

**Date: 20090603**

**Docket: T-1554-08**

**Citation: 2009 FC 584**

**Toronto, Ontario, June 3, 2009**

**PRESENT: Kevin R. Aalto, Esquire, Prothonotary**

**BETWEEN:**

**PRENBEC EQUIPMENT INC. and QUADCO EQUIPMENT INC.**

**Plaintiffs  
(Defendants by Counterclaim)**

**and**

**TIMBERBLADE INC.**

**Defendant  
(Plaintiff by Counterclaim)**

**REASONS FOR ORDER AND ORDER**

[1] The Defendant/Plaintiff by Counterclaim (“Timberblade”) brings this motion to establish a timetable for this action that “suspends all deadlines pending further action by the Re-examination Board appointed pursuant to section 48.2 of the *Patent Act*, R.S.C. 1985, C. P-4 as amended (the “Act”) to re-examine Canadian Patent No. 2,084,013 (“the ‘013 Patent”)” in accordance with the proposed timetable attached to the Notice of Motion.

[2] The proposed timetable contemplates that essentially no further steps in this proceeding will be taken until after the earlier of the final determination of the Re-examination Board or Notice from the Re-examination Board that it does not consider that the request for re-examination raises a substantial new question effecting the patentability of any claim in the '013 Patent. Although not couched as such, Timberblade is really seeking a stay of this proceeding pending the outcome of the re-examination process.

[3] A brief review of the chronology is necessary to put the issue in context. The '013 Patent claims an invention in a detachable saw tooth that can be mounted on a circular saw disc for a feller head or a feller buncher. The '013 Patent was issued on November 1, 1994. The invention has apparently been very successful in the forestry industry. The invention is also patented in the United States where it has been subject to litigation.

[4] In Canada, the '013 Patent has been subject to prior litigation and survived unscathed. The Statement of Claim in this action was served on the Defendant on October 15, 2008 after an exchange of correspondence initiated by counsel for the Plaintiffs seeking that Timberblade cease and desist the use of an alleged infringing product.

[5] Timberblade served a Statement of Defence and Counterclaim on the Plaintiffs on December 12, 2008. In its Statement of Defence, Timberblade denies infringement and counterclaims for an order declaring that the '013 Patent is invalid. One of the major grounds upon

which invalidity is alleged is that there was prior disclosure by others of the saw tooth defined in the claims of the '013 Patent.

[6] On December 11, 2008, one day prior to the service of its Statement of Defence and Counterclaim, Timberblade filed a Re-examination Request of the '013 Patent with the Canadian Patent Office pursuant to ss. 48.1 to 48.5 of the Act. Following the close of pleadings, Timberblade brought this motion.

[7] A useful description of the re-examination process is found in *Genencor International, Inc. v. Canada Commissioner of Patents* (2008), 66 C.P.R. 4<sup>th</sup> 181. As Justice Gibson notes in para. 4 of that decision the purpose of the re-examination process is to provide a relatively summary and inexpensive alternative to a full blown impeachment process by litigation.

[8] The re-examination process is detailed in ss. 48.1 to 48.5 of the *Act*. These sections of the *Act* contemplate a process whereby a Re-examination Board will decide, within three-months, whether or not a substantial new question of patentability affecting any claim of a patent is raised by the re-examination request. If the decision is affirmative then a Re-examination Board is established and the re-examination proceeding by the Board is required to be completed within the twelve-months of the commencement of the proceedings. In this case, the three-month period has not yet elapsed.

[9] The Plaintiffs argue that this motion is a scheduling request in the guise of a stay motion. To that end they argue that the factors relevant to a stay must be considered.

[10] The factors to be considered on a request for a stay and the test to be applied are summarized in *Kent v. Universal Studios Canada Inc.* 2008 FC 906 at paragraph 15. In essence, a party seeking a stay must demonstrate that the continuation of the action will cause prejudice or injustice to the party and that there will be no injustice to the Plaintiff. In applying these tests there are a number of factors which have evolved from the cases. These guidelines have been usefully set out in *White v. E.B.F. Manufacturing Ltd.*, 2001 FCT 713 at para. 3. The list of factors is neither exhaustive nor is it cumulative. Each case must be determined on its own particular facts giving weight to the appropriate elements that arise from those facts. The elements are as follows:

1. Would the continuation of the action cause prejudice or injustice (not merely inconvenience or extra expense) to the defendant?
2. Would the stay work an injustice to the plaintiff?
3. The onus is on the party which seeks a stay to establish that these two conditions are met;
4. The grant or refusal of the stay is within the discretionary power of the judge;
5. The power to grant a stay may only be exercised sparingly and in the clearest of cases;
6. Are the facts alleged, the legal issues involved and the relief sought similar in both actions?
7. What are the possibilities of inconsistent findings in both Courts?
8. Until there is a risk of imminent adjudication in the two different forums, the Court should be very reluctant to interfere with any litigant's right of access to another jurisdiction;

9. Priority ought not necessarily be given to the first proceeding over the second one or, vice versa.

[11] For its part, Timberblade argues that the applicable tests on this motion are found in Rule 8 of the *Federal Courts Rules*. Rule 8 permits the Court to extend any time period provided for in the *Rules*. The tests on extensions include the following:

- (a) whether the party is seeking the extension has a continuing intention in pursue or defend the matter;
- (b) whether the position of the moving party has some merit;
- (c) the extent of any prejudice to the opposite party; and
- (d) the explanation for the requested extension.

[12] Both the tests for a stay and for an extension fall to be determined within the particular facts of the case which the Court must take into account in exercising its discretion. Further, in applying either the tests for a stay or for an extension, the *Rules* should be applied in accordance with the admonition of Rule 3 that they are to be interpreted and applied so as to secure the just, must expeditious and least expensive determination of every proceeding on its merits.

[13] Timberblade vigorously argues that it meets all of the tests for an extension.

[14] Irrespective of whether one applies the tests for a stay or the tests for an extension, it is my view that the equities do not favour Timberblade in this matter and that as a result Timberblade's

proposed schedule should not be approved. The proceeding should move forward in a much more abbreviated timetable in accordance with the needs of the case and the *Rules*.

[15] I reach this conclusion for the following reasons. First, this patent was issued in November 1, 1994 and has been the subject of two law suits which have alleged invalidity yet invalidity has not yet been established. Second, while the Defendant quite properly points out that the re-examination process in the Act is to provide for a summary and inexpensive means for parties to challenge the validity of an issued patent, the Re-examination Board does not review credibility of witnesses on the re-examination.

[16] One of the main points of contention as between the parties is how a saw tooth known as the Koehring Waterous 4000 came to be described and advertised in a June 1992 issue of the "Southern Loggin' Times", a trade publication serving loggers in the Southern United States. This particular saw tooth is similar if not identical to the saw tooth described in the claims of the '013 Patent. There are allegations that a prototype of the saw tooth which is the subject of the '013 Patent disappeared from the possession of one of the Plaintiffs and further that there was an admission that the Plaintiffs' saw tooth had been copied. In effect, the invention was "stolen".

[17] The Re-examination Board does not deal with credibility issues and cannot determine the real issue at play in this case as credibility is central to the dispute between the Plaintiffs and Timberblade. No cross-examination of witnesses or indeed the hearing of oral testimony from witnesses is contemplated in the re-examination process.

[18] Thus, in my view the Plaintiffs will suffer prejudice if Timberblade's motion is granted. This is sufficient to dispose of the motion. However, additional support for this conclusion is found by taking into consideration other factors relating to either extensions or stays. In particular, Timberblade had ample opportunity long before the delivery of the Statement of Defence and Counterclaim in this matter, indeed before the commencement of this action, to seek a re-examination of the '013 Patent. Further, the Plaintiffs commenced this proceeding first and it will allow for the assessment of the credibility of witnesses to determine the issues which Timberblade has raised and to determine if there has been infringement and whether the '013 Patent is valid. The scope of this action is wider than that of the re-examination process.

[19] In addition, Timberblade has not demonstrated any prejudice if this action is allowed to proceed in the ordinary course. Any prejudice can be compensated for in costs if they are ultimately successful in the action. There is no basis on the facts of this case given that the '013 Patent was issued in 1994 to permit the re-examination process to continue in priority to the rights of the Plaintiffs to enforce their patent rights. While it is not determinative, it is noteworthy that Justice Gibson in *Genencor* observed:

[40] . . . it can only be inferred from the re-examination process that Parliament intended it to be a simplified and relatively inexpensive alternative to impeachment proceedings under section 60 of the *Act*. It recognizes the expertise of those who have to date been chosen to make up re-examination boards. Resort to the re-examination process does not foreclose impeachment proceedings where it is invoked. It is only in circumstances where re-examination, as here, results in a patent being deemed never to have been issued or to be narrowed, **apparently a rare circumstance inferring from experience to date**, where an appeal such this is pursued. (emphasis added).

[20] Notably, Justice Gibson also observes in that paragraph that re-examination proceedings do not foreclose impeachment proceedings and thus, on the facts of this case, there is no good reason why infringement proceedings as well should await the outcome of the re-examination. While Timberblade argues that it will be deprived of its re-examination right if the infringement proceeding continues, in my view they do not lose that right. The re-examination proceedings have been set in motion by Timberblade and there is nothing more substantively for it to do in the re-examination until the process is completed.

[21] Finally, the Court should be wary of granting either a stay or approving a timetable which effectively amounts to a stay pending the outcome of a re-examination process. This is so because parties may use the re-examination process as a means of delaying infringement actions generally by filing a Request for Re-examination. While this is a “floodgates” argument, it has not been borne out by the prior history of patent proceedings in this Court. Nonetheless, to grant the relief requested in this case, the Court must be persuaded on more cogent and compelling evidence that the patent being re-examined might be deemed never to have been issued or be narrowed. It should not be granted where the patent subject to the re-examination, as here, is the focus of allegations of being copied or stolen which gives rise to the necessity of the Court assessing credibility.

[22] The motion is therefore dismissed and with costs to the Plaintiffs to be fixed and payable forthwith.



**ORDER**

**THIS COURT ORDERS that**

1. This motion is dismissed
  
2. The Plaintiffs are entitled to costs which are hereby fixed and payable forthwith in the amount of \$2,000.00 including GST and disbursements.
  
3. The parties shall file a joint schedule for the completion of the steps in this proceeding. In the event the parties are unable to agree upon a joint schedule they each shall provide a copy of their proposed schedules and the Court will convene a case conference to decide on a schedule.

“Kevin R. Aalto”  
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Prothonotary

**FEDERAL COURT**

**NAMES OF COUNSEL AND SOLICITORS OF RECORD**

**DOCKETS:** T-1554-08

**STYLE OF CAUSE:** PRENBEC EQUIPMENT INC. and QUADCO  
EQUIPMENT INC.  
v.  
TIMBERBLADE INC.

**PLACE OF HEARING:** TORONTO, ONTARIO

**DATE OF HEARING:** April 16, 2009

**REASONS FOR ORDER  
AND ORDER BY:** AALTO P.

**DATED:** June 3, 2009

**APPEARANCES:**

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Mr. John Koch FOR THE DEFENDANT  
Mr. Athar K. Malik

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