Federal Court of Appeal | Cour d'appel fédérale

CANADA

Date: 20090925

Docket: A-316-09

Citation: 2009 FCA 275

Present: **SHARLOW J.A.**

BETWEEN:

THE COMMISSIONER OF PATENTS
AND THE ATTORNEY GENERAL OF CANADA

Appellants

and

SYDNEY H. BELZBERG

Respondent

Dealt with in writing without appearance of parties.

Order delivered at Ottawa, Ontario, on September 25, 2009.

REASONS FOR ORDER BY: SHARLOW J.A.

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REASONS FOR ORDER

SHARLOW J.A.

[1] The Commissioner of Patents and the Attorney General of Canada (collectively, the "Crown") have moved for a stay of the order of Justice Simpson dated June 23, 2009 pending the disposition of this appeal of that order. The respondent Sydney H. Belzberg opposes the motion. The reasons for Justice Simpson's order are reported as *Belzberg* v. *Commissioner of Patents*, 2009 FC 657.

[2] The basic facts appear to be undisputed. Mr. Belzberg submitted a patent application in 1994. His request for an expedited examination was granted in 1996. The patent examination process resulted, in 2002, in a "Final Action Report" alleging that the patent application was

defective. A Patent Appeal Board hearing was convened in 2005 to review the rejection of the application. In January of 2007, the Board concluded that none of the alleged defects was substantiated and recommended that "the examiner's rejection of the application be reversed and that the application be returned to the examiner for further prosecution consistent with these recommendations". It is not clear from the material before me what further prosecution was contemplated by the Board, if any. The Commissioner issued a decision concurring with the decision of the Board and returning the application to the Examiner "for further prosecution consistent with the Board's recommendation". The result was that further examinations were undertaken and further requisitions issued in relation to matters that had arisen during the prior examination but were not raised in the Final Action Report or considered by the Board.

[3] In 2008, Mr. Belzberg commenced an application for judicial review of the decision of the Commissioner. In paragraph 2 of Justice Simpson's reasons, the issue raised by Mr. Belzberg is stated as follows:

> . . . whether the Commissioner may restart an examination of a patent application after disposing of all of the defects alleged in an examiner's rejection labelled "Final Action" under section 30 of the *Patent Rules*, SOR/96-423.

[4] Justice Simpson allowed the application for judicial review, set aside the decision and granted ancillary relief, including the following order:

> The Commissioner is to forthwith make a decision granting the Patent Application under section 27 of the [*Patent Act*] as it was amended by [Mr.

Belzberg] in the Voluntary Amendment.

[5] Section 27 of the *Patent Act*, R.S. 1985, c. P-4, reads as follows (my emphasis):

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 is filed in accordance with this Act and all other requirements for the issuance of a patent under this Act are met.	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 de celle-ci sont remplies.

[6] At the risk of oversimplifying, it seems to me from Justice Simpson's reasons that she was required to consider whether section 27 of the *Patent Act* imposes a mandatory obligation on the Commissioner to issue a patent when the regulatory process reaches a certain point. Having concluded that there was such a mandatory obligation, she was required to consider whether the critical point in the regulatory process had been reached when the Commissioner, rather than granting the patent, made the decision challenged by Mr. Belzberg which prolonged the patent examination process. She concluded that the challenged decision was made after the critical point had been reached, which led her to make the order under appeal.

[7] The Crown's appeal is based primarily on its position that the relevant provisions of the *Patent Act* should be interpreted to preclude a patent applicant from seeking judicial review of any decision of the Commissioner made before the decision to grant or refuse to grant a patent.

[8] The Supreme Court of Canada has established a three part test to determine whether a stay should be granted (*RJR-MacDonald Inc. v. Canada (Attorney General)*, [1994] 1 S.C.R. 311). Generally, the applicant for a stay must show that there is a serious question to be tried, that irreparable harm will be suffered if the stay is not granted, and that the balance of inconvenience favours the granting of a stay.

[9] The notice of appeal provides a sufficient basis for concluding that the appeal raises a question of law that is not frivolous or vexatious. Therefore, the first test is met.

[10] The question of irreparable harm is problematic in this case. Irreparable harm is a question of fact, but the Crown has submitted no affidavit. To understand why there is no affidavit, it is necessary to consider part of the procedural history of this matter.

[11] The Crown's motion record was filed with a request that it be decided after an oral hearing. In an order dated September 3, 2009, Justice Trudel rejected that request. Her order goes on to say this:

> The appellants shall also file an affidavit supporting the motion as required by Rule 364(2)(*c*) of the *Federal Courts Rules.*

[12] The Crown has not complied with this order, which in my view is a sufficient basis to dismiss the motion. However, I will consider, first, the letter dated September 9, 2009 to the Court from counsel for the Crown, and second, the question of whether the absence of an affidavit would in any event be fatal to the Crown's motion for a stay.

[13] The letter of September 9, 2009 reads in part as follows:

> Please be advised that the Attorney General of Canada has elected to not file any affidavit evidence in respect of the motion to stay the Order of Justice Simpson dated June 23, 2009. As can be seen from the Motion Record and Written Submissions, the stay of proceedings is based on the public interest and the only materials relied upon are the applicable legislation and the Decision under appeal.

[14] I make three observations about this letter. First, counsel for the Crown has assumed incorrectly that, despite being ordered to file an affidavit, the Crown need not respect the order but is free to "elect" not to do so. Second, counsel for the Crown has assumed incorrectly that it is appropriate, upon receiving an order of this Court to which it objects, to express the objection by way of a letter rather than a motion to reconsider or vary the order. Third, the Crown has failed to appreciate that the order of Justice Trudel actually favoured the Crown, because it provided an opportunity to correct what may be a fatal deficiency in the Crown's motion record (see, for example, *Attorney General of Canada v. J.P.*, 2009 FCA 211).

[15] I turn now to the question of whether the Crown's motion record as it stands provides any basis upon which I could determine the question of irreparable harm in the Crown's favour, assuming the motion is not dismissed summarily for failure to comply with a court order.

[16] The Crown's written submissions, paragraphs 33 to 37, purport to discuss the question of irreparable harm, but those paragraphs are directed at the proposition that Mr. Belzberg cannot claim to have suffered irreparable harm from the decision of the Commissioner that he successfully

challenged in the Federal Court. They do not address the question of whether any irreparable harm would result to the Crown or the public interest if the stay is not granted.

[17] Paragraphs 16 to 22 of the Crown's submissions, entitled "Public Interest in Granting a Stay Pending Appeal", sets out the Crown's position that where a statutory authority is seeking a stay of an order pending appeal, there is an overriding public interest that justifies the Court in finding for the Crown on the question of irreparable harm. This position is based primarily on the following excerpt from *RJR-MacDonald* (paragraph 71):

> In our view, the concept of inconvenience should be widely construed in Charter cases. In the case of a public authority, the onus of demonstrating irreparable harm to the public interest is less than that of a private applicant. This is partly a function of the nature of the public authority and partly a function of the action sought to be enjoined. The test will nearly always be satisfied simply upon proof that the authority is charged with the duty of promoting or protecting the public interest and upon some indication that the impugned legislation, regulation, or activity was undertaken pursuant to that responsibility. Once these minimal requirements have been met, the court should in most cases assume that irreparable harm to the public interest would result from the restraint of that action.

[18] The quoted statement from *RJR–Macdonald* was made in the context of a case involving a challenge to the validity of a statute, where a party affected by a regulation made under the statute wished to be relieved of an onerous obligation to comply with the regulation until the challenge was resolved. The Crown in this case is seeking a stay of an order in which there was no challenge to the validity of a law, but only a dispute as to its interpretation.

[19] I do not read *RJR-MacDonald* as authority for the proposition that, where the Crown seeks a stay of an order pending appeal, it is relieved of the burden of adducing evidence of irreparable harm, if not to the Crown itself, at least to the orderly administration of the law. That burden may be easily met in some cases, but I do not accept that the burden is automatically met simply because the Crown seeks a stay.

[20] It may be that the issue of the orderly administration of the *Patent Act* was on the mind of counsel for the Crown when writing, in paragraph 22 of the Crown's submissions, that "the consequence of not granting a stay pending appeal will be confusion, additional delay, and inconsistency in the processing of patent applications in what is already a very litigious area of the law." In my view, this is the kind of submission that cannot be assessed without a factual foundation, because it requires knowledge of the practice of patent examinations, a topic on which I am not prepared to take judicial notice. The Crown argues that it is important to preserve the "administrative and procedural *status quo*", without purporting to explain what the "administrative and procedural *status quo*" is (apart from its argument that the order under appeal is wrong in law).

[21] It might be helpful to know, for example:

a) whether it is common and accepted practice for the Commissioner to make decisions like the one challenged in this case, or whether the facts of this case are unique;

b) whether it is common and accepted practice for a patent application to be returned for examination after a Board hearing that appears to favour the applicant on the merits;

c) whether a patent examination period of 13 to 15 years is considered normal; and

d) whether it is possible to determine how many other patent applicants may be in a position to raise one or more of the issues determined by Justice Simpson in Mr. Belzberg's favour, and if so, how many other potential cases there are.

[22] It would also be helpful to have a factual basis for the Crown's submission that the decision under appeal can be expected to result in confusion, additional delay, and inconsistency. Who is likely to be confused by the decision? Who is obliged to act inconsistently because of the decision, and in what way? There is no evidence on any of these factual questions, and I cannot discern the answers from the decision under appeal or in the legislation.

[23] In the absence of any evidence that irreparable harm will result if the stay is not granted, I would be compelled to dismiss the Crown's motion for a stay.

[24] The Crown's motion for a stay will be dismissed for failure to comply with the order of Justice Trudel dated September 3, 2009.

[25] The respondent has sought costs on a solicitor and client basis. I agree that solicitor and client costs are warranted. An order will be made accordingly. The Crown has submitted that the Commissioner cannot be compelled to pay costs. I am not persuaded that this is so, but I need not decide that point. The order will provide that the costs will be payable by the Attorney General of Canada in any event of the cause.

"K. Sharlow"

J.A.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET:	A-316-09
STYLE OF CAUSE:	The Commissioner of Patents et al v. Sydney H. Belzberg

MOTION DEALT WITH IN WRITING WITHOUT APPEARANCE OF PARTIES

REASONS FOR ORDER BY:	SHARLOW J.A.
DATED:	September 25, 2009

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