

Federal Court of Appeal



Cour d'appel fédérale

Date: 20210812

Docket: A-143-20

Citation: 2021 FCA 166

**CORAM: DE MONTIGNY J.A.
RIVOALEN J.A.
LOCKE J.A.**

BETWEEN:

BAUER HOCKEY LTD.

Appellant

and

SPORT MASKA INC. d.b.a. CCM HOCKEY

Respondent

Heard by online video conference hosted by the registry, on June 8, 2021.

Judgment delivered at Ottawa, Ontario, on August 12, 2021

REASONS FOR JUDGMENT BY:

LOCKE J.A.

CONCURRED IN BY:

**DE MONTIGNY J.A.
RIVOALEN J.A.**

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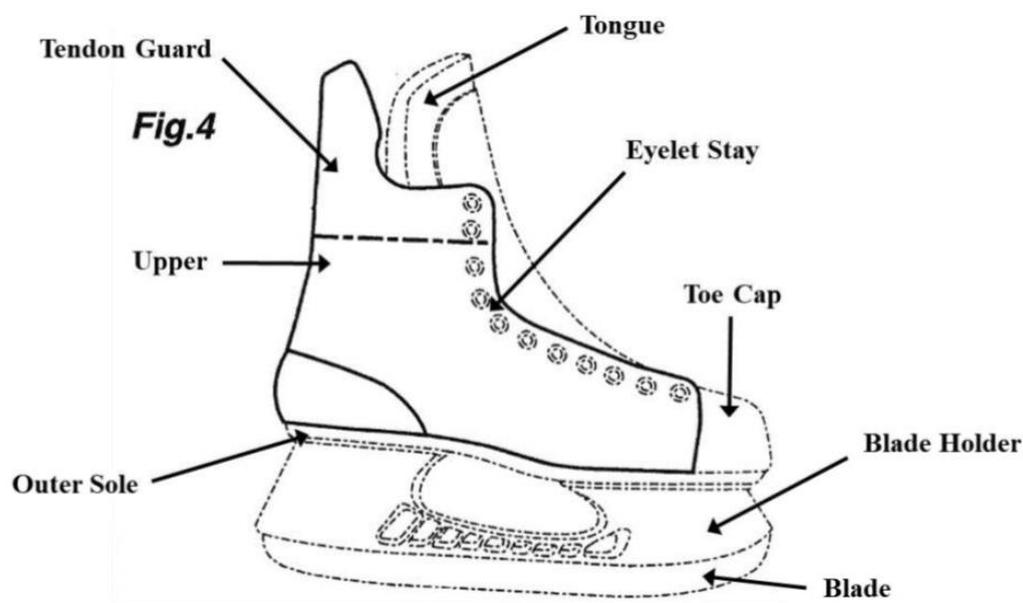
I. Background

[1] Bauer Hockey Ltd. (Bauer) appeals a decision of the Federal Court (2020 FC 624, per Grammond J., the Decision) that dismissed Bauer's patent infringement action against Sport Maska Inc. doing business as CCM Hockey (CCM). The Federal Court allowed CCM's

counterclaim and found that the claims in issue of Bauer's Canadian Patent No. 2,214,748 (the 748 Patent) were invalid for obviousness.

[2] The Federal Court made a number of findings in the Decision that do not relate to the key issue of obviousness. Specifically, the Federal Court construed certain terms used in the claims, and made an alternative finding of anticipation. Because I conclude that this Court should not interfere with the conclusion on obviousness, it is not necessary to address these other distinct findings by the Federal Court.

[3] The 748 Patent is entitled "Quarter for Skate Boot". The quarter is the main component of the skate boot that wraps around the foot. It was traditionally made in two pieces that were sewn together to form the "upper" of the skate boot. The following illustration from the Decision may be helpful in this regard:



[4] The inventive concept of the 748 Patent, which is not seriously in dispute, is a quarter in one piece instead of two. The claims in issue refer also to “foxing portions”, which the Federal Court construed as the pieces of material at the lower end of the quarter whose shape allows the formation of the curved heel pocket. Though this construction is in dispute for other purposes, it is not in dispute on the issue of obviousness. Though the inventive concept is simple to describe, Bauer rightly points out that simplicity does not itself make an invention obvious.

II. Obviousness

[5] Bauer does not take issue with the Federal Court’s statement of the law applicable to the assessment of obviousness. The Federal Court correctly noted that the requirement that an invention not be obvious is provided for in section 28.3 of the *Patent Act*, R.C.S. 1985, c. P-4. The Federal Court also noted correctly that the Supreme Court of Canada’s decision in *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.*, 2008 SCC 61, [2008] 3 S.C.R. 265 at para. 67, provides an analytical framework to assess obviousness:

- (1) (a) Identify the notional “person skilled in the art”;
(b) Identify the relevant common general knowledge of that person;
- (2) Identify the inventive concept of the claim in question or if that cannot readily be done, construe it;
- (3) Identify what, if any, differences exist between the matter cited as forming part of the “state of the art” and the inventive concept of the claim or the claim as construed;
- (4) Viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of invention?

[6] The Federal Court further noted, and I agree, that this framework should not be applied in a rigid manner. The only mandatory considerations are those laid out in section 28.3 of the *Patent Act*, which is concerned with obviousness to a person skilled in the art or science to which the invention pertains, having regard to “information disclosed before the [relevant date] in such a manner that the information became available to the public in Canada or elsewhere”: *Western Oilfield Equipment Rentals Ltd. v. M-I LLC*, 2021 FCA 24 at para. 109.

[7] Neither the knowledge of the person skilled in the art (PSA), nor the information that was available to that person is in dispute. The Federal Court indicated that it was in general agreement with the following description of the PSA as proposed by Bauer’s expert Guy Beaudoin:

[A] person who has experience in developing or using skate boot patterns in designing a lasted skate boot, and who has experience in the production and manufacturing processes for such skate boots. These individuals likely gained experience by working in the industry with other skilled persons. They may have a combination of both work experience and education; for example, they may have taken courses relating to pattern making and/or industrial manufacturing processes, where such courses were available.

[8] The parties had contrasting positions before the Federal Court concerning the extent to which the common general knowledge of the PSA included knowledge related to the footwear industry more broadly. The Federal Court found that skates are a highly specialized piece of footwear, and so the common general knowledge would include knowledge of the footwear industry, including knowledge pertaining to pattern-making in the footwear industry. Bauer does not take issue with this finding in this appeal.

[9] With no dispute between the parties on the PSA, the common general knowledge or the inventive concept, the dispute concerning the Federal Court's assessment of obviousness comes down to (i) identifying the gap between the inventive concept and the state of the art, and (ii) determining whether bridging that gap would have been obvious to the PSA.

[10] Given the simplicity of the inventive concept, the gap is not difficult to define. The Federal Court defined it as follows at paragraph 156 of the Decision:

The gap is simply that the quarter, which was formerly made of two separate pieces, is now made of a single piece. The two separate pieces are joined together or, to use the awkward language of the description, they are "integrally connected at [the] junction line." [...]

[11] The Federal Court went on to find that this gap would have easily been bridged by the PSA prior to the filing date of the 748 Patent. The Federal Court stated as follows at paragraph 158:

Bridging this gap involves the use of simple pattern-making techniques. It would be obvious to any pattern-maker in any industry that two pieces cut separately and later sewn together could be cut in a single piece [...]. The only challenge is to reproduce the three-dimensional shape provided by sewing a curved line. Solving that difficulty, however, was within the common general knowledge. [...]

[12] The Federal Court noted that the "Background of the Invention" section of the 748 Patent focuses exclusively on disadvantages associated with the presence of the sewing line at the rear of the skate boot, including the difficulty of sewing rigid materials, the risk of breaking and the risk of assembling the wrong quarter sections.

[13] For the foregoing reasons, and seeing no basis to conclude otherwise, the Federal Court found the claims in dispute to be invalid for obviousness.

[14] Bauer argues that the Federal Court made several reviewable errors in its obviousness analysis. Principally, Bauer argues that the Federal Court erred by failing to take account of the testimony of the many witnesses involved with different companies in the skate industry who failed to find the solution taught by the 748 Patent (the one-piece quarter), despite many problems caused by the use of two-piece quarters. Bauer cites three such problems: (i) the costs of labour and quality control associated with sewing the pieces together, (ii) breakdown of the rear seam, and (iii) weight vs. rigidity of the upper.

[15] Bauer's memorandum of fact and law asserts the following detailed errors:

- A. The Trial Judge advanced his own theory to justify his finding of obviousness;
- B. The Trial Judge ignored or minimized the problems solved by the invention; and
- C. The Trial Judge discounted evidence regarding the inventiveness of the one-piece quarter.

A. *Standard of Review*

[16] Before addressing these alleged errors, it is important to note the standard of review that is applicable to the Federal Court's conclusion of obviousness. Bauer does not argue that the Federal Court misstated the law on obviousness. Rather, Bauer argues that the Federal Court erred in applying that law to the facts. Accordingly, the appeal on obviousness concerns issues of

mixed fact and law, which this Court will review only where there is a palpable and overriding error: *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235 (*Housen*).

[17] Bauer argues that, where inferences from findings of fact involve an evaluation of numerous factors (as with obviousness), intervention by an appellate court may be more appropriate in cases where the fact-finding judge is inexperienced. As an authority, Bauer cites the U.K. Supreme Court decision in *Actavis Group PTC EHF v. ICOS Corp.*, 2019 UKSC 15, at paras. 78-79 (*Actavis*). Bauer argues that less deference should be shown to the inferences of fact in the Decision than would normally be the case because the trial judge (Justice Grammond) had only previously been involved in one other patent infringement case.

[18] I start by noting my discomfort with the idea that the degree of intervention on appeal could depend on which judge decided the matter at first instance. Judges are expected to render decisions on the basis of the law and the facts on record, and their personal feelings or specialized knowledge are not relevant. To set the degree of appellate intervention based on the experience of the judge at first instance would require an appeal court to consider the judge's background on every appeal. This would result in standards of review in a spectrum, rather than the two standards defined in *Housen*. In my view, Bauer's proposed approach to standard of review is inconsistent with *Housen*, and should not be followed.

[19] I note also that the principle stated in *Actavis* is not on all fours with what Bauer proposes. Bauer proposes reduced deference in the case of a judge with limited experience, whereas *Actavis* was suggesting increased deference in the case of a judge with considerable

experience. Bauer's proposal does not necessarily follow from *Actavis*. In any case, I see no reason to modify the tools the Court already has to address decisions under appeal. If the judge at first instance has erred in law, that error can be addressed on appeal. Likewise, if the judge has made a palpable and overriding error on an issue of fact or of mixed fact and law from which no issue of law is extricable. The advantages the judge at first instance has regarding assessment of factually-suffused issues, which prompted the Supreme Court in *Housen* to adopt a deferential standard, apply even to inexperienced judges. Moreover, if a judge's decision demonstrates bias or incompetence, an appeal court is still empowered to set the decision aside.

B. *Analysis of Bauer's Arguments*

[20] I address first Bauer's argument that the Federal Court advanced its own theory to find obviousness. The theory in issue was discussed as part of the Federal Court's answer to the so-called *Beloit* question (from *Beloit Canada Ltd. v. Valmet OY* (1986), 8 C.P.R. (3d) 289 (F.C.A.)): if the one-piece quarter was obvious, why did no one use it before the 748 Patent?

[21] The Federal Court found that a one-piece quarter had an important disadvantage when skate boots were made with materials that had directional properties (materials with different properties in different orientations, like ballistic nylon and leather). The disadvantage arose because pieces of material were cut from rolls or sheets with limited dimensions, and the larger the pieces, the more material would be wasted, especially when those pieces had to be oriented in a certain way because of their directional properties. Efficient "nesting" of the pieces close to one another, sometimes even with the assistance of software, could reduce the disadvantage, but could not eliminate it. The introduction of non-directional materials around the time of filing of

the 748 Patent permitted better nesting of pieces because they could be oriented in any direction. This reduced material waste, and hence reduced the disadvantage of cutting larger pieces.

[22] Bauer asserts that the problem with this theory is that it is not grounded in the evidence. Bauer argues that there was no expert testimony that the directional properties of a material related in any way to the alleged obviousness of a one-piece quarter.

[23] However, CCM points to evidence from several witnesses that support the Federal Court's theory. For example, Bauer's expert, Mr. Beaudoin, acknowledged the disadvantage of material waste associated with nesting larger pieces (Beaudoin Responding Statement, para. 303, Appeal Book Tab X-63), and that this disadvantage could outweigh the benefit of removing the sewing step (Beaudoin cross (Feb 17), p. 152, lines 5-21, Appeal Book Tab 39). He also acknowledged that this disadvantage was reduced with the use of non-directional materials (Beaudoin cross (Feb 17), p. 152, line 22-p. 154, line 5, Appeal Book Tab 39). One of CCM's experts, Antonin Meibock, repeated the concern for increased waste material when cutting larger pieces (Meibock Report, para. 224, Appeal Book Tab Y-101), and also noted that one-piece quarters were available in shoes and boots, and that the choice between a one-piece or a two-piece quarter in that industry would be based on design goals and price point (Meibock Report, para. 245, Appeal Book Tab Y-101). Finally, another of CCM's experts, Lenny Holden, after noting the importance of the efficient use of material, noted that the disadvantage of cutting larger pieces would be mitigated by the use of non-directional material (Holden Report, para. 170, Appeal Book Tab Y-112).

[24] It may be true that no expert stated explicitly that the issue of obviousness was tied to the availability of non-directional materials, but in my view the evidence was sufficient to permit the Federal Court to draw the conclusion it did as to why one-piece quarters were not used in skate boots before the 748 Patent. I see no palpable and overriding error here.

[25] Bauer points out that CCM itself manufactured skates with a one-piece quarter using directional ballistic nylon (CCM 852 Super Tacks, CCM Catalogue 2001, p. 9, Appeal Book Tab B-12), and cites this fact to argue against any link between directional properties of material and the use of a one-piece quarter. In my view, this fact does not negate the Federal Court's theory. There may not be a direct and consistent correlation between the adoption of non-directional materials and the use of one-piece quarters, but the evidence discussed in paragraph 23 above does support the inference that the directional properties of materials were a consideration that might have inhibited the earlier adoption of one-piece quarters.

[26] The second of the three errors asserted in Bauer's memorandum concerning the Federal Court's obviousness analysis is that it ignored or minimized the problems solved by the invention. These problems, as identified by Bauer, are listed in paragraph 14 above. Bauer argues that, though the Federal Court acknowledged some of these problems, it suggested that they were minor. Bauer argues that such a conclusion was contrary to the evidence, and failed to acknowledge that a "mere scintilla of invention" is all that is necessary to overcome obviousness.

[27] In my view, Bauer's argument in this regard asks this Court to reweigh the evidence. Short of a palpable and overriding error, we cannot do that. I see no such error. Moreover, the

acknowledgement of the listed problems does not directly negate the Federal Court's conclusion that transitioning from a two-piece quarter to a one-piece-quarter was obvious, and that the absence of one-piece-quarters in skates prior to the 748 Patent could be explained by commercial considerations associated with the use of directional materials.

[28] The third error on obviousness asserted in Bauer's memorandum is that the Federal Court discounted evidence regarding the inventiveness of the one-piece quarter. This argument builds on some of the points already addressed in these reasons. It notes the many players in the skate industry who were motivated to solve the problems associated with two-piece quarters but who did not find it obvious to adopt one-piece quarters. Bauer also notes various other adaptations that CCM adopted, including three and four-piece quarters and molded uppers.

[29] Again, this argument requires that the Court find a palpable and overriding error in the Federal Court's analysis, and I see no such error. In my view, the Federal Court did not fail to consider evidence, and it explained its reasons for weighing the evidence as it did. It was entitled to do so.

[30] Bauer also criticized the Federal Court with regard to its analysis of evidence concerning the widespread adoption of the invention of the 748 Patent. Bauer argues that the Federal Court failed to recognize that its arguments based on this evidence were not directed to establishing commercial success (a secondary consideration in the assessment of obviousness), but rather to show the remarkable utility of the invention (in that it permitted the development of further improvements to skate boots). However, utility is not in issue in the present appeal, and in any

case, utility does not exclude obviousness. An invention can be both useful and obvious. If this argument is really meant to highlight the motivations that existed to develop the invention (motivations that did not lead members of the industry to find the patented solution), then it has been addressed in the discussion above.

[31] A theme that pervades Bauer's submissions to this Court, including on obviousness, is that the Federal Court's conclusions were inconsistent with those of Justice Johanne Gauthier, then of the Federal Court, in *Bauer Hockey Corp. v. Easton Sports Canada Inc.*, 2010 FC 361, aff'd 2011 FCA 83 (*Easton*). *Easton* concerned a Bauer patent that is related to the 748 Patent – it had substantially the same disclosure but different claims. Bauer points to passages in *Easton* that it says indicate a conclusion of inventiveness (i.e. non-obviousness). For its part, CCM notes a passage that it says suggests the opposite. In the end, it is not necessary for me to determine whether the Decision can be reconciled with *Easton*. CCM notes correctly that *Easton* concerns different evidence, different parties, and a different patent. Moreover, the principle of judicial comity, which Bauer seems to have in mind here, does not apply to factual findings: *Apotex Inc. v. Allergan Inc.*, 2012 FCA 308 at para. 44. The Federal Court was not required to follow the factually-suffused conclusions in *Easton*.

C. *Conclusion on Obviousness*

[32] In my view, the Federal Court made no reviewable error in its assessment of obviousness.

III. Section 53.1 of the *Patent Act*

[33] Though it is not necessary to my conclusion on obviousness, and hence to my opinion on the proper disposition of this appeal, I wish to make the following comments on the application of section 53.1 of the *Patent Act* in the Decision. This is the provision, introduced in 2018, that opened the door to consideration of a patent's prosecution history when construing the claims.

The key provision, subsection 53.1(1), reads as follows:

Admissible in evidence

53.1 (1) In any action or proceeding respecting a patent, a written communication, or any part of such a communication, may be admitted into evidence to rebut any representation made by the patentee in the action or proceeding as to the construction of a claim in the patent if

(a) it is prepared in respect of

(i) the prosecution of the application for the patent,

(ii) a disclaimer made in respect of the patent, or

(iii) a request for re-examination, or a re-examination proceeding, in respect of the patent; and

(b) it is between

(i) the applicant for the patent or the patentee; and

(ii) the Commissioner, an officer or employee of the Patent Office or a member of a re-examination board.

Admissibilité en preuve

53.1 (1) Dans toute action ou procédure relative à un brevet, toute communication écrite ou partie de celle-ci peut être admise en preuve pour réfuter une déclaration faite, dans le cadre de l'action ou de la procédure, par le titulaire du brevet relativement à l'interprétation des revendications se rapportant au brevet si les conditions suivantes sont réunies :

a) elle est produite dans le cadre de la poursuite de la demande du brevet ou, à l'égard de ce brevet, d'une renonciation ou d'une demande ou procédure de réexamen;

b) elle est faite entre, d'une part, le demandeur ou le titulaire du brevet, et d'autre part, le commissaire, un membre du personnel du Bureau des brevets ou un conseiller du conseil de réexamen.

[34] The Federal Court discussed section 53.1 in relation to the construction of the term “foxing portion”. In setting out the principles of claim construction, the Federal Court correctly acknowledged “the general prohibition on the use of extrinsic evidence to construe patent claims,” as described by the Supreme Court of Canada in *Free World Trust v. Électro Santé Inc.*, 2000 SCC 66, [2000] 2 S.C.R. 1024, at paras. 61-67 (*Free World Trust*). A patent’s prosecution history is an example of extrinsic evidence. The Federal Court also noted correctly that section 53.1 alters this general prohibition.

[35] In its interpretation of section 53.1, the Federal Court stated as follows at paragraph 65 of the Decision:

Although the use of prosecution history is described in terms of estoppel in the United States, section 53.1 squarely makes this a matter of claims construction. When an issue of claims construction arises, the patentee is always making representations to the Court as to the proper construction of the claims and the defendant is always attempting to rebut those representations. Therefore, in my view, as long as the issue is one of claims construction, section 53.1 applies and the prosecution history is admissible. In other words, there is no need to identify a particular representation and rebuttal every time a reference is made to the prosecution history. It is simply integrated in the interpretive process.

[36] I have difficulty accepting this interpretation because it makes it unnecessary to identify a particular representation before applying section 53.1. This interpretation seems to open the door to unrestricted reference to the prosecution history to assist with claim construction, and seems to be inconsistent with other decisions of the Federal Court: *Canmar Foods Ltd. v. TA Foods Ltd.*, 2019 FC 1233, aff’d 2021 FCA 7 (*Canmar*); *Eli Lilly Canada Inc. v. Apotex Inc.*, 2020 FC 814. This Court noted this apparent inconsistency also in its appeal decision in *Canmar (Canmar FCA)* at para. 66. Subsection 53.1(1) is a detailed provision that contemplates admitting into

evidence certain portions of a patent's prosecution history for a certain purpose: "to rebut any representation made by the patentee in the action or proceeding as to the construction of a claim in the patent." If this provision had been intended simply to brush aside the general prohibition against reliance on a patent's prosecution history for the purposes of claim construction, it could have been much shorter. This view is consistent with this Court's comments in *Canmar FCA* at paras. 63 and 64.

[37] Based on the text of subsection 53.1(1), it would seem that its purpose is to provide a tool to use against patentees who take one position concerning the meaning of a claim during prosecution of a patent application and another during litigation on the resulting patent. Accordingly, the concern relates to inconsistent statements. Prior to the introduction of section 53.1, such inconsistent statements made during prosecution were not admissible for the purpose of claim construction: *Pollard Banknote Limited v. BABN Technologies Corp.*, 2016 FC 883 at paras. 79-81. Without identifying the representation made by the patentee in the action, it may be difficult to determine whether that representation is inconsistent with something said during prosecution.

[38] It is not difficult to conceive why Parliament may have decided not to set aside entirely the prohibition against reliance on a prosecution history to construe claims. Among the reasons cited in *Free World Trust* for the prohibition was the following from paragraph 66:

[...] To allow such extrinsic evidence for the purpose of defining the monopoly would undermine the public notice function of the claims, and increase uncertainty as well as fuelling the already overheated engines of patent litigation. The current emphasis on purposive construction, which keeps the focus on the

language of the claims, seems also to be inconsistent with opening the pandora's box of file wrapper estoppel [...]

[39] The concerns about the public notice function of patent claims and the potential for inappropriately complicating litigation are reasons to limit the lifting of the prohibition against reliance on a prosecution history. Some may question the wisdom of creating such a narrow exception to the prohibition, but it is not the role of the courts to participate in such a debate. Rather, we interpret and apply the legislation as written.

IV. Conclusion

[40] For the reasons set out above, I would dismiss the present appeal with costs in the agreed amount of \$30,000.

"George R. Locke"

J.A.

"I agree.
Yves de Montigny J.A."

"I agree.
Marianne Rivoalen J.A."

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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RIVOALEN J.A.

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