

Date: 20070911

Docket: T-1001-07

Citation: 2007 FC 896

[ENGLISH TRANSLATION]

BETWEEN:

SUNCOR ENERGY INC.

Applicant

and

MMD DESIGN AND CONSULTANCY LIMITED

and

ALAN POTTS

Respondents

REASONS FOR ORDER

PROTHONOTARY MORNEAU

[1] This is a motion by the respondents (collectively MMD Design) under Rules 208(d) and 221 of the *Federal Courts Rules* (the Rules) to strike the statement of claim by the applicant, Suncor Energy Inc. (Suncor), on the grounds that this Court does not have jurisdiction for the cause of action raised by Suncor.

[2] MMD Design also notes in support of the desired striking that there is *lis pendens* between this docket and an action brought by Suncor before the Court of Queen's Bench in Alberta (the Alberta dispute).

Background

[3] The statement of claim in this Court shows that, in 2003, Suncor entered into an agreement with MMD Design, among others, for the latter to develop and build a certain type of equipment to help Suncor in the exploitation of the oil sands. During the development and eventual testing of the equipment, there would be some interaction between employees of MMD Design and Suncor.

[4] That contact between employees of the two corporations apparently led MMD Design to learn of confidential information regarding another type of technology that Suncor employees were developing at the same time, technology that, in Suncor's project, would eventually supplant the equipment or technology being developed by MMD Design.

[5] With that confidential information and the trade secrets thus stolen by MMD Design, the latter apparently filed a patent application regarding the very invention developed at the same time by Suncor employees.

[6] Outraged by those steps by MMD Design, Suncor launched two proceedings on June 1, 2007, namely this case in the Federal Court (the Federal Court dispute) and the Alberta dispute.

[7] In paragraph 1 of its statement of claim in Federal Court, Suncor is seeking a declaration that it, not MMD Design, is the owner of the invention in question and is asking the Court to order that the records at the Patent Office be corrected accordingly and that Suncor employees be identified in those records as the true inventors.

[8] Following is the text of paragraphs 1 a. and b. of that statement of claim in the Federal Court dispute, which I feel is sufficient for the purposes of our review:

1. The Plaintiff claims:
 - a. A declaration that the plaintiff Suncor Energy Inc. is the owner of the subject matter described and claimed in Canadian Patent Application No. 2,558,059;
 - b. An order pursuant to s. 52 of the *Patent Act*, R.S.C. 1985, c. P-4, as amended, directing that the records of the Patent Office relating to Canadian Patent Application No. 2,558,059 be varied to:
 - i. strike the current listed owner and applicant, and identify the plaintiff Suncor Energy Inc. as the sole owner and applicant; and
 - ii. strike the current listed inventor and identify Brad Bjornson, Doug Cox, Paul MacDougall and Garth Booker as inventors.

[9] It is interesting to note right away that, in the Alberta dispute, in addition to the various types of damages sought from the respondents, including MMD Design, Suncor is also seeking a declaration of ownership of the invention. The statement of claim in the Alberta dispute includes the following conclusions in this regard:

- a. A declaration that Suncor is the owner of, and that Suncor's employees are inventors of, the subject matter disclosed and claimed in, the following:
 - i. Canadian Patent Application No. 2,558,059;
 - ii. the foreign patent applications from which Canadian Patent Application No. 2,558,059 claims priority; and
 - iii. all patent applications or corresponding patents, in all jurisdictions, derived from the above priority applications and/or the PCT application filed as Canadian Patent Application No. 2,558,059;
- e. In the alternative, if this Honourable Court does not issue a declaration that Suncor is the owner of the subject matter described and claimed in Canadian Patent Application No. 2,558,059, an order that Suncor be declared a co-applicant of the patent application or, in the further alternative, that the application be declared invalid and void.

Analysis

[10] Regarding conclusion 1 a. in the Federal Court dispute, it seems plain and obvious to me from the teachings of the Federal Court of Appeal in *Cellcor Corp. of Canada Ltd. et al. v. Kotacka*, (1977), 27 C.P.R. (2d) 68 (*Cellcor*) that this Court does not have jurisdiction regarding a preliminary determination of ownership of an invention.

[11] In *Cellcor*, the Federal Court of Appeal examined a dynamic similar to the one before us here. After considering the text of what is now section 52 of the *Patent Act*, R.S.C., 1985, c. P-4, as amended, (the Act) and the text of section 20 of the *Federal Courts Act*, R.S.C. 1985, c. F-7, as amended, Pratte J. stated the following at pages 73–74:

The respondent's contention is, in my view, ill-founded. Assuming that the declaration sought in this action is a remedy respecting a patent of invention, within the meaning of s. 20, I am nevertheless of opinion that, in the circumstances of this case, it is not a relief that the Federal Court has power to grant because I agree with the appellants' view that there is no legal basis for it. Under the *Patent Act*, the official who must first decide whether a patent may issue to an applicant is the Commissioner. The Act does not empower the Courts to give him directions on the decision he should reach; it is only if he is alleged to have made a wrong decision that, under the statute, the Courts may be seized of the matter. In my view, it would be contrary to the scheme of the *Patent Act* for the Courts to assume the power, in a case like the present one, to make the declaration sought. In my opinion, the power of the Court, under Rule 1723, to make "binding declarations of right" cannot be exercised in respect of letters patent of invention when its exercise is not expressly or impliedly contemplated by the *Patent Act* or another statute within the legislative jurisdiction of Parliament.

I know that my conclusion may be difficult to reconcile with the statement made by Mr. Justice Rinfret (as he then was) at p. 250 of his reasons for judgment in *Kellogg Co. v. Kellogg* (1941), 1 C.P.R. 30, [1941] 2 D.L.R. 545, [1941] S.C.R. 242. However, I find that statement equally difficult to reconcile with the subsequent decision of the Supreme Court in *Radio Corp. of America v. Philco Corp. (Delaware)* (1966), 48 C.P.R. 128, 56 D.L.R. (2d) 407, [1966] S.C.R. 296.

(Emphasis added)

[12] Regarding conclusion 1 b. in the Federal Court dispute, it is, like the other conclusions sought by Suncor, related to section 52 of the Act. That section is at the very end under the heading "Assignments and Devolutions" in the Act. In fact, that heading contains sections 49 to 52, which read as follows:

ASSIGNMENTS AND DEVOLUTIONS

CESSIONS ET DÉVOLUTIONS

Assignee or personal representatives

Cessionnaire ou représentants personnels

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.

Assignees may object

Opposition au retrait de la demande

(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.

Attestation

Attestation

(3) No assignment shall be registered in the Patent Office unless it is accompanied by the affidavit of a subscribing witness or established by other proof to the satisfaction of the Commissioner that the assignment has been signed and executed

(3) La cession ne peut être enregistrée au Bureau des brevets à moins d'être accompagnée de l'affidavit d'un témoin attestant, ou à moins qu'il ne soit établi par une autre preuve à la satisfaction du commissaire, que cette cession a été signée et souscrite par le

by the assignor.

R.S., 1985, c. P-4, s. 49; R.S., 1985, c. 33 (3rd Supp.), s. 19.

Patents to be assignable

50. (1) Every patent issued for an invention is assignable in law, either as to the whole interest or as to any part thereof, by an instrument in writing.

Registration

(2) Every assignment of a patent, and every grant and conveyance of any exclusive right to make and use and to grant to others the right to make and use the invention patented, within and throughout Canada or any part thereof, shall be registered in the Patent Office in the manner determined by the Commissioner.

Attestation

(3) No assignment, grant or conveyance shall be registered in the Patent Office unless it is accompanied by the affidavit of a subscribing witness or established by other proof to the satisfaction of the Commissioner that the assignment, grant or conveyance has been signed and executed by the assignor and by every other party thereto.

R.S., 1985, c. P-4, s. 50; R.S., 1985, c. 33 (3rd Supp.), s. 20.

cédant.

L.R. (1985), ch. P-4, art. 49; L.R. (1985), ch. 33 (3^e suppl.), art. 19.

Les brevets sont cessibles

50. (1) Tout brevet délivré pour une invention est cessible en droit, soit pour la totalité, soit pour une partie de l'intérêt, au moyen d'un acte par écrit.

Enregistrement

(2) Toute cession de brevet et tout acte de concession ou translatif du droit exclusif d'exécuter et d'exploiter l'invention brevetée partout au Canada et de concéder un tel droit à des tiers sont enregistrés au Bureau des brevets selon ce que le commissaire établit.

Attestation

(3) L'acte de cession, de concession ou de transport ne peut être enregistré au Bureau des brevets à moins d'être accompagné de l'affidavit d'un témoin attestant, ou à moins qu'il ne soit établi par une autre preuve à la satisfaction du commissaire, qu'un tel acte de cession, de concession ou de transport a été signé et souscrit par le cédant et aussi par chacune des autres parties à l'acte.

L.R. (1985), ch. P-4, art. 50; L.R. (1985), ch. 33 (3^e suppl.), art. 20.

When assignment void

51. Every assignment affecting a patent for invention, whether it is one referred to in section 49 or 50, is void against any subsequent assignee, unless the assignment is registered as prescribed by those sections, before the registration of the instrument under which the subsequent assignee claims.

R.S., c. P-4, s. 53.

Nullité de la cession, à défaut d'enregistrement

51. Toute cession en vertu des articles 49 ou 50 est nulle et de nul effet à l'égard d'un cessionnaire subséquent, à moins que l'acte de cession n'ait été enregistré, aux termes de ces articles, avant l'enregistrement de l'acte sur lequel ce cessionnaire subséquent fonde sa réclamation.

S.R., ch. P-4, art. 53.

Jurisdiction of Federal Court

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.

R.S., c. P-4, s. 54; R.S., c. 10 (2nd Supp.), s. 64.

Jurisdiction de la Cour fédérale

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.

S.R., ch. P-4, art. 54; S.R., ch. 10 (2^e suppl.), art. 64.

[13] According to MMD Design, it is plain and obvious that a patent — not simply a patent application — must be at issue for this court to be able to order the Patent Office to vary or expunge an entry in the records.

[14] A reading of the text of section 52 seems to support that interpretation by MMD Design.

[15] However, Suncor cites a 1989 decision by this Court in *Love v. Claveau*, [1990] 1 F.C. 64 (*Love*) to claim that the Court in that decision refused to strike an application for judicial review filed under section 52 of the Act in which the applicants were asking that an entry in the records of the Patent Office recognizing a corporation as assignee be expunged. As in this Federal Court dispute, no patent had yet been issued in *Love*. However, in *Love*, there was an assignment of the right to apply for a patent, an assignment that was recorded by the Commissioner of Patents.

[16] At page 67 in his analysis in *Love*, Dubé J. cited, in addition to section 52 of the Act, the text of the three sections of the Act that precede section 52 because, in his view, those sections must be taken into consideration to understand the intent of the legislator under the heading that ends with section 52.

[17] In my view, it is plain and obvious that that approach by Dubé J. and the statements cited below show that section 52 of the Act can extend to a patent application, not just a patent that has been issued, but only where the dynamic in question involves an assignment or devolution of the right to obtain a patent. That is not the case in this Federal Court dispute.

[18] At the end of page 67, Dubé J. noted as follows that the heading that includes section 52 refers to any assignment of rights, whether that assignment occurs before or after a patent is issued.

A reading of these sections shows that section 49 deals with the assignment of a right to a patent before the patent has been granted. Section 50 provides for the assignment of an issued patent. Section 51 refers to every assignment “affecting a patent for invention, whether it is one referred to in section 49 or 50”. The aforementioned section 52

establishes the jurisdiction of the Federal Court to expunge “any entry in the records of the Patent Office relating to the title to a patent”.

The central issue to be resolved is whether those words limit the jurisdiction to a patent which has been issued or are broad enough to include any entry relating to a pending application for a patent. (...)

[19] After reviewing certain decisions, including *Cellcor*, Dubé J. focuses his analysis as follows at pages 71–72:

It should be noted that as a result of the assignment of the right to the application having been registered by the Commissioner of Patents, the applicants are now deprived of their former right to prosecute their application. Should the alleged assignees of the application, the respondents, be negligent in their prosecution of the application, the patent may not be granted. Should they withdraw the application, the patent will not be granted. In my view, if the purported assignment is a forgery, as claimed by the applicants, they are entitled to a remedy for the wrong inflicted upon them.

The respondents argue that this is a matter for a provincial superior court, presumably an Ontario court since the document in question is purported to have been signed in Toronto. However, I fail to see how an Ontario court could order a federal board, which the Patent Office clearly is, to vary or to expunge or to otherwise deal with the matter. Clearly, this problem calls for a more appropriate solution.

In my view, the solution is to be found in the wide powers granted to the Court by section 52 of the *Patent Act*. That section, properly read within the scheme of the Assignments and Devolutions chapter of the *Patent Act*, means that the Court may order that any entry [emphasis by Dubé J.] in the records be varied or expunged as long as the entry relates to the title to a patent. That language necessarily includes assignments of a right to obtain a patent. All assignments, although dealt with separately in sections 49 and 50, are grouped together in section 51, and remain so grouped in the culminating section 52.

(Emphasis added)

[20] I therefore do not feel that the decision by this Court in *Love*, without an assignment or devolution of rights in a patent application, allows us to consider that section 52 of the Act can be used as claimed by Suncor at paragraph 9 of its written submissions:

(...) to rectify the application documents now on file in the Patent Office to reflect the true inventors and hence the true owner of the application.

(Emphasis added)

[21] It is therefore plain and obvious, in my view, that this Court does not have jurisdiction over the cause of action raised by Suncor. Suncor's statement of claim shall therefore be struck, and its action dismissed, without leave to amend. Given that conclusion, there is no need for me to address the *lis pendens* aspect raised by MMD Design.

[22] I would add, however, that had I not reached the previous conclusion, I would nonetheless have struck conclusion 1 a. of the same statement and suspended the rest of the Federal Court action, as that conclusion 1 a. clearly duplicates the Alberta dispute.

[23] I would also add here that, although recourse is allowed under section 52 of the Act, it seems to me, based on Rule 300(b) and section 52 of the Act that such recourse must be initiated by an “application” under Part 5 of the Rules, not by an action. However, it must be noted that Rule 57 does not make such a situation a case to be struck.

“Richard Morneau”

Prothonotary

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1001-07

STYLE OF CAUSE: SUNCOR ENERGY INC.
Applicant
and
MMD DESIGN AND CONSULTANCY LIMITED
and
ALAN POTTS
Respondents

PLACE OF HEARING: Montréal, Quebec

DATE OF HEARING: August 20, 2007

REASONS FOR ORDER: PROTHONOTARY MORNEAU

DATE OF REASONS: September 11, 2007

APPEARANCES:

Bruce W. Stratton
Etienne deVilliers
FOR THE APPLICANT

Bob H. Sotiriadis
FOR THE RESPONDENT

SOLICITORS OF RECORD:

Simock Stratton LLP
Toronto, Ontario
FOR THE APPLICANT

Leger Robic Richard, LLP
Montréal, Quebec
FOR THE RESPONDENT