an oil producer), had watched the prototype run. The basic idea was that the wear and tear on the polished rod and packing could be alleviated by turning the polished rod and packing together. Britton discussed the H&R concept with his maintenance crew (known as the EI or CI crew), but nothing came of the discussions.

[9] Edward Grenke (Grenke), a machinist by trade and the controlling shareholder of GrenCo Industries Ltd. (GrenCo), was working on solving the stuffing box problem. In early 1991, Grenke and Britton discussed the problem and a potential solution. Grenke had his son, Wes Grenke, prepare a drawing of Grenke's concept of a sleeve having static seals around the polished rod, both contained within a recess in stationary housing where dynamic seals could be placed against the sleeve.

[10] At Grenke's request, Britton prepared a video of the sites and wells experiencing the stuffing box failures. In the spring of 1991, Grenke and Britton travelled to Hamburg, Germany to discuss the various types of available seals with Martin Merkel GmbH (Merkel), a German engineering company. Grenke discussed his proposal with Michael Engelen (Engelen), the seal expert at Merkel, and with other Merkel personnel. Engelen provided suggestions regarding the types of seals that could be used in the device.

[11] While in Germany, Grenke tried unsuccessfully to connect with Walter Torfs (Torfs), the Canadian representative of A. Friedr. Flender AG (Flender), a manufacturer of drive heads for various pumps. After returning to Canada, Grenke met with Torfs to discuss making a drive unit incorporating the seal assembly. Around the same time, Merkel modified Grenke's drawings to show an additional apparatus so that when the seals failed, the static seals could be converted to dynamic seals and vice versa.

[12] Grenke built a prototype of the sealing arrangement. On June 21, 1991, the first prototype was installed on one of Amoco's oil wells. A second prototype was installed in August. Around the

same time, Grenke met Torfs and David Scott to discuss the drive components. An off-the-shelf gearbox was not successful and Flender agreed to design a gearbox for GrenCo. Grenke and Torfs discussed joint inventorship and a 50-50 ownership of the ensuing patents. Grenke continued to work on the device throughout the fall of 1991 and the spring of 1992.

[13] In April and May, 1992, Britton was involved in sales negotiations with Pan Canadian (another oil producer) and disclosed the inner workings of the prototype to the Pan Canadian representatives. The negotiations resulted in the installation of a prototype on one of Pan Canadian's wells. On or about June 19, 1992, an invoice relating to a packing slip, work order and credit note was issued by GrenCo to Pan Canadian.

[14] On May 11, 1993, Grenke filed an application for a patent with respect to his device. The claimed invention includes a plurality of dynamic seals with a leak passage for each seal and teaches a method by which the passages are monitored for leaks. The initial petition named Grenke and Torfs as co-inventors. On November 3, 1993, Torfs died. Flender agreed that Grenke would take over any patents filed on its behalf by Torfs and those jointly filed. The formal assignment from Flender is dated March 24, 1994. By February 14, 1994, Magda Torfs, the widow of Torfs, agreed to assign any rights to the patent to Grenke. The formal assignment from Magda Torfs is dated November 11, 1994. On August 17, 1994, Grenke swore an affidavit stating that he was the true sole inventor of the patent and that Torfs should not have been named in the initial petition. This affidavit was sent to the Commissioner of Patents (the Commissioner) on December 8, 1994.

[15] Sometime in 1999, Corlac Equipment Ltd. began to manufacture (and in 2000 sell) a rotating stuffing box under the name “Enviro.” The respondents brought an action against the appellants alleging that the Enviro product infringed the '937 Patent.

[16] As for the identification of the various parties, the judge provides detailed information in this respect at paragraphs 9 through 17 of his reasons. Briefly, Grenke is the owner and named inventor of the '937 Patent, which he licensed to GrenCo. The patent rights were sublicensed to Weatherford Canada Ltd. and subsequently to Weatherford Canada Partnership (collectively Weatherford). National Oilwell Incorporated (now National Oilwell Varco Inc.) is the parent company of National-Oilwell Canada Ltd. (collectively National). National purchased the shares of Corlac Equipment Ltd. (responsible for the manufacture and sale of drive heads and stuffing boxes). Corlac Inc. was the parent company of Corlac Equipment Ltd. (collectively Corlac). Although there were issues at trial regarding corporate structure, control, licensing and standing, no such issues arise on this appeal.

[17] The trial began on April 20, 2009, concluded on June 1, 2009 and involved 21 witnesses. The reasons comprise 380 paragraphs covering multiple issues of a wide variety. The issues on appeal are significantly narrower than those at trial. Notably, the judge stated at paragraph 8 of his reasons that although there were numerous and complex technical and legal issues, the root of the matter was an “assessment of credibility in respect of inventorship and a consideration of the behaviour of the key actors in this case.” The judge’s reasons will be referenced as required in relation to the issues on appeal. “Grenke” and “GrenCo” are frequently used interchangeably throughout the judge’s reasons. I will follow suit.

Standard of Review

[18] The standard of review is articulated in *Housen v. Nikolaison*, 2002 SCC 33, [2002] 2 S.C.R. 235. There, the Supreme Court reiterated that an appeal is not a re-trial of a case. Questions of law are to be determined on a standard of correctness. This means that if a trial judge errs in law, an appellate court is at liberty to replace the opinion of the trial judge with its own. The standard of review for findings of fact is palpable and overriding error, that is, the factual findings cannot be reversed in the absence of a material error that is plainly seen. Findings of mixed fact and law are also to be reviewed for palpable and overriding error unless there is an extricable question of law, which is reviewed for correctness.

Statutory Provisions

[19] The applicable statute is the *Patent Act*, R.S.C. 1985, c. P-4 (the Act). The *Patent Rules*, SOR/96-423 are also relevant. The text of the provisions referred to in these reasons is attached as Schedule “A”.

Issues

[20] The appellants define seven issues, several of which contain one or more subsidiary issues. The subsidiary issues will be addressed as necessary in the discussion regarding each of the main issues. Broadly speaking, the issues can be summarized under the following headings: claims construction; prior disclosure (anticipation); obviousness; Grenke’s credibility; inventorship; misrepresentations to the Patent Office; and adverse inferences (inducement).

Claims Construction

[21] The appellants' claims construction argument contains three distinct components. The first component is that the judge failed to construe the claims of the '937 Patent; the second is that he did not construe the claims correctly; the third is that he did not identify any essential elements.

[22] It seems to me somewhat illogical to suggest the judge incorrectly construed what he allegedly failed to construe. The appellants' submission that the claims were not correctly construed was not developed in their written submissions or at the hearing of the appeal. The argument constitutes a bare assertion and the appellants do not identify a specific error on the part of the judge. In the absence of any particular alleged error, I do not intend to dwell on this argument.

[23] Although the submissions that the judge failed to construe the claims and did not identify any essential elements contain more substance, they did not factor heavily into the appellants' arguments on appeal. Any analysis of these assertions requires that they be examined in the context in which the issues were pursued at trial.

[24] To be sure, claims construction is a question of law: *Whirlpool Corp. v. Camco Inc.*, 2000 SCC 67, [2000] 2 S.C.R. 1067, para. 76 (*Whirlpool*). However, in construing the claims, the judge will be assisted (but not bound) by evidence from expert witnesses in order to be able to construe the claims in a knowledgeable way: *Whirlpool*, para. 57. The judge's assessment of the expert evidence as well as his factual conclusions as to the state of the art are factual findings that will not be reversed on appeal absent palpable and overriding error: *Halford v. Seed Hawk Inc.*, 2006 FCA 275, 54 C.P.R. (4th) 130, para. 11; *Whirlpool*, para. 62.

[25] Notably, the appellants do not take issue with the judge's recitation of the applicable legal principles regarding claims construction as set out at paragraphs 116 through 120 of his reasons.

[26] It is true that the trial judge did not specifically delineate the essential elements of the claims. At trial, the appellants argued that their experts had identified elements essential to the invention and that the failure of the respondents' experts to do likewise constituted a "calculated attempt" to "escape limitations in a claim that [the inventor] specifically and intentionally included." Relying upon *Free World Trust v. Électro Santé Inc.*, 2000 SCC 66, [2000] 2 S.C.R. 1024 (*Free World Trust*), the appellants described the respondents' omission as a "self-inflicted wound." Referring specifically to paragraph 57 of *Free World Trust*, the appellants informed the judge that the patentee bears the onus of proving the non-essentiality of particular words or phrases in a claim.

[27] A review of the expert evidence reveals that none of the experts suggested that any of the words or phrases contained within the claims are not essential. The respondents concur with the appellants' articulation of the proposition that, unless a party maintains that a claim element is not essential, it will be considered to be essential. I agree with the parties in this respect, see: *Catnic Components Ltd. v. Hill and Smith Ltd.* (1980), [1982] R.P.C. 183, p. 237 (H.L.); *Eli Lilly & Co. v. O'Hara Manufacturing Ltd.* (1989), 99 N.R. 60, 26 C.P.R. (3d) 1, paras. 19, 20 (F.C.A.); *Free World Trust*, paras. 31, 57; *McKay v. Weatherford Canada Ltd.*, 2008 FCA 369, 74 C.P.R. (4th) 1, para. 18. Consequently, in this case, all elements were regarded and treated as essential.

[28] Although the appellants maintain that the judge failed to construe the terms "leak passage" and "plurality", the appellants pleaded only ambiguity in relation to those terms and did not advance

their argument at trial. To the contrary, they advised the judge in closing submissions that the ambiguity argument was not being pursued: appeal book, vol. 20, tab 297, p. 6253. Moreover, and in any event, the judge specifically found that the appellants had not provided any cogent evidence suggesting that the terms were obscure or ambiguous: reasons, para. 353. I see no error on the judge's part.

[29] The appellants also argue that the judge was required to construe the “geometry of the seal cartridges and leak passages.” This issue arose in relation to the debate regarding the meaning of “seal cartridge.” The judge succinctly described the dispute as “whether the term seal cartridge describes a function or describes an article.” He reviewed the evidence and concluded that the term means a sub-assembly of elements that perform a sealing function: reasons, paras. 128-137. The judge did not fail to construe the geometry of the seal cartridge and no error has been demonstrated with respect to his construction of this term.

[30] Next, the appellants say that the judge construed only claims 1, 6, 9, 11 and 14. They assert that because they attacked the validity of the '937 patent, all claims had to be construed. The grounds of invalidity advanced by the appellants related to anticipation (allegedly as a result of the sales of prototypes to Amoco and Pan Canadian), material misrepresentation under subsection 53(1) of the Act, abandonment under paragraph 73(1)(a) of the Act and obviousness. Of these, only obviousness relates to claim construction.

[31] Concerning obviousness, the appellants attack claim 1 on the basis of three pieces of prior art and the prototype. At paragraph 127 of his reasons, the judge construed claim 1 as follows:

Claim 1 describes and means an annular space formed between a housing (the stationary first member) and a sleeve (the rotary second member) where seal cartridges are stacked within that annular space and where there are leak passages in the housing for detecting seal failures and where a plug closes at least one passage.

Claims 2 through 16 directly or indirectly depend on claim 1. Claim 17 is a stand-alone claim to which I will return. The construction of claims 18 and 19 is not in issue on this appeal.

[32] As noted earlier, the judge reviewed the evidence with respect to “seal cartridge” (in claim 1) and construed the term. He did likewise for the term “dynamic seal” listed as element (a) of the cartridge in claim 1: reasons, paras. 138-147. The meaning of the term “closed” in claim 5 was in issue and the judge construed that term: reasons, paras. 149-154. In claim 9, the phrase “packing elements compressed within said annular cavity” was in issue and the judge construed that term: reasons, paras. 156-164.

[33] The appellants acknowledge that the inventiveness of claims 2 through 13 and 17 to 19 depends on the inventiveness of claim 1: appellants’ memorandum of fact and law, para. 73. They maintain, however, that no feature of claims 14 through 16 is inventive. Consequently, they say the claims would have been obvious to a person skilled in the art. The judge found that claims 14 and 15 depend on claim 1: reasons, para. 192. That conclusion, in my view, is correct. The judge was aware that he was dealing with a combination patent. The stationary framework (claim 14) and the drive means (claim 15) are included because of use in conjunction with the elements of the invention described in claim 1. Additionally, the judge stated that claim 16 relied on claim 9 (which he construed): reasons, para. 198. Again, I think the judge was correct for essentially the same

reason. I would add that claim 16 depends on claim 9 which, in turn, depends on claim 1. In these circumstances, and given the manner in which the parties approached the construction issue, the judge was not required to further construe what was not in issue.

[34] The appellants' argument with respect to claim 17 is not one of construction. They state that claim 17 is "a method claim for using the sealing system of claim 1": appellants' memorandum of fact and law, paras. 7, 73. This indicates that the construction of claim 17 relates largely to the construction of claim 1. However, the appellants' real quarrel in relation to claim 17 is that the judge was wrong to conclude that infringement of the claim existed without the production of evidence that the appellants' customers actually used their stuffing boxes in a manner that infringed the method described by the claim: appellants' memorandum of fact and law, paras. 153-155, 157. That argument will be addressed later in these reasons.

[35] In sum, the judge addressed all claims construction issues raised by the parties. There was no issue regarding the essentiality of claim elements. The meaning of "plurality" and "leak passage" was not in issue; the judge addressed the geometry of the seal cartridges and leak passages in his analysis dealing with the construction of the term "seal cartridge." The appellants have not demonstrated any error of law or principle, or any palpable or overriding error of fact or mixed fact and law on the judge's part. The fact that the judge preferred the expert evidence of the respondents' witnesses (Dr. Salant in particular) and adopted their views does not constitute, in and of itself, an error of law. Here, the judge examined the evidence (on the contentious words or phrases) of all experts before indicating his preferences. He did not delegate the task of construction to the respondents' experts.

Anticipation (Prior Disclosure)

[36] Anticipation is a question of mixed fact and law: *Consolboard Inc. v. MacMillan Bloedel (Sask.) Ltd.*, [1981] 1 S.C.R. 504, p. 533; *Baker Petrolite Corp. v. Canwell Enviro-Industries Ltd.*, 2002 FCA 158, [2003] 1 F.C. 49, para. 46 (*Baker Petrolite*). The appellants contend that the trial judge erred in finding that the RSB (rotating stuffing box) was not disclosed to the public more than one year before the filing date of the '937 Patent. Relying on this Court's decision in *Baker Petrolite*, they submit that the sale of prototypes to Amoco and Pan Canadian resulted in the disclosure of the subject matter of the patent.

[37] The same argument was made to the trial judge. He found that, although it may have been unwise for Grenke not to have established a confidentiality regime with either company, there was an expectation of confidentiality in view of the relationship he (Grenke) had with each company. Because such confidentiality implicitly existed, GrenCo's sales of prototypes to Amoco and Pan Canadian did not constitute disclosure "to the public" and therefore did not anticipate the patent: reasons, paras. 297-298. The judge relied on *International Corona Resources Ltd. v. LAC Minerals Ltd.*, [1989] 2 S.C.R. 574 (*LAC Minerals*), to support his finding of implied confidentiality in the circumstances: reasons, paras. 298-318.

[38] In particular, the judge concluded that the parties shared a "common cause" (solving the stuffing box problem) and had a relationship of trust and co-operation that led to an expectation of confidence: reasons, paras. 294, 298. The disclosure to Amoco and Pan Canadian was "for a limited purpose and certainly not disclosure to the public": reasons, para. 297. There was no evidence with respect to what third parties may have been told and observation of the units would not have

disclosed anything about its inner workings: reasons, para. 307. Although the people working in the field generally did not think there was a confidentiality obligation, those further up the corporate ladder thought there was confidentiality: reasons, paras. 293, 301. Both Amoco and Pan Canadian knew that Grenke lacked the ability to test his device and provided testing facilities to him: reasons, para. 294. Grenke's disclosure was part of the process he had to undertake so that he could conduct field tests, establish utility, make the necessary improvements to the design and finalize the invention: reasons, para. 301. Both companies behaved as if the units were confidential by not disclosing them to others: reasons, para. 297.

[39] Amoco's relationship with Grenke was closer than the one with Pan Canadian. Amoco, represented by Britton, was involved in the early development discussions with Merkel. Nonetheless, Pan Canadian had the same stuffing box problem as Amoco and knew or ought to have known that the sale of the device to it was for a limited purpose related to development and was not intended as a public disclosure: reasons, paras. 295, 305. Applying *LAC Minerals*, the judge found that since the sales of the prototypes took place in circumstances giving rise to a duty of confidentiality, the sales could not constitute prior disclosure under the Act: reasons, para. 298.

[40] The appellants argue that *LAC Minerals* is inapplicable because it does not involve the sale of confidential information or the concept of public disclosure in the Act. They emphasize the absence of an oral or written agreement between GrenCo and Amoco or Pan Canadian.

[41] According to the appellants, "title to these products was transferred to these companies without restriction and they were disclosed to the public." Further, they state the respondents neither

led evidence regarding industry practice of confidentiality nor demonstrated that industry practice could serve as the basis for an implied term of contract. Consequently, in the appellants' view, this was not an appropriate case to impose such an implied term. Even if it were otherwise, the respondents had to demonstrate there was an "implied term of contract arising from a notorious custom that is so well known in the market in which it is alleged to exist that those who conduct business in the market contract with the usage as an implied term": appellants' memorandum of fact and law, para. 78. Grenke's assumption that the prototypes would be kept confidential "is not sufficient to impose an obligation of confidence": appellants' memorandum of fact and law, para. 86. Since the respondents failed in this respect, imposing an obligation of confidence in such circumstances constitutes an "error of law" in that the judge failed to appreciate the legal test for imposing an implied contractual term.

[42] If the appellants are correct in their position that the prototypes were sold to Amoco and Pan Canadian without restriction (unconditionally), the patent may be invalid for anticipation. Section 2 of the Act stipulates that an invention must be novel. When approaching an inquiry as to novelty, the invention must not have been anticipated. To succeed in invalidating a patent on grounds of anticipation, an alleged infringer must satisfy the requirements of prior disclosure and enablement, considered separately: *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.*, 2008 SCC 61, [2008] 3 S.C.R. 265 (*Sanofi*). If there is no disclosure, there can be no enablement. The evidence to be considered is comprised solely of the prior art (here the prototype) as the skilled person would understand it.

[43] Section 28.2 of the Act is the governing section with respect to disclosure. Among other things, it requires that the invention not be disclosed "in such a manner that it became available to

the public in Canada or elsewhere” more than one year before the patent was filed. Although at trial there was some question as to whether the sale to Pan Canadian occurred prior to the one-year grace period, on this appeal the respondents did not seriously contest that the sales to both Amoco and Pan Canadian occurred more than one year before the filing date.

[44] In *Baker Petrolite*, this Court, at paragraph 97, stated as follows:

[I]t is the unconditional sale of the [invention] to the purchaser that makes the product available to the public. If the purchaser is free to perform reverse engineering, that is sufficient. How a purchaser chooses to treat the analysis, i.e. to keep it confidential or not, is not a relevant consideration. (my emphasis)

[45] There are two aspects to the *Baker Petrolite* reasoning. Since the Act contains a presumption of validity, it was for the appellants to establish: (1) the sales; and (2) that the sales were unconditional. As noted, the existence of the sales is common ground. The debate centres on whether the sales were unconditional.

[46] The appellants accept (correctly in my view) that they bore the burden of establishing prior disclosure. In this case that burden translates into establishing the unconditional nature of the sales. The appellants, however, argue that once they led evidence of unfettered sales to independent parties (that is, no oral or written agreement), the tactical burden then shifted to the respondents to demonstrate that the sales were restricted. The appellants maintain that the respondents failed in this respect. However, the judge concluded otherwise. In circumstances where a judge engages in a weighing of the evidence and arrives at a factual determination on the basis of the totality of that

evidence, appellate interference is impermissible absent palpable and overriding error, irrespective of tactical onus.

[47] With respect to the “unconditional sales”, as stated earlier, the judge turned to *LAC Minerals* for guidance as to whether confidentiality existed. If it did, he reasoned that the prototypes would not have been disclosed to the public. Put another way, if confidentiality existed, the sales would not be regarded as “unconditional.” It seems to me that this is ultimately a factual determination or, at its highest, a question of mixed fact and law.

[48] *LAC Minerals* involved divided opinions in the Supreme Court. Despite disagreement among the five-member panel of the Court regarding the existence of a fiduciary duty, the Court unanimously approved and implicitly adopted the English ‘reasonable man test’ described in *Coco v. A.N. (Engineers) Ltd.*, [1969] R.P.C. 41 (Ch.) (*Coco*), for ascertaining whether an obligation of confidence exists in a given situation: *LAC Minerals*, paras. 10-11, 161-162. Information will be considered to have been exchanged in a confidential relationship where “any reasonable man standing in the shoes of the recipient of the information would have realised that upon reasonable grounds the information was being given to him in confidence”: *Coco*, pp. 47, 48. The following passage from *Coco* (p. 51) was also referred to by Sopinka J. in *LAC Minerals* and cited by the judge in this case:

In particular, where information of commercial or industrial value is given on a business-like basis and with some avowed common object in mind, such as a joint venture or the manufacture of articles by one party for the other, I would regard the recipient as carrying a heavy burden if he seeks to repel a contention that he was bound by an obligation of confidence.

[49] I agree with the appellants that the facts in *LAC Minerals* are not similar to those in this case. There, the issues related to a breach of confidence and potential breach of fiduciary duty. However, I do not read the judge's reasons as suggesting that he considered this case to be analogous to *LAC Minerals*. Rather, he turned to that authority to extract general principles in relation to confidential communications, including the factors to be considered in ascertaining whether confidentiality exists. No subsequent authority derogates in substance from the principles articulated in *LAC Minerals* regarding confidentiality. Given its generality in this respect, I see no principled reason (and the appellants have not advanced any) why the judge should not have relied upon it for the purpose that he did.

[50] The appellants themselves rely on *LAC Minerals* to support their assertion that any obligation of confidentiality based on industry practice must be clearly "notorious." In my view, such an assertion is overstated and incorrect. The comments of La Forest J. were responsive to the arguments of the parties and he was addressing the distinction between "custom" (which he interpreted broadly and effectively equated to "practice" in Canada) and "usage." The word "notoriety" appeared in a definition of "usage" from *Halsbury's Laws of England*, vol. 12, 4th ed., para. 445. La Forest J. expressed reservation regarding portions of the definition and specifically refrained from deciding whether the "practice" established by the evidence of LAC's executives and experts amounted to a legal "usage." Nonetheless, he found the evidence of industry practice was sufficient to ground an expectation of confidentiality in that case. If applied to the concept of confidentiality generally, the extract, at its highest, suggests that the level of notoriety of an industry practice may be relevant with respect to whether the reasonable person considers himself to have an

obligation of confidentiality. There is no enunciation of a separate “notoriety” test. The test for confidentiality is the *Coco* test adopted by the Court and cited previously in these reasons.

[51] The judge did not specifically state the ‘reasonable man test’ in determining whether the prototypes were sold in circumstances giving rise to an obligation of confidentiality. He did refer to the above-quoted passage from *Coco* at paragraph 315 of his reasons. Although he was there dealing with the issue of disclosure to Merkel and Flender (not in issue on this appeal), it is clear that the judge was aware of the *Coco* test. Further, in view of his specific reliance on *LAC Minerals* in this respect and his references to “reasonable” at paragraphs 297 through 299 of his reasons, I am satisfied that the judge approached the issue of confidentiality from the perspective of the reasonable man in accordance with the *Coco* test.

[52] The receipt of information in circumstances of confidentiality establishes a duty not to use that information for any purpose other than that for which it was conveyed: *LAC Minerals*, para. 16. In my view, information received in circumstances of confidentiality cannot be considered to have been publicly disclosed for purposes of the Act. Consequently, as noted earlier, if the judge’s conclusion – that the sales of the prototypes to Amoco and Pan Canadian were made in circumstances in which they had an obligation to keep the invention confidential – was not palpably wrong, the appellants’ anticipation argument must fail.

[53] There is no doubt that the judge considered the absence of an oral or written communication concerning confidentiality to be significant, but not dispositive. Equally, in my view, there is no doubt that the prototype had a quality of confidence about it. It was the result of the work and

development of Grenke in early 1991; it was not available to the public; no such device was on the market. The crux of the matter is whether GrenCo sold the prototypes to Amoco in circumstances in which an obligation of confidence arose. The judge's various findings on this issue are summarized above. For present purposes, it suffices to reiterate his finding that both Amoco and Pan Canadian shared a "common cause" with Grenke and had a relationship of trust and co-operation that led to an expectation of confidence: reasons, paras. 294, 298. The appellants do not seriously dispute the existence of a common cause – everyone in the industry was concerned about the stuffing box problem. Rather, it is the finding of a relationship of trust and confidence that the appellants contend was palpably wrong because it was not supported by the evidence.

[54] Regarding Amoco, there was certainly evidence to negate an expectation of confidentiality surrounding the units. This evidence includes the testimony contained at appeal book, volume 17 of Amoco EI maintenance team member George (tab 283, transcript pp. 19, 20); Amoco EI maintenance team member Krucik (tab 287, transcript pp. 61-63); Amoco Elk Point worker Fair (tab 283, transcript p. 100); Amoco Elk Point production engineer Urich (tab 287, transcript pp. 59-61, 68); and Amoco Elk Point district foreman Johnson (tab 287, transcript p. 52). Generally, this evidence suggests that Amoco could do what it wanted with the prototype and there was no confidentiality attached to it.

[55] There was also evidence pointing to the opposite conclusion. Amoco was heavily involved in the development of the patent. An internal Amoco memo discussed the testing of the prototypes and solutions for fixing the problems: appeal book, vol. 5, tab 113, pp. 1581-1585. A letter from Britton thanked Amoco staff for their involvement with the development: appeal book, vol. 9, tab

252, p. 3018. Amoco paid for Britton's trip to Germany to discuss the device with Merkel: appeal book, vol. 16, tab 279, transcript p. 32. Urich said Amoco was involved in the development of the device: appeal book, vol. 17, tab 287, transcript pp. 57, 71, 83.

[56] Further, Wes Grenke's testimony indicates that he understood the prototypes were test units and were confidential: appeal book, vol. 16, tab 277, transcript p. 116. Grenke's testimony was the same: appeal book, vol. 16, tab 280, transcript pp. 48, 63, 64. Amoco production foreman Dudley testified that a confidentiality obligation existed with respect to test units: appeal book, vol. 17, tab 281, transcript pp. 102-105.

[57] Johnson testified in chief that there were no express confidentiality conditions concerning Amoco's purchase, that the prototype was not a test unit and that Amoco could do what it wanted with the unit. He also testified that he wouldn't provide it "from an ethical and moral sense...to another drive head competitor" and "wouldn't have taken it apart and given it to [GrenCo's competitors]." He acknowledged that the industry was trying to work together to solve a problem: appeal book, vol. 17, tab 287, transcript pp. 17-20. On cross-examination, he testified that the use of the prototype was a "private test within Amoco", Amoco had funded the project, was doing the work, would do it for itself and had not turned it into a "joint industry project where everybody helped fund it and we had big meetings about it": appeal book, vol. 17, tab 287, transcript pp. 37-40, 49-56.

[58] The appellants point to the evidence of Matthews, the respondents' expert on industry practice, to support the assertion that if a test unit was sold, the selling party must set up a

confidentiality regime by at least having verbal discussions with respect to confidentiality. The assertion is overstated. Matthews states that he would “assume that there should be at least a verbal understanding, verbal agreement.” He also stated that “it was not uncommon at the time, and still today, for companies conducting trials, the oil companies in particular, to pay for the prototype development and to support the vendors.” Further, it “is known that the vendor owns the rights to it. The operator, of course, is the one using it. So they do what they want with it in the field, but there is an understanding that goes beyond the simple payment or purchase of the device”: appeal book, vol. 15, tab 271, transcript pp. 195, 196.

[59] The judge’s task was to balance the evidence and come to a determination. It was he who observed the witnesses and heard their testimony. There is evidence in the record to support the judge’s finding that Amoco and Grenke shared a common cause and had a relationship of trust and co-operation. Since “parties acting in a common cause and those using the prototypes...expected and received confidential treatment” (reasons, para. 300), the judge’s conclusion that the disclosure to Amoco was for a limited purpose and certainly not a disclosure to the public cannot be said to be palpably wrong.

[60] The evidence in relation to Pan Canadian is thin. There was no confidentiality agreement and Pan Canadian was not involved in the development of the device. The judge found that Britton disclosed the inner workings of the prototype to the Pan Canadian representatives during their negotiations: reasons, para. 304. Former Pan-Canadian maintenance foreman and mechanic Derewynka testified that he thought Pan Canadian could have dismantled the unit for servicing or replacement of the seals and could have allowed other oil producers to come onto its site and

observe the prototype. Notably, he did not say that Pan Canadian would have allowed others to view the inner workings of the prototype: appeal book, vol. 17, tab 286, transcript pp. 33-34, 42, 46-47. I agree with the appellants that there was no evidence to directly support a relationship of trust and co-operation between Grenke or GrenCo and Pan Canadian.

[61] Notwithstanding, the trial judge was satisfied that the units sold to or discussed with Pan Canadian were test units and that industry practice required that test units be kept confidential. There is evidence in the record to support that conclusion. Pan Canadian's letter dated February 8, 1994 acknowledged (albeit after the fact) that GrenCo's device had "new features and design concepts": appeal book, vol. 5, tab 88, p. 1399. Both Wes and Ed Grenke emphasized the prototypes were test units: appeal book, vol. 16, tab 278, transcript p. 25; tab 279, transcript pp. 65-66; appeal book, vol. 17, tab 281, transcript pp. 17-18. Britton testified that the units were test units (appeal book, vol. 17, tab 184, transcript p. 190) and that testing extended into mid-1992 (reasons, para. 296). The units were a limited production: reasons, para. 296. Dudley agreed test units were meant to be confidential: appeal book, vol. 17, tab 281, transcript pp. 103-104.

[62] There was also Matthews' evidence that simply looking at a prototype externally would not enable an observer to know its inner workings: appeal book, vol. 5, pp. 1605-1607; that having these pumps out in the field or installed by particular rig crews would not constitute disclosure of confidential information; that it was dangerous for observers to simply go onto drilling lands to see the equipment; and that test units could be out in the field for any period of time without losing their confidentiality: appeal book, vol. 15, tab 271, transcript pp. 137-138, 141, 143-144, 172-173, 199-201.

[63] On balance, although another judge could have concluded otherwise, given the judge's extensive exposure to the evidence and the fact that he had the benefit of seeing and hearing the witnesses, it was open to him to conclude that the prototypes sold to or discussed with Pan Canadian were test units and that there was a general industry practice that such units were considered confidential. There was evidence in the record to support the determinations he made. On the basis of those findings, it was also open to him to find that the sales to or discussions with Pan Canadian in April 1992 did not constitute prior disclosure within the meaning of section 28.2 of the Act.

[64] It follows from the judge's findings and my conclusions in relation to them that *Baker Petrolite* does not assist the appellants in this case.

[65] Finally, and not insignificantly, there is the judge's finding that the prototypes supplied to Amoco and Pan Canadian were not the same as the RSB described in the '937 Patent. There were changes made before the design was finalized. Mindful of Grenke's evidence that he believed the prototype had essentially solved the problem and that the improvements were insignificant (evidence heavily relied upon by the appellants), the judge concluded otherwise. The evidence of Skoczylas as to the nature of the improvements (appeal book, vol. 6, tab 129, pp. 1969, 1987-1990) and Salant that the improvements were inventive (appeal book, vol. 5, tab 123, pp. 1661, 1662; vol. 14 tab 272, transcript pp.17-44, 57-59) supports the judge's conclusion. Indeed, the judge commented, "there is a difference between believing that one has the solution to the problem and finalizing the design and function so that the invention operates as intended." He then found as a fact that "[t]he balance of work to the final design was improvements but they were significant": reasons, para. 309. This finding (which in my view is an implicit finding of inventiveness) was open

to the judge on the evidence before him. In and of itself, it too is sufficient to dispose of the appellants' anticipation argument.

Obviousness

[66] The appellants contend that the judge “did not conduct an obviousness analysis and/or provided insufficient reasons for his conclusion on obviousness”: appellants' memorandum of fact and law, para. 41. More specifically, they assert that he erred in law by failing to conduct a “*Pozzoli* analysis.” Further, he erred in accepting the respondents' expert evidence without resolving evidentiary conflicts and thereby failed to come to an independent determination on obviousness.

[67] The appellants' assertion with respect to the “*Pozzoli* analysis” is overstated. In *Sanofi*, the Supreme Court stated, “[i]t will be useful in an obviousness inquiry to follow the four-step approach first outlined by Oliver L.J. in *Windsurfing International Inc. v. Tabur Marine (Great Britain) Ltd...* [and] recently updated by Jacob L.J. in *Pozzoli SpA v. BDMO SA*”: *Sanofi*, para. 67 (citations omitted, my emphasis). The Court did not establish a compulsory legal test. To the contrary, its approval of existing jurisprudence warned against adopting an “overly rigid rule that limits the obviousness inquiry.” Rothstein J. explained that “in most matters in which a judge or a jury is called upon to make a factual determination, rigid rules are inappropriate unless mandated by statute”: *Sanofi*, para. 63. Indeed, the “correctness of a decision upon an issue of obviousness does not depend upon whether or not the decider has paraphrased the words of the Act” or made use of “some particular verbal formula”: *Sanofi*, para. 61. Rather, an “expansive and flexible approach that would include ‘any secondary considerations that [will] prove instructive’ will be useful”: *Sanofi*, para. 63.

[68] Although *Sanofi* identifies and recommends the *Pozzoli* framework as a helpful tool, failure to explicitly follow the structure does not, in and of itself, constitute an error of law. In oral argument the appellants indicated that the *Pozzoli* steps need not be expressly addressed if they are considered “in substance.” Here, the judge should be presumed to have understood the purpose of the *Pozzoli* approach since he specifically referred to *Sanofi* as having modified the “test” from *Beloit Canada Ltée/Ltd. v. Valmet Oy* (1986), 64 N.R. 287, 8 C.P.R. (3d) 389 (F.C.A.) (*Beloit*): reasons, para. 320.

[69] The appellants agree that the judge adequately addressed the first step: the identification of the notional person skilled in the art. Although they maintain that the judge did not specifically identify the inventive concept of the patent (as contemplated at *Pozzoli* step two), they acknowledge that he did refer to the patent’s three “key concepts” in his reasons. In any event, the second step indicates that it will be sufficient to construe the patent if the inventive concept is not readily discernible from its claims. As indicated earlier in these reasons, the judge properly construed the patent’s claims. Moreover, the '937 Patent is a combination patent. Therefore, its essence lies in the unique combination claimed even though individual elements of the invention, considered in isolation, may not have been inventive. As recently explained by this Court, “[i]t is not fair to a person claiming to have invented a combination invention to break the combination down into its parts and find that, because each part is well known, the combination is necessarily obvious”:
Bridgeview Manufacturing Inc. v. 931409 Alberta Ltd., 2010 FCA 188, 87 C.P.R. (4th) 195, para. 51 (*Bridgeview*), leave to appeal dismissed, [2010] S.C.C.A. No. 346; *Free World Trust*, para. 27. The judge referred to that principle: reasons, paras. 240, 241. On the whole, in my view, the judge’s analysis demonstrates that he implicitly considered the substance of the first two *Pozzoli* steps.

[70] The thrust of the appellants' argument is directed to the judge's purported failure to consider the third and fourth *Pozzoli* steps. The appellants further maintain there was insufficient discussion in the judge's reasons to allow this Court to ascertain how or why he reached his conclusions. This omission is said to effectively preclude meaningful appellate review.

[71] As was the case with claims construction, an appreciation of the judge's analysis requires an examination of the manner in which the appellants approached the issue of obviousness at trial. Although the appellants explicitly acknowledged that the "issues of obviousness and anticipation are quite different", their arguments concerning both were combined under the single subject "invalidity": appeal book, vol. 20, tab 297, pp. 6308-6355. It is hardly surprising that the judge chose to examine obviousness as a reflection of the appellants' submissions on anticipation, particularly when the appellants relied on the "same disclosure" and the "same prior art" for both: reasons, paras. 321, 322. The appellants' submissions concerning the prior art were similarly interdependent. They claimed that the invention was rendered obvious by virtue of the public disclosure of GrenCo's prototype, by the API reference, and by the combination of the two: appeal book, vol. 20, tab 297, pp. 6342-6343, 6347-6348, 6354-6355. The appellants also claimed that United States Patent No. 3,913,752 (the '752 Patent) only rendered the invention obvious in "combination with the API seal structures and/or the [prototype]": appeal book, vol. 20, tab 297, pp. 6350, 6355. Similarly, on this appeal, the appellants maintained that United States Patent No. 4,372,379 (the '379 Patent) rendered only claims 14 to 16 of the '937 Patent obvious. Consequently, the judge was not required to expressly consider the effect of these pieces of prior art separately from the prototype or the API seal structures.

[72] The third *Pozzoli* step focuses on an identification of the differences between the prior art and the inventive concepts of the claim, or the claim as construed. Given the structure of the appellants' arguments, if the judge had specifically tracked the *Pozzoli* framework, he would have directly considered the prototype and the API reference. The judge's reasons show he clearly considered the prototype. However, in view of my earlier conclusion that the judge did not err in finding that the sales of GrenCo's prototype to Amoco and Pan Canadian did not constitute public disclosure of the invention, the prototype is not prior art and is immaterial to the issue of obviousness. The API reference warrants further discussion.

[73] The judge did not expressly refer to the API reference in his obviousness analysis. However, he did explain that the appellants relied on the same prior art for purposes of obviousness as they had for anticipation, namely, "U.S. patents, industry handbooks and other publications": reasons, paras. 317, 318, 322 (my emphasis). The API reference is properly described as an industry handbook included in the prior art addressed at trial. The '752 Patent is a U.S. patent.

[74] The appellants argue that the API reference is "a sealing system where dynamic seals are used to seal outside a sleeve that rotates with a pump shaft." They note that it teaches the use of "two mechanical dynamic seals...and an auxiliary bushing...which may also be a dynamic seal such as a lip seal" (my emphasis). They further assert that connections placed between the seals may be used to detect leaks: appellants' memorandum of fact and law, paras. 59, 60. The respondents emphasize that the '937 Patent claims non-mechanical dynamic seals: respondents' memorandum of fact and law, para. 33.

[75] In view of the record, the judge's acceptance of the respondents' expert evidence and his construction of the '937 Patent, the respondents' position is correct: reasons, paras. 127, 128, 133, 137, 138, 140, 142, 147. See also: Salant affidavit, appeal book, vol. 5, tab 123, pp. 1646, 1647, para. 32; Salant examination in chief, appeal book, vol. 15, tab 272, transcript pp. 32,33; Skoczylas rebuttal report, appeal book, vol. 6, tab 129, p. 1998, para. 123; Nelson cross-examination, appeal book, vol. 18, tab 288, transcript pp. 52-53. Further, the respondents' evidence stipulates that the sealing system taught by the API reference will only operate to create redundant sequential seals if the initial detection port is closed after the initial seal fails: Skoczylas cross-examination, appeal book, vol. 16, tab 276, transcript pp. 53-60. The redundant sealing system taught by the '937 Patent requires no such external intervention.

[76] With respect to the '752 Patent, the appellants' evidence establishes that this piece of prior art teaches the use of a dynamic sealing system on a sliding plunger pump rather than on a rotary PC pump: Nelson affidavit, appeal book, vol. 11, tab 261, pp. 3416-3418, paras. 128-130. Nelson also testified that the '752 Patent teaches the use of two seals, one leak detection passageway, and a further leak passageway that indicates the complete failure of the sealing system: Nelson cross-examination, appeal book, vol. 18, tab 288, transcript pp. 153-159. The '937 Patent teaches the use of a plurality of annular dynamic seals with a leak passageway for each seal.

[77] The appellants submit that the '379 Patent teaches a type of rotary wellhead drive that discloses almost all features of claims 14 to 16 of the '937 Patent. Those claims teach the incorporation of a stationary framework, drive, and connection means with the patent's redundant dynamic seal system. They are unlikely to be relevant to the obviousness analysis if the combination

of the remaining elements of the invention are not rendered obvious by the referenced prior art. There is no suggestion that the '379 Patent would lead one to combine the drive head and the sealing system as in the '937 Patent.

[78] Taking the above-noted pieces of prior art together, the *Pozzoli* framework then asks whether the differences identified at step three constitute steps that would have been obvious to the person skilled in the art, without knowledge of the invention as claimed. If the differences require some degree of inventiveness, the prior art in question does not render the invention obvious. The judge's cryptic dismissal of the appellants' obviousness argument was based on the expert evidence he considered and accepted earlier in his reasons. The brevity of his comments, in my view, suggests that he considered the appellants' submissions regarding obviousness to have little merit.

[79] The judge generally preferred the respondents' evidence to that of the appellants. Significantly, the judge summarized Salant's evidence and explained why he preferred it to that of the appellants' experts: reasons, paras. 37-40, 53. The appellants have not demonstrated palpable and overriding error in the judge's assessment of the witnesses.

[80] The respondents' experts reviewed the relevant prior art and concluded, while it contained elements similar to those taught by the '937 Patent, none of the prior art included the combination and application of the elements contained in the invention. They were of the view that combining the prior art in the manner taught by the '937 Patent required a significant degree of inventiveness: Salant report, appeal book, vol. 5, tab 123, pp. 1661-1662, paras. 85-90, 92; Salant cross-examination, appeal book, vol. 15, tab 273, transcript pp. 36-38; Skoczylas report, appeal book, vol.

6, tab 128, pp. 1770-1780, paras. 85-106; Skoczylas rebuttal report, appeal book, vol. 6, tab 129, pp. 1990-2003, paras. 92-141. The judge committed no reviewable error in preferring Salant's evidence over that of Nelson. In fact, Nelson considered Salant to be a recognized authority on rotary seals: Nelson cross-examination, appeal book, vol. 18, tab 288, transcript pp. 91-92.

[81] The judge also noted that Nelson was unable to explain why, if the solution of the '937 Patent was so obvious, no one had discovered it previously: reasons, para. 50. The judge found that the stuffing box problem had been experienced by heavy oil producers since at least the early 1980s, there was increasing concern in relation to the problem by at least the late 1980s and it plagued the heavy oil industry prior to the introduction of Grenke's invention: reasons, paras. 68, 264. Moreover, contrary to the appellants' assertion that Grenke solved the problem on his first attempt, the judge found that it took Grenke more than two years to advance from his initial idea (through the production of the prototype and the testing phase) to the patenting of the invention: reasons, paras. 71- 91. As stated earlier, in my view, the judge implicitly found that the post-prototype improvements to the final design were inventive. No reviewable error has been demonstrated with respect to any of these findings. The judge had the benefit of seeing and hearing the witnesses and he considered the respondents' witnesses to be clear, credible and to have held up significantly better under cross-examination than the appellants' witnesses. The above-noted references provide sufficient support for the judge's conclusions on obviousness.

[82] With the benefit of hindsight, it is not totally unreasonable to suggest that combining the system of redundant mechanical seals and limited leak detection passageways (taught by the API reference) with the multiple dynamic seal plunger pump system (taught by the '752 Patent) renders

the invention obvious. Arguably, the invention of the '937 Patent seems a short step from those pieces of prior art combined, particularly when both were used in the oil industry. However, key differences exist between the prior art and the invention of the '937 Patent.

[83] The use of mechanical seals in the API reference was problematic for the appellants. Their expert Nelson testified that mechanical seals are used in a different field than centrifugal and reciprocating pumps; mechanical seals “cannot operate with a particulate such as sand”; and they would not be used in the heavy oil field: Nelson cross-examination, appeal book, vol. 18, tab 288, transcript pp. 109-111. Britton stated that he would sooner return to using conventional packing than use a mechanical seal in sandy, sloppy oil: Britton cross-examination, appeal book, vol. 17, transcript pp. 148-149. The judge considered the evidence and accepted “a mechanical seal could not properly seal against a cylindrical surface”: reasons, para. 142.

[84] The '752 Patent claims application only in respect of a reciprocating pump, which is fundamentally different from the rotary pump system used in the '937 Patent. Additionally, the redundant seal system of the '752 Patent is activated only if the initial leak port is closed, unlike the automatic redundancy created by the seals in the '937 Patent.

[85] The oft-cited passage at page 295 of *Beloit* is apt:

Every invention is obvious after it has been made, and to no one more so than an expert in the field. Where the expert has been hired for the purpose of testifying, his infallible hindsight is even more suspect. It is so easy, once the teaching of a patent is known, to say “I could have done that”; before the assertion can be given any weight, one must have a satisfactory answer to the question, “Why didn’t you?”

[86] In this case, the respondents' experts examined the prior art and concluded that combining the previously known elements of the invention into the combination claimed in the '937 Patent would not have been readily apparent to the notional person skilled in the art. Considering the evidence in totality and the judge's assessment of the witnesses, I am unable to conclude that he erred in a manner that warrants this Court's intervention.

[87] The judge's reasons regarding the issue of obviousness are terse. The Supreme Court has instructed that "courts of appeal considering the sufficiency of reasons should read them as a whole, in the context of the evidence, the arguments and the trial, with an appreciation of the purposes or functions for which they are delivered": *R. v. R.E.M.*, 2008 SCC 51, [2008] 3 S.C.R. 3, para. 16 (*REM*). Read in the context of the record and the submissions on the live issues in the case, the reasons must show that the judge has seized the substance of the matter: *REM*, para. 43. An appellate court should adopt a deferential stance based on the propositions that the trial judge is in the best position to determine matters of fact and is presumed to know the basic law: *REM*, para. 54. The critical question is whether the trial judge's reasons, considered in the context of the evidentiary record, the live issues as they emerged at trial and the submissions of counsel, deprive the appellant of the right to meaningful appellate review: *REM*, para. 57. For the reasons provided in relation to the issue of obviousness, it is readily apparent that, in this case, the answer to the critical question is no.

Grenke's Credibility

[88] The appellants submit the judge made palpable and overriding errors or provided insufficient reasons for finding that Grenke was a credible witness. Specifically, there were

instances where Grenke admitted having made misstatements in his past correspondence and recanted evidence he had earlier provided under oath. According to the appellants, the judge failed to address the inconsistencies in Grenke's testimony or explain how they were resolved in Grenke's favour. Consequently the appellants were prevented from understanding why the judge accepted his evidence and were deprived of "an informed consideration of the grounds of appeal": appellants' memorandum of fact and law, para. 151. The Supreme Court has spoken on this issue at least three times since 2006: *R. v. Gagnon*, 2006 SCC 17, [2006] 1 S.C.R. 621 (*Gagnon*); *R. v. Dinardo*, 2008 SCC 24, [2008] 1 S.C.R. 788 (*Dinardo*); *REM*.

[89] In *Gagnon*, at paragraph 20, the Court stated:

Assessing credibility is not a science. It is very difficult for a trial judge to articulate with precision the complex intermingling of impressions that emerge after watching and listening to witnesses and attempting to reconcile the various versions of events. That is why this Court decided, most recently in *H.L.*, that in the absence of palpable and overriding error by the trial judge, his or her perceptions should be respected.

[90] In *Dinardo*, the Court cautioned, at paragraph 26:

Where a case turns largely on determinations of credibility, the sufficiency of the reasons should be considered in light of the deference afforded to trial judges on credibility findings. Rarely will the deficiencies in the trial judge's credibility analysis, as expressed in the reasons for judgment, merit intervention on appeal.

[91] In *REM*, the Court reiterated the proposition expressed in *Dinardo* that "there is no general requirement that reasons be so detailed that they allow an appeal court to retry the entire case on appeal. There is no need to prove that the trial judge was alive to and considered all of the evidence, or answered each and every argument of counsel": *REM*, para. 32.

[92] As noted early in these reasons, the judge identified the “root” of the matter as an “assessment of credibility in respect of inventorship and a consideration of the behaviour of the key actors”: reasons, para. 8. In general terms, he described Grenke’s testimony as “vague about some details”: reasons, para. 43. The judge stated that he approached Grenke’s evidence “with some caution”, but found the “core of his narrative was consistent with other evidence and was more believable than that of other witnesses”: reasons, para. 44.

[93] For example, the judge explained that Grenke’s evidence was supported by:

- (1) his visits to Germany to meet Merkel and Flender: reasons, para. 245;
- (2) the fact he sought out others for advice: reasons, para. 245;
- (3) his leadership role in the project: reasons, para. 246;
- (4) the documents supporting the position that he came up with the idea and turned it into a practical device: reasons, para. 246;
- (5) his redesign of the units in late 1992 and 1993: reasons, para. 251.

[94] The judge did not always accept Grenke’s evidence. One rejection of his evidence is discussed later in these reasons. Further, there is a “recantation” addressed at paragraphs 308 and 309 of the judge’s reasons.

[95] The appellants have not established that the judge made palpable and overriding errors in his credibility assessment or that the deficiency in his reasons (if any) with respect to Grenke’s credibility fall within the category of those rare cases that merit intervention on appeal.

Inventorship

[96] The appellants submit that the judge incorrectly required a demonstration of utility for purposes of inventorship. They argue that if the judge had not required Engelen to be able to demonstrate utility, he would have found that Engelen is an inventor of the '937 Patent because of his contribution to the sealing arrangement and his suggestion of multiple leak detection passageways. They further submit it was Torfs who conceived of and developed the integration of the drive and sealing system set out in claims 14-16 of the patent.

[97] The respondents take issue with the judge's finding that Torfs is a co-inventor of the '937 Patent. The crux of their argument is based on the judge's statement that "[w]ere it not for Grenke's arrangement with Torfs that they would share in the patents equally, the Court would be uncomfortable with concluding that Torfs contributed any creative concept to the '937 Patent": reasons, para. 281. The respondents contend that the judge erred in law in relying on an agreement between Grenke and Torfs to resolve the issue of inventorship in relation to them.

[98] Both the appellants' and the respondents' arguments in this respect can be addressed summarily.

[99] The judge did not misapprehend the law regarding inventorship. Although he misspoke at paragraph 239 of his reasons with respect to utility, the misstep did not factor into his analysis. The judge in all other respects correctly cited the law regarding inventorship as articulated in *Apotex v. Wellcome Foundation Ltd.*, 2002 SCC 77, [2002] 4 S.C.R. 153, paras. 97, 98 (*Wellcome*): reasons, paras. 236, 237. Briefly, the ultimate question – who is responsible for the inventive concept – was

specifically identified: reasons, para. 236. The judge recognized that a person “who contributes to the inventive concept may be a co-inventor while those who help the invention to completion, but whose ingenuity is directed to verification rather than original inventive concept, are not co-inventors”: reasons, para. 237. He noted the necessity of reducing the idea to a definite and practical shape and considered it inappropriate to break the combination into its various elements (and attribute contribution by various persons to each of those elements) in resolving the issue of inventorship: reasons, paras. 239, 241. The appellants have not persuaded me that the judge failed to appreciate and apply the proper law with respect to inventorship.

Engelen

[100] After reviewing Grenke’s evidence and that of Reincke, Engelen, Britton and the evidence with respect to Torfs (the appellants took the position that all except Grenke are co-inventors), the judge concluded that Grenke is one of the inventors of the '937 Patent. The others (except Torfs) are not. In arriving at his conclusion, he made a number of factual determinations.

[101] Specifically, the judge found Engelen was asked to suggest the appropriate type of dynamic seal after Grenke contacted Merkel to discuss his idea. However, he (Engelen) did not contribute to the core inventive concept of using dynamic seals around the rotating sleeve. The seals he proposed came from Merkel’s standard catalogue: reasons, para. 256. Although Engelen met with Grenke, it was Grenke who made the changes to the proposal that eventually led to the design to be tested: reasons, para. 257. While Engelen discussed with Grenke the possibility of using multiple leak detection passageways, he confirmed that, at the time, the prevailing view was that a single leak detection port was sufficient and having more than one such port had several disadvantages:

reasons, para. 258. While Engelen made some suggestions, he did not contribute “inventive concepts”: reasons, para. 260. Grenke’s role in coming up with the idea and turning it into a practical device is supported by the documents: reasons, para. 246 (including references to the specific documents).

[102] On cross-examination, Engelen acknowledged that he did not contribute the idea of using dynamic seals in the annular space to seal around the rotating sleeve, but was asked by Grenke to specify a type of dynamic seal: appeal book, vol. 17, tab 282, transcript pp. 112-114, 143. Engelen said that he was of the opinion that one leak passage was sufficient because using multiple leak passages would require the use of multiple seals which had the disadvantage of increasing friction: appeal book, vol. 17, tab 282, transcript pp. 135-136. He may have suggested the idea of multiple leak passages, but he did not advocate it. Further, he stated that Grenke made all the design decisions as to how many seals would be included: appeal book, vol. 17, tab 282, transcript pp. 109-112.

[103] This court’s interference with the judge’s finding on the evidence that Engelen is not an inventor of the '937 Patent is warranted only if palpable and overriding error in the judge’s assessment of the facts is established. That is not the case.

Torfs

[104] As noted above, the respondents’ submissions relating to Torfs focus on the role that the arrangement between Torfs and Grenke played in the judge’s analysis. I agree with the respondents that an “agreement” between the parties does not resolve the issue of inventorship. An individual

either contributes an inventive idea or does not. If the judge concluded that Torfs was an inventor by virtue of his agreement with Grenke, then the judge erred. The question is whether that is what the judge did. My review of the judge's reasons leads me to conclude that the respondents' criticism is misplaced.

[105] The judge's description of the evidence concerning Torfs as "enigmatic" and the fact that the judge viewed a great deal of it as "speculation" suggests that his conclusion that Torfs was a co-inventor fell near the figurative midpoint of the balance of probabilities. However, the judge's analysis of the agreement between Torfs and Grenke does not indicate that he considered the agreement to be determinative in law for the purpose of deciding inventorship. To the contrary, it was the totality of the evidence, including the factual significance of the agreement, that led the judge to his conclusion.

[106] Although Grenke did not have in mind a connection between the sealing system and drive means prior to his first attempt to meet with Torfs in Germany, the judge found that Grenke initiated the work on the integration by making that attempt: appeal book, vol. 16, tab 279, transcript pp. 35-37; reasons, paras. 79, 276. Read in context, the judge's finding implies that the inventive aspects of claims 14-16 were not completed as a result of Grenke merely having commenced his working relationship with Torfs. The judge accepted that the two worked together in developing the manner of integration claimed in the '937 Patent: reasons, para. 250. He also considered Torfs' drive head expertise to be "essential" to integrating the drive head with the sealing assembly: reasons, para. 276.

[107] Further, the fact that Grenke and Torfs agreed to share equally in patents that resulted from their work, and that this agreement survived the course of their working relationship, constitutes evidence of each individual's recognition of the other's contribution. Indeed, under cross-examination, Grenke himself recognized Torfs' involvement in inventing the device: reasons, para. 98; appeal book, vol. 16, tab 280, transcript pp. 135-136, 149-150, 155-156, 159; see also: Grenke affidavit, appeal book, vol. 5, tab 91, p. 90, paras. 4, 5; letter from Grenke to Flender, appeal book, vol. 9, tab 233, pp. 2765-2767. I determined earlier that there was no palpable and overriding error in the judge's appreciation of Grenke's evidence.

[108] Whether Grenke believed that it was possible to agree to co-inventorship or merely to co-ownership is immaterial to this ground of appeal. The evidence before the judge provides a reasonable basis from which to infer that Torfs was a co-inventor. Since the judge did not regard the arrangement between Torfs and Grenke as governing the issue of inventorship, he did not err in the manner the respondents suggest.

[109] The respondents also claim that Torfs' involvement was "merely the application of... common general knowledge" in the art: respondents' memorandum of fact and law, para. 65. The judge found otherwise. As discussed earlier in these reasons, it is the unique combination of the device's essential elements that constitutes the invention in a combination patent. The integration of claims 14-16 in the '937 Patent is essential to the invention in this case. Although the evidence on the issue of inventorship may have been lacking in several respects, the judge found that it was consistent with the conclusion that Torfs was a co-inventor given his contribution to the integration

of the drive head. This finding reflects the judge's view that Grenke and Torfs worked together to reduce the invention to a definite and practical shape.

[110] The judge's findings were open to him on the evidence. The respondents have not demonstrated any error in his conclusion that warrants intervention.

Misrepresentations to the Patent Office

[111] The appellants allege that the trial judge erred in failing to find that the misrepresentations made by Grenke in his August 17, 1994 affidavit and in the petitions for the '937 Patent had no impact on the validity, abandonment or enforceability of the '937 Patent or the entitlement to an injunction. This submission is founded on two discrete subsidiary issues both of which rely on provisions of the Act, specifically subsection 53(1) and paragraph 73(1)(a).

[112] The issue concerns Grenke's affidavit regarding one United States and three Canadian patent applications. The Canadian patent applications related to: (1) the flow-tee; (2) the sealing system; and (3) the drive which turns the rod string: Grenke affidavit, appeal book, vol. 8, tab 227, p. 2635. Paragraphs 8 - 10 of the affidavit state as follows:

THAT Mr. Torfs indicated to Mr. Rieder that he was himself the sole inventor of the Canadian and U.S. patent applications entitled "Improvements in Rotary Drive Assemblies, and that he and myself were joint inventors for the other applications. Mr. Torfs and I had previously agreed that Flender and GrenCo would jointly own all patent rights, and I believe it was that agreement which led Mr. Torfs to erroneously indicate himself as joint or sole inventor (as the case may be), despite the fact that I had already reduced the various inventions to practice at a time prior to my first meeting with Mr. Torfs.

THAT the inclusion of Mr. Torfs as a sole or joint inventor, and the failure to identify me as the sole inventor on all of the applications,

were the result [sic] inadvertence or mistake, and were not for the purpose of delay.

THAT Mr. Walter Torfs passed away during the month of June, 1993, and it is therefore not possible to obtain his Affidavit.

Since this case concerns only the '937 Patent, the consequences of Grenke's statements with respect to any other patents are not relevant to this appeal.

Subsection 53(1)

[113] Subsection 53(1) provides, among other things, that a patent is void if any material allegation in the petition of the applicant in respect of the patent is untrue. The appellants argue that Grenke intentionally misled the Patent Office by removing Torfs and by failing to list Engelen as inventors of the '937 Patent. Given my conclusion that the judge did not err in his determination that Engelen is not a co-inventor, nothing further need be said about Engelen.

[114] The judge rejected the notion that Grenke's affidavit was based on Grenke's confusion between "inventorship" and "ownership" and found that it was motivated by Grenke's perception that Torfs had 'cut him out' of the other patents which he believed should be in their joint names: reasons, para. 335. The judge noted that "[w]hile there may be debate that s. 53(1) always requires willfulness to mislead, the weight of authority suggests that the focus is on materiality": reasons, para. 331. After considering the evidence before him, the judge concluded that Grenke's misstatement was not material for purposes of subsection 53(1). His conclusion was based in part on his finding that Grenke had acquired whatever interest Torfs or his employer Flender had in the patent at the time it was issued. The judge suggested that naming Torfs as a co-inventor (after his death) would be "a nice gesture of recognition" but would have "no relevance to the validity of the

Patent, its ownership or any rights of inventorship”: reasons, para. 337. It is implicit in the judge’s conclusion that naming Torfs as a co-inventor would have no impact on how the public makes use of the art taught by the '937 Patent.

[115] The appellants do not seriously challenge these subsidiary factual findings. Rather, they maintain that an intentional misstatement as to inventorship will always be material for purposes of subsection 53(1). The primary issue is whether the judge erred in concluding that Grenke’s purported misrepresentations were not material. This entails a finding of mixed fact and law reviewable only for palpable and overriding error.

[116] Before turning to this issue, two observations are in order. First, with respect to the wilfulness requirement, in *671905 Alberta Inc. v. Q’Max Solutions Inc.*, 2003 FCA 241, [2003] 4 F.C. 713 (*Q’Max*), Stone J.A., writing for a unanimous court, considered this issue and concluded at paragraph 31 that “an untrue ‘material allegation’ that consists of a failure to name co-inventors in a petition for a patent will not render the patent void if the allegation was not ‘wilfully made for the purpose of misleading’.” This brings me to my second observation.

[117] The appellants say the judge “found that Grenke wilfully mislead *sic* the Patent Office with respect to the involvement of Torfs in the development of the '937 Patent”: appellants’ memorandum of fact and law, para. 89. The respondents counter that the judge specifically found, at paragraph 351 of his reasons, that Grenke did not make a wilfully misleading statement as contemplated in subsection 53(1): respondents’ memorandum of fact and law, para. 73.

[118] The appellants' position is overstated. The judge did not make a specific finding that Grenke made a wilful misleading statement. The judge's comments at paragraphs 335 of his reasons, relied upon by the appellants, deal with the judge's rejection of Grenke's explanation as to his motive for submitting his affidavit to the Patent Office, an explanation that the judge found was not credible. The judge does not provide any reasons for the "reiteration" at paragraph 351 of his reasons that Grenke did not make a wilfully misleading statement.

[119] The basis of Grenke's case throughout trial was that he conceived the invention (the key concepts of which he described as sealing over a rotating shaft having multiple leak passages and including the system integrally with a drive shaft). The judge ultimately concluded otherwise. However, that conclusion emanates from litigation some 15 years after the submission of the affidavit. Until such time as the judgment was rendered, neither the appellants nor the respondents could know what the judge's conclusions would be with respect to the various issues. It is common ground that the relevant date for interpreting subsection 53(1) is the date of issue, although untrue allegations made prior to issue that are not corrected as of the date of issue may be included: *Jules Gilbert Ltd. v. Sandoz Ltd.* (1970), 64 C.P.R. 14, p. 74 (Ex. Ct.), rev'd on other grounds, [1974] S.C.R. 1336.

[120] It might be said that the judge's rejection of Grenke's explanation constitutes an implicit finding that Grenke made a wilful misleading statement. However, in my view, the judge's finding with respect to motive does not translate into a finding of a wilful misleading statement particularly given the judge's express statement at paragraph 351 to the contrary. Under such circumstances, this Court is loath to conclude that Grenke made a wilful misleading statement at the relevant date –

leading to what was described at paragraph 32 in *Q'Max* as the “draconian remedy” provided for in subsection 53(1) – in the absence of an analysis by the judge as to Grenke’s belief regarding inventorship at the relevant time.

[121] Turning to the appellants’ arguments concerning the materiality of inventorship, as regards Torfs, they submit that Grenke’s misstatements were material for three reasons: (1) they led to a proper inventor being removed from the petition; (2) they prevented the Commissioner from carrying out his obligations under subsection 31(3) of the Act; and (3) they caused the public to lose the benefit of knowing that Torfs was an inventor: appellants’ memorandum of fact and law, para. 103.

[122] The first and second submissions can be addressed summarily. The first justification begs the question as to whether a misstatement of inventorship is material in the circumstances. The second justification concerns a procedural provision of the Act that permits a jointly-filed application to be carried on by one or more of the applicants where it appears that certain of the other initial applicants had no part in the invention. To continue with the application, the remaining applicants must satisfy the Commissioner, by way of affidavit, they are the inventors. Since this is precisely the course of action that Grenke took, it can hardly be said that the Commissioner was prevented from exercising jurisdiction under the Act.

[123] The third justification is founded on various public policy arguments and provisions of the Act that address the identification of inventors, the need to promote integrity of the Commissioner’s office and the Canadian patent system, Canada’s international obligations, and the personal benefits

to which inventors are entitled in respect of their inventions. While the appellants' arguments are not to be minimized, it is highly doubtful, in my view, that they will be determinative for purposes of interpreting materiality in the context of subsection 53(1). I refer again to *Q'Max* where the absolute voiding of the patent on the basis of misstated inventorship was regarded as a "draconian remedy." The appellants' policy arguments must be balanced against this result. If the appellants' position is correct, it would yield an anomalous result. That is, other inventors would effectively lose their interests in the patent monopoly rather than be able to access what they had previously been denied.

[124] The most compelling of the appellants' arguments in this regard is their point that accurate disclosure of the inventors' identity provides a number of benefits to the public. They maintain that the identification of inventors permits members of the public to contact those inventors to discuss the invention and possible improvements which, in turn, will assist in advancing the art. Further, they argue that parties to a patent infringement action are entitled to examine inventors as assignors of their patent rights under rule 237(4) of the *Federal Courts Rules*, SOR/98-106 (the Federal Courts Rules). Failure to disclose the inventors' identity is said to inhibit a defendant's right to make full answer and defence to allegations of infringement in such circumstances.

[125] These arguments, while interesting, are far from conclusive. The appellants do not suggest that members of the public have any particular right to communicate with inventors listed in the patent registry or that inventors are in any way obliged to respond to attempted communications. The examination of an inventor pursuant to rule 237(4) of the Federal Courts Rules may prove useful, but it is a pre-trial questioning of a potential witness, unlike an examination for discovery of

a party: *Teledyne Industries Inc. v. Lido Industrial Products Ltd.* (1978), [1979] 1 F.C. 310, para. 11 (C.A.). Recourse to rule 238 remains available to litigants.

[126] The judge's conclusion with respect to subsection 53(1) rests on the notion that materiality is a fact-specific determination. I agree with the judge's observation in this respect. I am mindful of the appellants' submission that misstating inventors has previously been considered sufficient to invalidate a patent: *Comstock Canada v. Electec Ltd.* (1991), 38 C.P.R. (3d), 29, paras. 61, 98 (F.C.T.D.). Also, in *Merck & Co. v. Canada (Minister of Health)*, 2010 FC 1042, 88 C.P.R. (4th) 98, at paragraph 56, the judge explained that a subsection 53(1) argument "would have had considerable force" had he not found that there was no untrue allegation concerning inventorship.

[127] However, courts in Canada have also found inventorship to be immaterial in other cases. The appellants acknowledge that in *Proctor & Gamble Co. v. Bristol-Myers Ltd.* (1978), 39 C.P.R. (2d) 145, paras. 31-37 (F.C.T.D.) (*Proctor & Gamble*), aff'd (1979), 28 N.R. 273, 42 C.P.R. (2d) 33 (F.C.A.), Addy J. found a misstatement as to inventorship to be immaterial on the facts of that case. Notably, he reasoned that inventorship was immaterial since the facts demonstrated that it "does not [go] to the term or to the substance of the invention nor even to entitlement": *Proctor & Gamble*, para. 37. This Court, in *Wellcome*, after concluding that Drs. Broder and Mitsuya were not co-inventors, assumed for purposes of the invalidity argument under subsection 53(1) that they were co-inventors and concluded that the failure to name them in the petition was not fatal.

[128] The appellants argue that the Supreme Court recently considered the issue of inventorship and left the question of its materiality to be decided in future cases: *Wellcome*, paras. 107-109.

While that is correct, *Wellcome* does not lead to the conclusion for which it is offered by the appellants (that the question of the materiality of inventorship was left to be decided in a case where wilful misrepresentations are made in respect to inventorship – facts which are allegedly present in this case). In my view, the guidance to be taken from *Wellcome* is that the materiality of inventorship will depend on the circumstances of any particular case. Regarding the American authorities relied upon by the appellants, apart from highlighting the problems associated with and experienced by the courts in the United States as a result of an ever-expanding doctrine of inequitable conduct, the cases are of no assistance.

[129] The judge's conclusion that Grenke's misstatement concerning Torfs was immaterial was grounded in the circumstances of this case. His fact-specific analysis accords with the jurisprudence concerning the materiality of inventorship. The appellants have not demonstrated, as a matter of law, that inventorship is material in all circumstances. Nor have they established that any particular combination of facts will necessarily render the identity of an inventor material for the purpose of subsection 53(1). Regarding the judge's appreciation of the evidence, I am not persuaded that the appellants have shown palpable and overriding error in relation to the judge's findings concerning the ownership of the invention at the relevant time. Finally, the appellants have not demonstrated that inventorship is somehow relevant to the public's use of the invention in this case. There is no basis upon which this Court should interfere with the judge's conclusion.

Paragraph 73(1)(a)

[130] Paragraph 73(1)(a) of the Act provides that an application for a patent shall be deemed to be abandoned if the applicant does not reply in good faith to any requisition made by an examiner in

connection with an examination within six months after the requisition is made or within any shorter period established by the Commissioner.

[131] The appellants' argument in relation to this provision is again grounded on Grenke's August 17, 1994 affidavit and the petitions for the '937 Patent. They submit that an applicant is under a statutory obligation to act in good faith in responding to all requisitions made by the Examiner and the Commissioner of Patents during prosecution of the patent. (In this case, the Patent Office asked for an affidavit to support Grenke's request to remove Torfs as an inventor.) The failure of an applicant to meet the duty of good faith will result in the deemed abandonment of the patent application unless the defects are rectified within a defined period. According to the appellants, technical non-compliance with the provisions of section 73 of the Act is sufficient for the abandonment of a patent both during prosecution and post-issuance: appellants' memorandum of fact and law, para. 112.

[132] IPIC appears as an intervener in relation to this issue. Both the respondents and IPIC argue that the appellants' interpretation of paragraph 73(1)(a) would require the imposition of a general duty of good faith, as a condition of the validity of a patent, analogous to the American doctrine of inequitable conduct, which has never been the law in Canada. They submit that Parliament did not intend to change, and did not change, the substantive law by enacting paragraph 73(1)(a).

[133] The judge concluded that section 73 of the Act as a whole is not directed primarily at the validity of a patent once issued, but at regulating the patent application process: reasons, para. 345. The good faith requirement in paragraph 73(1)(a) of the Act must be read together with the Act's

requirements in relation to obviousness in section 28.3 and material misstatement in subsection 53(1): reasons, para. 347. There was no evidence the Examiner made a requisition about inventorship: reasons, para. 348. Grenke was entitled to respond to the Patent Office through his patent agent; his statement was neither a material misstatement nor wilfully misleading: reasons, para. 351.

[134] The appellants take issue with the judge's findings regarding material misstatement and wilful misleading. However, given my conclusions earlier in these reasons, the life of those arguments has expired. The crux of the issue is whether paragraph 73(1)(a) can be utilized to invalidate a patent once it has issued. The matter can be resolved solely on that basis. Although the respondents raise a question as to whether rule 151 of the *Patent Rules* was in effect at the relevant time, I am prepared to assume, for purposes of the analysis, that it was in effect, notwithstanding the retroactivity concerns expressed by the respondents.

[135] There is no debate regarding the applicable principles of statutory interpretation. *Rizzo & Rizzo Shoes Ltd. (Re)*, [1998] 1 S.C.R. 27 and its progeny dictate that the words of an Act are to be read in their entire context and in their grammatical and ordinary sense harmoniously with the scheme of the Act, the object of the Act and the intention of Parliament. In *Canada Trustco Mortgage Co. v. R.*, 2005 SCC 54, [2005] 2 S.C.R. 601 (*Canada Trustco*), the Supreme Court emphasized the dominant role the ordinary meaning of the words plays in the interpretive process when the words are precise: *Canada Trustco*, para. 10. More recently, in *Celgene Corp. v. Canada (Attorney General)*, 2011 SCC 1, [2011] 1 S.C.R. 3 (*Celgene*), the Court stated, “[t]he words, if

clear, will dominate; if not, they yield to an interpretation that best meets the overriding purpose of the statute”: *Celgene*, para. 10.

[136] For ease of reference, paragraph 73(1)(a) reads as follows:

73. (1) An application for a patent in Canada shall be deemed to be abandoned if the applicant does not	73. (1) La demande de brevet est considérée comme abandonnée si le demandeur omet, selon le cas :
(a) reply in good faith to any requisition made by an examiner in connection with an examination, within six months after the requisition	a) de répondre de bonne foi, dans le cadre d’un examen, à toute demande de l’examineur, dans les six mois suivant cette demande ou dans le délai
is made or within any shorter period established by the Commissioner;	plus court déterminé par le commissaire;

[137] On its face, paragraph 73(1)(a) requires a patent applicant to reply in good faith to an examiner’s requisition during the prosecution of a patent application. The provision defines the person owing the duty (the applicant) and the circumstances under which the duty is owed (when responding to any requisition made by an examiner in connection with an application). Where an applicant fails to reply in good faith to an examiner’s requisition, the application is deemed abandoned by operation of law, subject to the applicant’s opportunity to reinstate the application as provided for in the Act and the Rules. The provision is situated within section 73, which generally relates to communications and steps for the prosecution of patent applications in the Patent Office. Other provisions within the section deal with deadlines or requirements related to procedural steps and fees. Where any of the requirements within section 73 is not met, the application is deemed abandoned. Reinstatement is possible, but only if it is obtained within a prescribed time.

[138] The appellants acknowledge that there is existing authority that does not militate in favour of their position. They accept that in *Lovell Manufacturing Co. v. Beatty Brothers Ltd.* (1962), 41 C.P.R. 18, p. 40 (Ex. Ct.) (*Lovell*), it was held that an alleged misrepresentation made in the course of prosecuting a patent could not subsequently be utilized to invalidate a patent. In *Bourgault Industries Ltd. v. Flexi-Coil Ltd.* (1999), 237 N.R. 74, 86 C.P.R. (3d) 221 (F.C.A.) (*Flexi-Coil*), leave to appeal refused, [1999] S.C.C.A. No. 223, this Court held that there is no general duty of candour beyond “that which the statute, the rules and the jurisprudence already require”: *Flexi-Coil*, paras. 26-31; see also: *Eli Lilly v. Apotex*, 2007 FC 455, [2008] 2 F.C.R. 636, aff’d 2008 FCA 44, 68 C.P.R. (4th) 167.

[139] However, the appellants claim that the law, as stated in these authorities, was decided under predecessor legislation. When paragraph 73(1)(a) was enacted, it rendered prior authority in this respect no longer relevant insofar as the obligation of good faith is concerned. As I understand the argument, if it is established (at any time) that an applicant did not respond in good faith to a requisition during the prosecution of the application, then by operation of law, the application is deemed to have been abandoned. Consequently, if the application was abandoned by operation of law and was not reinstated within the requisite time, the '937 Patent could not properly have been issued and it must be declared invalid.

[140] I do not accept these arguments. The purpose of the Act is to promote the continued advancement of research and innovation in Canada. Patent protection rests on the concept of a bargain between the inventor and the public. In return for disclosure of the invention to the public,

the inventor acquires, for a defined time, the exclusive right to exploit the patent: *Free World Trust*, paras. 13, 42.

[141] It is well established that Canadian patent law is entirely statutory in nature. It is derived from the Act and the regulations enacted under it: *Commissioner of Patent v. Fabwerks Hoechst Aktiengesellschaft Vormals Meister Lucius and Bruning* (1963), [1964] S.C.R. 49, *Sanofi*, para. 12; *Flexi-Coil*, para. 31. In *DBC Marine Safety Systems Ltd. v. Canada (Commissioner of Patents)*, 2007 FC 1142, [2008] 2 F.C.R. 563, aff'd 2008 FCA 256, 69 C.P.R. (4th) 189, at paragraph 2, the Act and Regulations are described by this Court as a "complete code."

[142] The grounds for attacking the validity of a patent are delineated in the Act. Specifically, they relate to: utility, section 2; novelty (anticipation), section 28.2; obviousness (inventiveness), section 28.3; and sufficiency of disclosure, subsection 27(3). In addition to validity grounds, a patent can be found to be void if the conditions of subsection 53(1) are met.

[143] The appellants put much stock in the fact that *Bourgault* was decided under the predecessor legislation which is no longer in force. Specifically, they claim there was no obligation of good faith contained in the former legislation. It is true that the former Act did not contain a requirement of good faith. However, the former *Patent Rules*, specifically rule 45(3) required an applicant to make a *bona fide* attempt to advance the application to allowance: C.R.C. 1978, c. 1250. It cannot seriously be suggested that the phrases *bona fide* and good faith are anything other than interchangeable. Further, there is an interrelationship between the obligation in paragraph 73(1)(a) to reply to any requisition made by an examiner within six months and the obligation to advance the

application under the former rule 45(3). Although paragraph 73(1)(a) is expressed differently and in more modern language, the appellants' interpretation of it is untenable.

[144] The most fundamental flaw in the appellants' reasoning is that it fails to differentiate an "application for a patent" from a "patent." The distinction between the two is consistently maintained throughout the Act, see for example: paragraph 12(1)(f), subsections 27(1), 29(2), 31(1), 49(1) and (2), 56(3), 78.1 and 78.2(2). Similarly, the Rules distinguish between an "application for a patent" and a "patent", see: rules 3(8) and (9), 3.01(1)(e), 3.01(2)(a) and (b), 4(7), 8(1), 8(2)(b) and (c), 38, 42, 100(3), 108, 133, 155(3) and 159. The Act also treats the issuance of a patent as a decisive event which distinguishes an "application for a patent" from a "patent", see: section 36 and subsection 38.2(1). The rules do likewise, see: rules 160(4), 164 and 166.

[145] The jurisprudence distinguishes between an "application for a patent" and a "patent" and considers the issuance of the patent to be a demarcation point: *Lovell*, p. 40; *Flexi-Coil*, para. 31; *Procter & Gamble Co. v. Calgon Interamerican Corp.* (1982), 40 N.R. 313, 61 C.P.R. (2d) 1, paras. 68, 69 (F.C.A.), leave to appeal refused, [1982] S.C.C.A. No. 289 (*Calgon*); *Merck & Co. v. Apotex Inc.*, 2006 FCA 323, [2007] 3 F.C.R. 588, 55 C.P.R. (4th) 1, para. 47, leave to appeal refused, [1982] S.C.C.A. No. 289.

[146] Given that Parliament is presumed to know the law, can it be that with the enactment of paragraph 73(1)(a) Parliament intended to revolutionize the law as it then stood? I think not.

[147] Section 73 was first introduced in Bill S-17, the *Intellectual Property Law Improvement Act* of 1993, which came into force on October 1, 1996. It was an omnibus bill intended to modernize and streamline Canada's intellectual property laws: Research Branch, Library of Parliament, "Bill S-17: The Intellectual Property Law Improvement Act" by Monique Hebert (19 January 1993), p. 2. Five intellectual property acts were amended, including the Act. In relation to abandonments, among other things, Ms. Hebert explains that technical problems had been identified under the 1987 amendments in Bill C-22. Provisions that ought to have been deleted were retained while others required clarification. Bill S-17 "would correct the existing deficiencies, clarify concepts and set out the various provisions, whether existing or as revised, in a more logical sequence."

[148] The Hansard record of Parliamentary debates and associated committee reports on Bill S-17 are unremarkable with respect to section 73 of the Act. The Regulatory Impact Analysis Statement does not refer to it.

[149] In my view, subsection 53(1) of the Act speaks to misrepresentations in relation to patents, that is, issued patents. Paragraph 73(1)(a) speaks to good faith in the prosecution of the patent application. The provisions are mutually exclusive. This interpretation is consistent with the plain meaning of the provision, its context within the Act and Canadian jurisprudence. There is no indication that Parliament intended to alter the existing law that establishes a dichotomy between an application for a patent and a patent.

[150] To be clear, the concept of abandonment in paragraph 73(1)(a) operates during the prosecution of the application for a patent. Its operation is extinguished once the patent issues.

Post-issuance, the provisions of subsection 53(1) must be utilized with respect to allegations of misrepresentation. To conclude otherwise would result in absurdity. An issued patent would be subject to retroactive scrutiny by the courts in relation to the submissions made by an applicant to the Patent Office during prosecution (generally many years prior), judged against unknown criteria. It is for the Commissioner to determine whether an applicant's response to a requisition from an Examiner is made in good faith, not for the courts. The courts do not issue patents. I note peripherally that the United States Court of Appeals for the Federal Circuit in *Therasense, Inc. v. Becton, Dickinson and Company*, 2011 U.S. App. LEXIS a0590, 2011 WL 2028255 (Fed. Cir. 2011), addressed the "unclean hands" inequitable conduct doctrine. Notably, that doctrine requires demonstration of both materiality and intent to deceive, a significantly higher standard than the general good faith requirement advanced by the appellants. The Court of Appeals described the inequitable conduct doctrine as the "atomic bomb" of patent law. The Court found it necessary to tighten the standard "in order to redirect a doctrine that has been overused to the detriment of the public": opinion for the court, pp. 19, 21, 24.

[151] The cases relied upon by the appellants do not assist them. *DBC Marine* upheld the deemed abandonment of a patent application imposed before a patent was issued: para. 1. In *Dutch Industries Ltd. v. Canada (Commissioner of Patents)*, 2003 FCA 121, [2003] 4 F.C. 67, leave to appeal refused, [2003] S.C.C.A. No. 204. Canadian Patent Application No. 2,146,904 was deemed abandoned: para. 3. No patent regarding that application had issued. In *Johnson & Johnson Inc. v. Boston Scientific Ltd.*, 2006 FCA 195, [2007] 1 F.C.R. 465, leave to appeal refused, [2006] S.C.C.A. No. 324, this Court held, pursuant to the addition of subsection 78.6(1) to the Act, top-up payments had a retroactive effect with the result that the patents at issue should not have been

deemed to be abandoned. *Lundbeck Canada Inc. v. Ratiopharm Inc.*, 2009 FC 1102, 79 C.P.R. (4th) 243 (*Lundbeck*) concerned proceedings under the *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133. The appellants' argument is, in part, premised on the reasoning in the reasons of the Federal Court in *G.D. Searle & Co. v. Novopharm Ltd.*, 2007 FC 81, [2008] 1 F.C.R. 477, rev'd 2007 FCA 173, [2008] 1 F.C.R. 529 (*G.D. Searle*), leave to appeal refused, [2007] S.C.C.A. No. 340. To the extent that the Federal Court decisions in *G.D. Searle* and *Lundbeck* can be interpreted as standing for the proposition that paragraph 73(1)(a) can be relied upon for the purpose of attacking the validity of a patent, they should not be followed.

Injunctive Relief

[152] Last, the appellants argue that the trial judge erred by granting injunctive relief in the circumstances of this case. Their submission rests principally on the allegation that Grenke lacked "clean hands" in his dealings with the Patent Office: appellants' memorandum of fact and law, paras. 127-130. In view of my earlier conclusions regarding Grenke's representations, that argument fails.

[153] In his consideration of this issue, the judge referred to his previous determination that Grenke's conduct was insufficient to invalidate the '937 Patent. While acknowledging that Grenke's actions were not beyond reproach, the judge was of the view that the appellants had infringed and would continue to infringe the patent, absent the Court's intervention: reasons, paras. 227-232. He described the appellants' actions as "unjustified and egregious."

[154] Contrary to the appellants' assertion, the judge did not suggest that an injunction is either necessary or appropriate in every instance of patent infringement. His discretionary grant of injunctive relief was based on the circumstances of this case. Discretionary orders attract significant deference. The appellants have not satisfied the threshold required for this Court's intervention, see: *Apotex Inc. v. Canada (Governor in Council)*, 2007 FCA 374, 63 C.P.R. (4th) 151, para. 15; *Elders Grain Co. v. Ralph Misener (The)*, 2005 FCA 139, [2005] 3 F.C.R. 367, para. 13.

Adverse Inferences

[155] The appellants appeal from two of the judge's conclusions, each purportedly based on an adverse inference. First, they take issue with the conclusion that the appellants knowingly and wilfully infringed the '937 Patent as a result of hiring Glen Schneider, a former employee of the Weatherford respondents. Second, they dispute the judge's finding of infringement of claim 17 and contend that the judge, by employing an adverse inference, effectively relieved the respondents of their burden to establish inducement.

[156] Leaving aside claim 17, the first allegation can be disposed of summarily. I begin by noting that intention is irrelevant to infringement. "Infringement is committed as much in ignorance as with actual intent. Everyone is presumed to have notice of a patent and, therefore, a patent may be infringed by one who is ignorant of its existence": Harold G. Fox, *The Canadian Law and Practice Relating to Letters Patent for Inventors*, 4th ed. (Toronto: Carswell, 1969), p. 381; *Monsanto Canada Inc. v. Schmeiser*, 2004 SCC 34, [2004] 1 S.C.R. 902, para. 49. However, there is nothing that precludes a judge from concluding that a patent has been intentionally infringed. The judge's finding that the appellants wilfully infringed was not based solely on the hiring of Glen Schneider. It

was based on a number of factors which the judge delineated before stating that such factors had not been explained: reasons, para. 202. It was only then that the judge drew the adverse inference that the appellants' evidence, had it been offered, would not have assisted them. I see no error in this respect.

[157] The second allegation is of a different flavour. I indicated at paragraph 34 of these reasons that the arguments with respect to claim 17 would be addressed later. The time has come. I should note that, aside from its arguments with respect to validity, the appellants do not challenge the judge's infringement conclusions other than with respect to claim 17. Therefore, this discussion is confined to claim 17. I begin by specifying what is not in issue. The propositions set out below are common ground.

- (1) The respondents bore the burden of establishing infringement on a balance of probabilities;
- (2) Claim 17 of the '937 Patent is a method claim;
- (3) The appellants do not practise the method and therefore do not directly infringe claim 17;
- (4) Infringement of claim 17 by the appellants will be established by showing inducement.

[158] The judge described claim 17 as a stand-alone claim which teaches a method of restraining oil leakage in a PC pump: reasons, para. 175. He found that the appellants "provided manuals with instructions on how to use the [appellants'] rotating stuffing box. The operating instruction[s] for the [appellants'] retro and integral Enviro stuffing boxes provides the correct information; the Griffin situation is unclear": reasons, para. 176. He noted that neither side called customer witnesses and

commented that he was left with only one logical conclusion, “customers are more likely than not to follow the instructions in the manual – particularly sophisticated customers like the oil well operators to whom the products are directed”: reasons, para. 177. He found that the instruction manual contains images of the retrofit and integral units, a schematic of the stuffing box, and the operating procedures: reasons, para. 178. He noted Skoczylas’ evidence that the manuals for the devices teach the practice in claim 17: reasons, para. 179.

[159] At paragraph 199 of his reasons, dealing specifically with the potential infringement of claim 17, the judge noted again that the claim “is a method for restraining oil which involves monitoring a leak passage to determine when seals fail.” He described the method as one that “involves leaving a leak passage open” and noted that “the Corlac devices are closed.” He then summarized the position of the respondents: “[they] concede that they do not have evidence of actual use of the method. They rely on the adverse inference from the [appellants’] failure to call evidence to counter the obvious conclusion that customers would follow instructions. They also rely on expert evidence to the same effect.”

[160] The judge determined that claim 17, among others, had been infringed: reasons, para. 204. His conclusion preceded his consideration as to whether the appellants “induced third parties, the customers, to infringe the '937 Patent, as distinct from the [appellants’] own liability for infringement by manufacture and sale”: reasons, para. 205. Turning to the question of inducement, the judge reiterated his concern regarding the lack of evidence and stated that it is only common sense that sales were made to customers. He noted that the bifurcation order limited an assessment of the extent of any inducement by the appellants: reasons, para. 205. Then, the judge concluded,

“[i]n any event, the Court, having found that there has been infringement by one or more of the appellants finds the answer to Issue 3 is affirmative”: reasons, para. 206. For completeness, issue 3 stated: “[i]s one of more of the [appellants] liable for infringement by the manufacture and/or sale of the [appellants’] Units in Canada, or by inducing their customers to use the [appellants’] Units in Canada?”: reasons, para. 115.

[161] With respect, the appellants could not infringe claim 17 in the absence of a finding of inducement. The judge determined that the appellants infringed claim 17 and only then turned to the question of inducement. The analysis of inducement in his reasons comprises the following points: there was no evidence from any customers; it is only common sense that sales were made to customers: reasons, para. 205. He had earlier noted that there was no evidence of use by customers but they are more likely than not to follow the instructions in the manuals.

[162] It is settled law that one who induces or procures another to infringe a patent is guilty of infringement of the patent. A determination of inducement requires the application of a three-prong test. First, the act of infringement must have been completed by the direct infringer. Second, the completion of the acts of infringement must be influenced by the acts of the alleged inducer to the point that, without the influence, direct infringement would not take place. Third, the influence must knowingly be exercised by the inducer, that is, the inducer knows that this influence will result in the completion of the act of infringement: *Dableh v. Ontario Hydro*, [1996] 3 F.C. 751, paras. 42, 43 (C.A.), leave to appeal refused, [1996] S.C.C.A. No. 441; *AB Hassle v. Canada (Minister of National Health and Welfare)*, 2002 FCA 421, 22 C.P.R. (4th) 1, para. 17 (C.A.), leave to appeal

refused, [2002] S.C.C.A. No. 531; *MacLennan v. Les Produits Gilbert Inc.*, 2008 FCA 35, 67 C.P.R. (4th) 161, para. 13. The test is a difficult one to meet.

[163] The appellants maintain that the judge did not apply the test. Rather, he applied an adverse inference and ignored the fact that the respondents had not established the requisite factors upon which to found a determination of inducement.

[164] The issue of adverse inference arose during the respondents' closing submissions at trial. The respondents conceded there was "no evidence that any operator actually practised a method that would infringe claim 17": appeal book, vol. 19, tab 295, p. 5917. Since the appellants had not called anyone to testify with respect to the use of their instruction manual, the respondents suggested the inference should be drawn that the evidence would have been that people follow the instructions and operate their machines in accordance with the way it is set out in the manual: appeal book, vol. 18, tab 291, transcript p. 73; vol. 19, tab 295, p. 5917. The respondents further referred to "the expert evidence of the [appellants] who say that people would normally follow directions as to lubrication and how to operate a machine", as well as the evidence of the respondents' expert Skoczylas that the instructions "are a functional equivalent of claim 17": appeal book, vol. 18, tab 291, transcript p. 93; vol. 19, tab 295, p. 5918. It is not clear on what basis the expert purported to make the first statement. I should also note that, while not conceding use, the appellants did not appear to contest that customers would follow their instructions. The debate centered on whether the instruction manual instructs the practice of the method (of claim 17). The judge determined that it did.

[165] The appellants claim they had no obligation to assist the respondents in establishing their case. The burden was the respondents' to meet and it was open to them to call the appellants' customers to establish the allegation of use. In short, the respondents sought to establish their case through the mouths of the appellants.

[166] The concept of adverse inference was discussed in *R. v. Jolivet*, 2000 SCC 29, [2000] 1 S.C.R. 751, paras. 23-28, 29, 33. Justice Binnie, citing *Wigmore on Evidence* (citation omitted) referred to the following passage at paragraph 33:

The opponent whose case is a denial of the other party's affirmation has no burden of persuading the jury. A party may legally sit inactive, and expect the proponent to prove his own case. Therefore, until the burden of producing evidence has shifted, the opponent has no call to bring forward any evidence at all, and may go to the jury trusting solely to the weakness of the first party's evidence. Hence, though he takes a risk in so doing, yet his failure to produce evidence cannot at this stage afford any inference as to his lack of it; otherwise the first party would virtually be evading his legitimate burden. This distinction has been recognized and is reasonable. (emphasis of Binnie J.)

[167] That said, as I read the judge's reasons, he did not draw an adverse inference in relation to claim 17. Rather, he stated that it is "only common sense that sales were made to customers": reasons, para. 205. Earlier, he commented he was "left with the only logical conclusion...that customers are more likely than not to follow the instructions in the manuals – particularly sophisticated customers like the oil well operators to whom the products are directed": reasons, para. 177.

[168] In view of the stringent test for inducement, I cannot determine whether the judge, had he explicitly applied the test, would have arrived at a conclusion that the appellants indirectly infringed

claim 17 of the '937 Patent. It is clear that the judge erred in finding infringement of claim 17 of the '937 Patent before considering the issue of inducement. The finding of direct infringement cannot stand. Further, although the judge is presumed to know the law, the inducement test is a strict one and it is not clear that he appreciated its nature.

[169] There seem to be significant gaps in the evidentiary basis needed to support what appears to be an implicit finding of third party use. For example, although the instruction manual may have been directed to oil well operators, were they the customers? Who is the end-user? Was the instruction manual provided to the end-user? Was the instruction manual provided in the normal course of the appellants' business? While I do not suggest that the judge was obliged to answer these specific questions (perhaps the record did not permit him to do so), I raise them to illustrate a factual matrix that would support the judge's inferences. There is an important distinction between inference and conjecture. The dividing line between the two is often a very difficult one to draw. "A conjecture may be plausible but it is of no legal value, for its essence is that it is a mere guess. An inference in the legal sense, on the other hand, is a deduction from the evidence, and if it is a reasonable deduction it may have the validity of legal proof": *Jones v. Great Western Railway Co.* (1930), 47 T.L.R. 39, p. 45, 144 L.T. 194 (H.L.).

[170] Here, the judge's analysis with respect to inducement is deficient. However, the analysis must be read in light of the other findings that he came to elsewhere in his reasons. Regrettably, having completed the exercise, I am not satisfied that the judge seized the substance of the critical issue in respect of inducement. His conclusion appears to be derived from his earlier finding of direct infringement.

[171] I agree with the appellants that, in view of the test for inducement, the judge's reasons do not provide for meaningful appellate review. Consequently, given the judge's intimate familiarity with the record, I would return the issue of infringement of claim 17, that is inducement, to the judge to be determined in accordance with the established test.

Conclusion

[172] For all of these reasons, I would allow the appeal with respect to the judge's determination of infringement of claim 17 of the '937 Patent. I would return the issue of infringement of claim 17 to the judge for redetermination. In all other respects, I would dismiss the appeal. Having concluded that the respondents are largely successful, I would award them 80% of their costs on appeal.

"Carolyn Layden-Stevenson"

J.A.

"I agree.
M. Nadon J.A."

"I agree.
John M. Evans J.A."

SCHEDULE “A”
to the Reasons in A-282-10
Dated July 18, 2011

Patent Act,
R.S.C. 1985, c. P-4

Loi sur les brevets,
L.R.C. 1985, ch. P-4

2. In this Act, except as otherwise provided,

2. Sauf disposition contraire, les définitions qui suivent s’appliquent à la présente loi.

“invention” means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter;

« invention » Toute réalisation, tout procédé, toute machine, fabrication ou composition de matières, ainsi que tout perfectionnement de l’un d’eux, présentant le caractère de la nouveauté et de l’utilité.

...

[...]

12. (1) The Governor in Council may make rules or regulations

12. (1) Le gouverneur en conseil peut, par règle ou règlement :

...

[...]

(f) prescribing the fees or the manner of determining the fees that shall be paid to maintain in effect an application for a patent or to maintain the rights accorded by a patent;

f) prescrire les taxes à payer pour le maintien en état des demandes de brevet ainsi que des droits conférés par les brevets ou les modalités de leur détermination;

...

[...]

27. (1) The Commissioner shall grant a patent for an invention to the inventor or the inventor’s legal representative if an application for the patent in Canada

27. (1) Le commissaire accorde un brevet d’invention à l’inventeur ou à son représentant légal si la demande de brevet est déposée conformément à la présente loi et si les autres conditions

is filed in accordance with this Act and all other requirements for the issuance of a patent under this Act are met.

...

28.2 (1) The subject-matter defined by a claim in an application for a patent in Canada (the “pending application”) must not have been disclosed

(a) more than one year before the filing date by the applicant, or by a person who obtained knowledge, directly or indirectly, from the applicant, in such a manner that the subject-matter became available to the public in Canada or elsewhere;

(b) before the claim date by a person not mentioned in paragraph (a) in such a manner that the subject-matter became available to the public in Canada or elsewhere;

(c) in an application for a patent that is filed in Canada by a person other than the applicant, and has a filing date that is before the claim date; or

(d) in an application (the “co-pending application”) for a patent that is filed in Canada by a person other than the applicant and has a filing date that is on or after the claim date if

(i) the co-pending application is filed by

de celle-ci sont remplies.

[...]

28.2 (1) L’objet que définit la revendication d’une demande de brevet ne doit pas :

a) plus d’un an avant la date de dépôt de celle-ci, avoir fait, de la part du demandeur ou d’un tiers ayant obtenu de lui l’information à cet égard de façon directe ou autrement, l’objet d’une communication qui l’a rendu accessible au public au Canada ou ailleurs ;

b) avant la date de la revendication, avoir fait, de la part d’une autre personne, l’objet d’une communication qui l’a rendu accessible au public au Canada ou ailleurs ;

c) avoir été divulgué dans une demande de brevet qui a été déposée au Canada par une personne autre que le demandeur et dont la date de dépôt est antérieure à la date de la revendication de la demande visée à l’alinéa (1)a) ;

d) avoir été divulgué dans une demande de brevet qui a été déposée au Canada par une personne autre que le demandeur et dont la date de dépôt correspond ou est postérieure à la date de la revendication de la demande visée à l’alinéa (1)a) si :

(i) cette personne, son agent, son représentant légal ou son prédécesseur en droit, selon le cas

(A) a antérieurement déposé de façon

(A) a person who has, or whose agent, legal representative or predecessor in title has, previously regularly filed in or for Canada an application for a patent disclosing the subject-matter defined by the claim, or

(B) a person who is entitled to protection under the terms of any treaty or convention relating to patents to which Canada is a party and who has, or whose agent, legal representative or predecessor in title has, previously regularly filed in or for any other country that by treaty, convention or law affords similar protection to citizens of Canada an application for a patent disclosing the subject-matter defined by the claim,

(ii) the filing date of the previously regularly filed application is before the claim date of the pending application,

(iii) the filing date of the co-pending application is within twelve months after the filing date of the previously regularly filed application, and

(iv) the applicant has, in respect of the co-pending application, made a request for priority on the basis of the previously regularly filed application.

(2) An application mentioned in paragraph (1)(c) or a co-pending application mentioned in paragraph (1)(d) that is withdrawn before it is open to public inspection shall, for the purposes of this section, be considered never to have been filed.

...

28.3 The subject-matter defined by a

régulière, au Canada ou pour le Canada, une demande de brevet divulguant l'objet que définit la revendication de la demande visée à l'alinéa (1)a),

(B) a antérieurement déposé de façon régulière, dans un autre pays ou pour un autre pays, une demande de brevet divulguant l'objet que définit la revendication de la demande visée à l'alinéa (1)a), dans le cas où ce pays protège les droits de cette personne par traité ou convention, relatif aux brevets, auquel le Canada est partie, et accorde par traité, convention ou loi une protection similaire aux citoyens du Canada,

(ii) la date de dépôt de la demande déposée antérieurement est antérieure à la date de la revendication de la demande visée à l'alinéa a),

(iii) à la date de dépôt de la demande, il s'est écoulé, depuis la date de dépôt de la demande déposée antérieurement, au plus douze mois,

(iv) cette personne a présenté, à l'égard de sa demande, une demande de priorité fondée sur la demande déposée antérieurement.

(2) Si la demande de brevet visée à l'alinéa (1)c) ou celle visée à l'alinéa (1)d) a été retirée avant d'être devenue accessible au public, elle est réputée, pour l'application des paragraphes (1) ou (2), n'avoir jamais été déposée.

[...]

28.3 L'objet que définit la revendication d'une demande de brevet

claim in an application for a patent in Canada must be subject-matter that would not have been obvious on the claim date to a person skilled in the art or science to which it pertains, having regard to

(a) information disclosed more than one year before the filing date by the applicant, or by a person who obtained knowledge, directly or indirectly, from the applicant in such a manner that the information became available to the public in Canada or elsewhere; and

(b) information disclosed before the claim date by a person not mentioned in paragraph (a) in such a manner that the information became available to the public in Canada or elsewhere.

...

29. (2) Subject to this section, a nominee of an applicant shall be deemed to be the representative for all purposes of this Act, including the service of any proceedings taken under it, of the applicant and of any patentee of a patent issued on his application who does not appear to reside or carry on business at a specified address in Canada, and shall be recorded as such by the Commissioner.

...

31. (1) Where an invention is made by two or more inventors and one of them refuses to make application for a patent or his whereabouts cannot be ascertained after diligent inquiry, the

ne doit pas, à la date de la revendication, être évident pour une personne versée dans l'art ou la science dont relève l'objet, eu égard à toute communication :

a) qui a été faite, plus d'un an avant la date de dépôt de la demande, par le demandeur ou un tiers ayant obtenu de lui l'information à cet égard de façon directe ou autrement, de manière telle qu'elle est devenue accessible au public au Canada ou ailleurs;

b) qui a été faite par toute autre personne avant la date de la revendication de manière telle qu'elle est devenue accessible au public au Canada ou ailleurs.

[...]

29. (2) Sous réserve des autres dispositions du présent article, cette personne ou maison désignée est réputée, pour toutes les fins de la présente loi, y compris la signification des procédures prises sous son régime, le représentant de ce demandeur et de tout titulaire d'un brevet émis sur sa demande qui ne semble pas résider ou faire des opérations à une adresse spécifiée au Canada, et le commissaire l'inscrit comme tel.

[...]

31. (1) Lorsqu'une invention est faite par plusieurs inventeurs et que l'un d'eux refuse de soumettre une demande de brevet ou que le lieu où il se trouve ne peut être déterminé après une enquête diligente, les autres inventeurs

other inventors or their legal representatives may make application, and a patent may be granted in the name of the inventors who make the application, on satisfying the Commissioner that the joint inventor has refused to make application or that his whereabouts cannot be ascertained after diligent inquiry.

...

36. (1) A patent shall be granted for one invention only but in an action or other proceeding a patent shall not be deemed to be invalid by reason only that it has been granted for more than one invention.

(2) Where an application (the "original application") describes more than one invention, the applicant may limit the claims to one invention only, and any other invention disclosed may be made the subject of a divisional application, if the divisional application is filed before the issue of a patent on the original application.

(2.1) Where an application (the "original application") describes and claims more than one invention, the applicant shall, on the direction of the Commissioner, limit the claims to one invention only, and any other invention disclosed may be made the subject of a divisional application, if the divisional application is filed before the issue of a patent on the original application.

(3) If an original application mentioned in subsection (2) or (2.1) becomes abandoned, the time for filing a divisional application terminates with

ou leur représentant légal peuvent soumettre une demande, et un brevet peut être accordé au nom des inventeurs qui font la demande, si le commissaire est convaincu que l'inventeur conjoint a refusé de soumettre une demande ou que le lieu où il se trouve ne peut être déterminé après une enquête diligente.

[...]

36. (1) Un brevet ne peut être accordé que pour une seule invention, mais dans une instance ou autre procédure, un brevet ne peut être tenu pour invalide du seul fait qu'il a été accordé pour plus d'une invention.

(2) Si une demande décrit plus d'une invention, le demandeur peut restreindre ses revendications à une seule invention, toute autre invention divulguée pouvant faire l'objet d'une demande complémentaire, si celle-ci est déposée avant la délivrance d'un brevet sur la demande originale.

(2.1) Si une demande décrit et revendique plus d'une invention, le demandeur doit, selon les instructions du commissaire, restreindre ses revendications à une seule invention, toute autre invention divulguée pouvant faire l'objet d'une demande complémentaire, si celle-ci est déposée avant la délivrance d'un brevet sur la demande originale.

(3) Si la demande originale a été abandonnée, le délai pour le dépôt d'une demande complémentaire se termine à l'expiration du délai fixé pour le rétablissement de la demande

the expiration of the time for reinstating the original application under this Act.

(4) A divisional application shall be deemed to be a separate and distinct application under this Act, to which its provisions apply as fully as may be, and separate fees shall be paid on the divisional application and it shall have the same filing date as the original application.

...

38. (1) In all cases in which an invention admits of representation by model, the applicant, if required by the Commissioner, shall furnish a model of convenient size exhibiting its several parts in due proportion, and when an invention is a composition of matter, the applicant, if required by the Commissioner, shall furnish specimens of the ingredients, and of the composition, sufficient in quantity for the purpose of experiment.

(2) If the ingredients or composition referred to in subsection (1) are of an explosive or dangerous character, they shall be furnished with such precautions as are specified in the requisition therefore.

...

38.2 (1) Subject to subsections (2) and (3) and the regulations, the specification and any drawings furnished as part of an application for a

originale aux termes de la présente loi.

(4) Une demande complémentaire est considérée comme une demande distincte à laquelle la présente loi s'applique aussi complètement que possible. Des taxes distinctes sont acquittées pour la demande complémentaire, et sa date de dépôt est celle de la demande originale.

[...]

38. (1) Dans tous les cas où l'invention est susceptible d'être représentée par un modèle, le demandeur fournit, si le commissaire le requiert, un modèle établi sur une échelle convenable, montrant les diverses parties de l'invention dans de justes proportions. Lorsque l'invention consiste en une composition de matières, le demandeur fournit, si le commissaire le requiert, des échantillons des ingrédients et de la composition, en suffisante quantité aux fins d'expérience.

(2) Si les ingrédients ou la composition sont d'une nature explosive ou dangereuse, ils sont fournis avec toutes les précautions spécifiées dans la réquisition qui en est faite.

[...]

38.2 (1) Sous réserve des paragraphes (2) et (3) et des règlements, le mémoire descriptif et les dessins faisant partie de la demande de brevet peuvent être modifiés avant la délivrance du brevet.

patent in Canada may be amended before the patent is issued.

[...]

...

49. (1) A patent may be granted to any person to whom an inventor, entitled under this Act to obtain a patent, has assigned in writing or bequeathed by his last will his right to obtain it, and, in the absence of an assignment or bequest, the patent may be granted to the personal representatives of the estate of the deceased inventor.

49. (1) Un brevet peut être concédé à toute personne à qui un inventeur, ayant aux termes de la présente loi droit d'obtenir un brevet, a cédé par écrit ou légué par son dernier testament son droit de l'obtenir. En l'absence d'une telle cession ou d'un tel legs, le brevet peut être concédé aux représentants personnels de la succession d'un inventeur décédé.

(2) Where an applicant for a patent has, after filing the application, assigned his right to obtain the patent, or where the applicant has either before or after filing the application assigned in writing the whole or part of his property or interest in the invention, the assignee may register the assignment in the Patent Office in such manner as may be determined by the Commissioner, and no application for a patent may be withdrawn without the consent in writing of every such registered assignee.

(2) Si le demandeur d'un brevet a, après le dépôt de sa demande, cédé son droit d'obtenir le brevet, ou s'il a, avant ou après le dépôt de celle-ci, cédé par écrit tout ou partie de son droit de propriété sur l'invention, ou de son intérêt dans l'invention, le cessionnaire peut faire enregistrer cette cession au Bureau des brevets, en la forme fixée par le commissaire; aucune demande de brevet ne peut dès lors être retirée sans le consentement écrit de ce cessionnaire.

[...]

...

52. The Federal Court has jurisdiction, on the application of the Commissioner or of any person interested, to order that any entry in the records of the Patent Office relating to the title to a patent be varied or expunged.

52. La Cour fédérale est compétente, sur la demande du commissaire ou de toute personne intéressée, pour ordonner que toute inscription dans les registres du Bureau des brevets concernant le titre à un brevet soit modifiée ou radiée.

[...]

...

53. (1) A patent is void if any material allegation in the petition of the applicant in respect of the patent is untrue, or if the specification and drawings contain more or less than is necessary for obtaining the end for which they purport to be made, and the omission or addition is wilfully made for the purpose of misleading.

(2) Where it appears to a court that the omission or addition referred to in subsection (1) was an involuntary error and it is proved that the patentee is entitled to the remainder of his patent, the court shall render a judgment in accordance with the facts, and shall determine the costs, and the patent shall be held valid for that part of the invention described to which the patentee is so found to be entitled.

...

56. (3) Section 56 of the Patent Act, as it read immediately before the day on which subsection (1) came into force, applies in respect of a purchase, construction or acquisition made before that day of an invention for which a patent is issued on the basis of an application filed after October 1, 1989 and before the day on which subsection (1) came into force.

...

73. (1) An application for a patent in Canada shall be deemed to be abandoned if the applicant does not

53. (1) Le brevet est nul si la pétition du demandeur, relative à ce brevet, contient quelque allégation importante qui n'est pas conforme à la vérité, ou si le mémoire descriptif et les dessins contiennent plus ou moins qu'il n'est nécessaire pour démontrer ce qu'ils sont censés démontrer, et si l'omission ou l'addition est volontairement faite pour induire en erreur.

(2) S'il apparaît au tribunal que pareille omission ou addition est le résultat d'une erreur involontaire, et s'il est prouvé que le breveté a droit au reste de son brevet, le tribunal rend jugement selon les faits et statue sur les frais. Le brevet est réputé valide quant à la partie de l'invention décrite à laquelle le breveté est reconnu avoir droit.

[...]

56. (3) L'article 56 de la Loi sur les brevets, dans sa version antérieure à la date d'entrée en vigueur du paragraphe (1), s'applique à l'achat, l'exécution ou l'acquisition, antérieurs à cette date, d'une invention pour laquelle un brevet est délivré relativement à une demande déposée après le 1^{er} octobre 1989 mais avant l'entrée en vigueur du paragraphe (1).

[...]

73. (1) La demande de brevet est considérée comme abandonnée si le

- (a) reply in good faith to any requisition made by an examiner in connection with an examination, within six months after the requisition is made or within any shorter period established by the Commissioner;
- (b) comply with a notice given pursuant to subsection 27(6);
- (c) pay the fees payable under section 27.1, within the time provided by the regulations;
- (d) make a request for examination or pay the prescribed fee under subsection 35(1) within the time provided by the regulations;
- (e) comply with a notice given under subsection 35(2); or
- (f) pay the prescribed fees stated to be payable in a notice of allowance of patent within six months after the date of the notice.
- (2) An application shall also be deemed to be abandoned in any other circumstances that are prescribed.
- (3) An application deemed to be abandoned under this section shall be reinstated if the applicant
- (a) makes a request for reinstatement to the Commissioner within the prescribed period;
- (b) takes the action that should have been taken in order to avoid the
- demandeur omet, selon le cas :
- a) de répondre de bonne foi, dans le cadre d'un examen, à toute demande de l'examineur, dans les six mois suivant cette demande ou dans le délai plus court déterminé par le commissaire ;
- b) de se conformer à l'avis mentionné au paragraphe 27(6) ;
- c) de payer, dans le délai réglementaire, les taxes visées à l'article 27.1 ;
- d) de présenter la requête visée au paragraphe 35(1) ou de payer la taxe réglementaire dans le délai réglementaire ;
- e) de se conformer à l'avis mentionné au paragraphe 35(2) ;
- f) de payer les taxes réglementaires mentionnées dans l'avis d'acceptation de la demande de brevet dans les six mois suivant celui-ci.
- (2) Elle est aussi considérée comme abandonnée dans les circonstances réglementaires.
- (3) Elle peut être rétablie si le demandeur :
- a) présente au commissaire, dans le délai réglementaire, une requête à cet effet ;
- b) prend les mesures qui s'imposaient pour éviter l'abandon ;

abandonment; and

(c) pays the prescribed fee before the expiration of the prescribed period.

...

76. Every person who, in relation to the purposes of this Act and knowing it to be false,

(a) makes any false representation,

(b) makes or causes to be made any false entry in any register or book,

(b.1) submits or causes to be submitted, in an electronic form, any false document, false information or document containing false information,

(c) makes or causes to be made any false document or alters the form of a copy of any document, or

(d) produces or tenders any document containing false information, is guilty of an indictable offence and liable on conviction to a fine not exceeding five hundred dollars or to imprisonment for a term not exceeding six months or to both.

...

78.1 Applications for patents in Canada filed before October 1, 1989 shall be dealt with and disposed of in accordance with section 38.1 and with the provisions of this Act as they read immediately before October 1, 1989.

...

78.2 (2) Subject to subsection (3), any matter arising on or after October 1,

c) paie les taxes réglementaires avant l'expiration de la période réglementaire.

[...]

76. Quiconque, relativement aux fins de la présente loi et en connaissance de cause, selon le cas :

a) fait un exposé faux;

b) effectue ou fait effectuer une fausse inscription dans un registre ou livre;

b.1) remet ou fait remettre, sous forme électronique, de faux documents ou renseignements ou des documents renfermant des renseignements faux;

c) fait ou fait faire un faux document ou altère la forme d'une copie de document;

d) produit ou présente un document renfermant des renseignements faux, commet un acte criminel et encourt, sur déclaration de culpabilité, une amende maximale de cinq cents dollars et un emprisonnement maximal de six mois, ou l'une de ces peines.

[...]

78.1 La présente loi dans sa version du 30 septembre 1989 s'applique aux demandes de brevet déposées jusqu'à cette date. Ces demandes sont également régies par l'article 38.1.

[...]

78.2 (2) Sous réserve du paragraphe

1989 in respect of a patent issued on or after that date on the basis of an application filed before that date shall be dealt with and disposed of in accordance with sections 38.1, 45, 46 and 48.1 to 48.5 and with the provisions of this Act, other than section 46, as they read immediately before October 1, 1989.

Patent Rules,
SOR/96-423

3. (8) In respect of a fee to maintain under sections 100, 101, 155 and 156 the rights accorded by a patent issued on the basis of an application filed on or after October 1, 1989, the appropriate fee is

(a) if before the expiry of the time prescribed for payment of the fee a small entity declaration is filed in accordance with section 3.01, the applicable small entity fee set out in item 31 of Schedule II; and

(b) in any other case, the applicable standard fee set out in that item.

(9) In respect of a fee to maintain under subsections 182(1) and (3) the rights accorded by a patent issued on or after October 1, 1989 on the basis of an application filed before that date, the appropriate fee is

(a) if before the expiry of the time prescribed for payment of the fee a small entity declaration is filed in accordance with section 3.01, the applicable small entity fee set out in

(3), la présente loi dans sa version du 30 septembre 1989, à l'exception de l'article 46, s'applique aux affaires survenant, le 1er octobre 1989 ou par la suite, relativement aux brevets délivrés ce jour ou par la suite au titre de demandes déposées avant le 1er octobre 1989. Ces affaires sont également régies par les articles 38.1, 45, 46 et 48.1 à 48.5.

Règles sur les brevets,
DORS/96-423

3. (8) La taxe à verser en application des articles 100, 101, 155 et 156 pour le maintien en état des droits conférés par un brevet délivré au titre d'une demande déposée le 1er octobre 1989 ou après cette date est :

a) si, avant l'expiration du délai prévu pour le versement de la taxe, la déclaration du statut de petite entité est déposée conformément à l'article 3.01, la taxe applicable aux petites entités prévue à l'article 31 de l'annexe II;

b) dans les autres cas, la taxe générale prévue à cet article.

(9) La taxe à verser en application des paragraphes 182(1) et (3) pour le maintien en état des droits conférés par un brevet délivré le 1er octobre 1989 ou après cette date au titre d'une demande déposée avant cette date est :

a) si, avant l'expiration du délai prévu pour le versement de la taxe, la déclaration du statut de petite entité est déposée conformément à l'article 3.01,

item 32 of Schedule II; and

(b) in any other case, the applicable standard fee set out in that item.

3.01 (1) Subject to section 3.02, a small entity declaration

...

(e) shall be signed by the applicant or patentee or by a patent agent appointed by the applicant or patentee;

...

(2) An applicant or patentee may pay fees at the small entity level in respect of an application or patent if

(a) in respect of an application other than a PCT national phase application or a patent issued on the basis of such an application, on the filing date of the application the applicant originally identified in the petition is a small entity in respect of the invention to which the application or patent relates; and

(b) in respect of a PCT national phase application or a patent issued on the basis of such an application, on the date when the requirements of subsection 58(1) and, if applicable, subsection 58(2) are complied with, the applicant who complies with those requirements is a small entity in respect of the invention to which the application or patent relates.

...

4. (7) Where a fee to register any

la taxe applicable aux petites entités prévue à l'article 32 de l'annexe II;

b) dans les autres cas, la taxe générale prévue à cet article.

3.01 (1) Sous réserve de l'article 3.02, la déclaration du statut de petite entité :

[...]

e) est signée par le demandeur ou le breveté ou par un agent de brevets nommé par le demandeur ou le breveté;

[...]

(2) Le demandeur ou le breveté a le droit de payer la taxe applicable aux petites entités à l'égard d'une demande ou d'un brevet :

a) si, à l'égard d'une demande autre qu'une demande PCT à la phase nationale ou d'un brevet délivré au titre d'une telle demande, à la date de dépôt de la demande, le demandeur initialement désigné dans la pétition est une petite entité à l'égard de l'invention visée par la demande ou le brevet;

b) si, à l'égard d'une demande PCT à la phase nationale ou d'un brevet délivré au titre d'une telle demande, le demandeur était, à la date à laquelle il s'est conformé aux exigences du paragraphe 58(1) et, s'il y a lieu, à celles du paragraphe 58(2) une petite entité à l'égard de l'invention visée par la demande ou le brevet.

[...]

document relating to a patent or an application is received and the document is not submitted, the fee paid shall be refunded.

...

8. (1) Subject to subsection (2), communications addressed to the Commissioner in relation to an application or a patent shall relate to one application or patent only.

(2) Subsection (1) does not apply in respect of communications relating to

(a) a transfer, a licence or a security interest;

(b) a change in the name or address of an applicant, a patentee, a patent agent, an associate patent agent or a representative for service; or

(c) fees to maintain an application in effect or to maintain the rights accorded by a patent.

...

25. Except where other times are provided by the Act or these Rules, the time within which action must be taken by an applicant where the Commissioner, by notice, requisitions the applicant to take any action necessary for compliance with the Act or these Rules is the three-month period after the requisition is made.

...

4. (7) La taxe d'enregistrement de tout document relatif à un brevet ou à une demande est remboursée si elle est versée et que le document n'est pas déposé par la suite.

[...]

8. (1) Sous réserve du paragraphe (2), toute communication adressée au commissaire au sujet d'une demande ou d'un brevet porte sur une seule demande ou un seul brevet.

(2) Le paragraphe (1) ne s'applique pas aux communications concernant :

a) les transferts, licences ou sûretés;

b) les changements de nom ou d'adresse d'un demandeur, d'un breveté, d'un agent de brevets, d'un coagent ou d'un représentant pour signification;

c) les taxes versées pour le maintien en état des demandes et des droits conférés par les brevets.

[...]

25. Sauf disposition contraire de la Loi ou des présentes règles, le délai d'exécution de tout acte que le commissaire exige, par avis, du demandeur pour qu'il se conforme à la Loi ou aux présentes règles est le délai de trois mois suivant la demande.

[...]

38. No transfer of a patent or an application to a new owner shall be recognized by the Commissioner unless a copy of the document effecting the transfer from the currently recognized owner to the new owner has been registered in the Patent Office in respect of that patent or application.

...

42. Subject to sections 49 and 50 of the Act, the Commissioner shall, upon request and on payment of the fee set out in item 21 of Schedule II, register in the Patent Office any document relating to a patent or an application.

...

100. (3) No fee to maintain the rights accorded by a patent shall be payable in respect of any period for which a fee to maintain the application for that patent was paid.

...

108. Until either a patent has been issued on the basis of the application or the application is refused, or is abandoned and no longer subject to reinstatement, or is withdrawn, the Commissioner shall not make the certification referred to in subsection 107(2) in respect of a person, including an independent expert, unless the Commissioner has received an undertaking by that person to the applicant

38. Le commissaire ne reconnaît le transfert d'un brevet ou d'une demande que si une copie de l'acte de transfert du propriétaire actuellement reconnu au nouveau propriétaire a été enregistrée au Bureau des brevets à l'égard du brevet ou de la demande.

[...]

42. Sous réserve des articles 49 et 50 de la Loi, le commissaire enregistre au Bureau des brevets tout document relatif à un brevet ou à une demande, sur réception d'une demande d'enregistrement accompagnée de la taxe prévue à l'article 21 de l'annexe II.

[...]

100. (3) Aucune taxe pour le maintien en état des droits conférés par le brevet n'est exigible pour la période à l'égard de laquelle a été payée une taxe pour le maintien en état de la demande du brevet.

[...]

108. Le commissaire ne peut, jusqu'à ce qu'un brevet ait été délivré au titre de la demande ou que celle-ci ait été rejetée, ou ait été abandonnée et ne puisse plus être rétablie, ou ait été retirée, faire la certification visée au paragraphe 107(2) à l'égard d'une personne, notamment un expert indépendant, à moins d'avoir reçu l'engagement donné par cette personne au demandeur, selon lequel :

(a) not to make any sample of biological material furnished by the international depositary authority or any culture derived from such sample available to any other person before either a patent is issued on the basis of the application or the application is refused, or is abandoned and no longer subject to reinstatement, or is withdrawn; and

(b) to use the sample of biological material furnished by the international depositary authority and any culture derived from such sample only for the purpose of experiments that relate to the subject-matter of the application until either a patent is issued on the basis of the application or the application is refused, or is abandoned and no longer subject to reinstatement, or is withdrawn.

...

133. Every document filed in connection with a patent or an application shall be presented clearly and legibly on sheets of good quality white paper, which shall not, except in the case of transfer documents, other documents concerning ownership and certified copies of documents, be more than 21.6 cm x 33 cm (8 ½ inches x 13 inches).

...

151. For the purposes of subsection 73(2) of the Act, an application is

a) elle ne mettra aucun échantillon de matières biologiques remis par l'autorité de dépôt internationale ni aucune culture dérivée d'un tel échantillon à la disposition d'une autre personne avant qu'un brevet ait été délivré au titre de la demande ou que celle-ci ait été rejetée, ou ait été abandonnée et ne puisse plus être rétablie, ou ait été retirée;

b) elle n'utilisera l'échantillon de matières biologiques remis par l'autorité de dépôt internationale et toute culture dérivée d'un tel échantillon que dans le cadre d'expériences qui se rapportent à l'objet de la demande, jusqu'à ce qu'un brevet ait été délivré au titre de la demande ou que celle-ci ait été rejetée, ou ait été abandonnée et ne puisse plus être rétablie, ou ait été retirée.

[...]

133. Tout document déposé à l'égard d'un brevet ou d'une demande est présenté clairement et lisiblement sur des feuilles de papier blanc de bonne qualité qui, sauf dans le cas des actes de transfert, des autres documents constatant un titre de propriété et des copies certifiées conformes de documents, mesurent au plus 21,6 cm sur 33 cm (8 1/2 pouces sur 13 pouces).

[...]

151. Pour l'application du paragraphe

deemed to be abandoned if the applicant does not reply in good faith to any requisition of the Commissioner referred to in section 23 or 25 within the time provided in that section.

...

155. (3) No fee to maintain the rights accorded by a patent shall be payable in respect of any period for which a fee to maintain the application for that patent was paid.

...

159. For the purposes of subsection 38.1(1) of the Act, where a specification in an application filed in Canada, or in a patent issued on the basis of such an application, refers to a deposit of biological material, the deposit shall be considered to be in accordance with these regulations if sections 160 to 162 are complied with.

...

160. (4) The applicant may, before the application is open to public inspection under section 10 of the Act or on or before January 1, 1998, whichever is the later, file a notice with the Commissioner stating the applicant's wish that, until either a patent has issued on the basis of the application or the application is refused, or is abandoned and no longer subject to reinstatement, or is withdrawn, the Commissioner only authorize the furnishing of a sample of the deposited biological material to an independent expert nominated by the Commissioner

73(2) de la Loi, la demande est considérée comme abandonnée si le demandeur omet de répondre de bonne foi à toute demande du commissaire visée aux articles 23 ou 25 dans le délai prévu à ces articles.

[...]

155. (3) Aucune taxe pour le maintien en état des droits conférés par le brevet n'est exigible pour la période à l'égard de laquelle a été payée une taxe pour le maintien en état de la demande du brevet.

[...]

159. Pour l'application du paragraphe 38.1(1) de la Loi, lorsque le mémoire descriptif d'une demande déposée au Canada ou du brevet délivré au titre de cette demande mentionne le dépôt d'un échantillon de matières biologiques, le dépôt est réputé effectué conformément au présent règlement si les exigences des articles 160 à 162 sont respectées.

[...]

160. (4) Le demandeur peut, au plus tard le 1er janvier 1998, ou le jour précédant celui où la demande est rendue accessible au public pour consultation sous le régime de l'article 10 de la Loi si ce jour est postérieur, déposer un avis auprès du commissaire indiquant qu'il veut, jusqu'à ce qu'un brevet soit délivré au titre de la demande ou que celle-ci soit rejetée, ou soit abandonnée et ne puisse plus être rétablie, ou soit retirée, que le commissaire n'autorise la remise d'un échantillon des matières biologiques

in accordance with section 165.

...

164. Until either a patent has been issued on the basis of the application or the application is refused, or is abandoned and no longer subject to reinstatement, or is withdrawn, the Commissioner shall not make the certification referred to in subsection 163(2) in respect of a person, including an independent expert, unless the Commissioner has received an undertaking by that person to the applicant

(a) not to make any sample of biological material furnished by the international depositary authority or any culture derived from such sample available to any other person before either a patent is issued on the basis of the application or the application is refused, or is abandoned and no longer subject to reinstatement, or is withdrawn; and

(b) to use the sample of biological material furnished by the international depositary authority and any culture derived from such sample only for the purpose of experiments that relate to the subject-matter of the application until either a patent is issued on the basis of the application or the application is refused, or is abandoned and no longer subject to reinstatement, or is withdrawn.

...

166. (1) Where a notice has been filed

déposées qu'à un expert indépendant désigné par lui conformément à l'article 165.

[...]

164. Le commissaire ne peut, jusqu'à ce qu'un brevet ait été délivré au titre de la demande ou que celle-ci ait été rejetée, ou ait été abandonnée et ne puisse plus être rétablie, ou ait été retirée, faire la certification visée au paragraphe 163(2) à l'égard d'une personne, notamment un expert indépendant, à moins d'avoir reçu l'engagement donné par cette personne au demandeur, selon lequel :

a) elle ne mettra aucun échantillon de matières biologiques remis par l'autorité de dépôt internationale ni aucune culture dérivée d'un tel échantillon à la disposition d'une autre personne avant qu'un brevet ait été délivré au titre de la demande ou que celle-ci ait été rejetée, ou ait été abandonnée et ne puisse plus être rétablie, ou ait été retirée;

b) elle n'utilisera l'échantillon de matières biologiques remis par l'autorité de dépôt internationale et toute culture dérivée d'un tel échantillon que dans le cadre d'expériences qui se rapportent à l'objet de la demande, jusqu'à ce qu'un brevet ait été délivré au titre de la demande ou que celle-ci ait été rejetée, ou ait été abandonnée et ne puisse plus être rétablie, ou ait été retirée.

[...]

with the Commissioner pursuant to subsection 160(4) in respect of an application, until a patent is issued on the basis of the application or the application is refused, or is abandoned and no longer subject to reinstatement, or is withdrawn, a request pursuant to section 163 may only be filed by an independent expert nominated by the Commissioner.

(2) Where the Commissioner makes a certification pursuant to subsection 163(2) in respect of an independent expert nominated by the Commissioner, the Commissioner shall send a copy of the request together with the certification to the applicant and to the person who requested the nomination of the independent expert.

166. (1) Lorsque l'avis visé au paragraphe 160(4) a été déposé à l'égard d'une demande, seul l'expert indépendant désigné par le commissaire peut déposer la requête visée à l'article 163 jusqu'à ce qu'un brevet soit délivré au titre de la demande ou que celle-ci soit rejetée, ou soit abandonnée et ne puisse plus être rétablie, ou soit retirée.

(2) Lorsque le commissaire fait la certification visée au paragraphe 163(2) à l'égard de l'expert indépendant qu'il a désigné, il envoie une copie de la requête, accompagnée de la certification, au demandeur et à la personne qui a demandé la désignation de l'expert.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET: A-282-10

**AN APPEAL FROM THE JUDGMENT OF THE HONOURABLE MR. JUSTICE
PHELAN OF THE FEDERAL COURT, DATED JUNE 3, 2010, IN DOCKET
NO. T-1236-01.**

STYLE OF CAUSE: CORLAC INC., NATIONAL-OIL WELL CANADA LTD.,
AND NATIONAL OILWELL INCORPORATED v.
WEATHERFORD CANADA LTD., WEATHERFORD CANADA
PARTNERSHIP, DARIN GRENKE, AS PERSONAL
REPRESENTATIVE OF THE ESTATE OF EDWARD GRENKE,
AND GRENCO INDUSTRIES LTD. and THE INTELLECTUAL
PROPERTY INSTITUTE OF CANADA

PLACE OF HEARING: Toronto, Ontario

DATES OF HEARING: June 13-15, 2011

REASONS FOR JUDGMENT BY: LAYDEN-STEVENSON J.A.

CONCURRED IN BY: NADON J.A.
EVANS J.A.

DATED: July 18, 2011

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