

Federal Court of Appeal



Cour d'appel fédérale

Date: 20250402

Docket: A-203-23

Citation: 2025 FCA 76

**CORAM: LASKIN J.A.
GOYETTE J.A.
DAWSON D.J.C.A.**

BETWEEN:

**CANADIAN ENERGY SERVICES L.P. AND
JOHN EWANEK**

Appellants

and

**SECURE ENERGY (DRILLING SERVICES) INC.
and THE ATTORNEY GENERAL OF CANADA**

Respondents

Heard at Calgary, Alberta, on June 13, 2024.

Judgment delivered at Ottawa, Ontario, on April 2, 2025.

PUBLIC REASONS FOR JUDGMENT BY:

LASKIN J.A.

CONCURRED IN BY:

**GOYETTE J.A.
DAWSON D.J.C.A.**

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PUBLIC REASONS FOR JUDGMENT

This is a public version of confidential reasons for judgment issued to the parties. The two are identical, there being no confidential information disclosed in the confidential reasons.

LASKIN J.A.

I. Overview

[1] This is an appeal from a judgment of the Federal Court (2023 FC 906, Zinn J. (*Secure FC 2023*)) declaring inventorship and ownership of a patent for a polymeric drilling fluid used in drilling for oil.

[2] The appellant, Canadian Energy Services L.P. (CES), was the listed owner of Canadian Patent 2,624,834 through its legal relationship to the appellant John Ewanek, the listed inventor on the patent. Secure Energy (Drilling Services) Inc. (Secure), the respondent before this Court, brought an application in the Federal Court seeking a declaration that Simon Levey is the true inventor or alternatively co-inventor of the subject matter of the 834 Patent. It also sought an order under section 52 of the *Patent Act*, R.S.C. 1985, c. P-4, requiring the Commissioner of Patents to vary the records of the Patent Office to reflect that Secure is the true owner or co-owner of the 834 Patent.

[3] The Federal Court granted the application in part, issuing declarations that Levey is the sole true and proper inventor of the subject matter of the 834 Patent and that Secure is the true owner of the same invention, and awarding Secure its costs of the application. The Court declined to grant the relief sought against the Commissioner under section 52.

[4] In this Court, CES submits that the Federal Court erred in finding that the remedies sought by Secure were available to it. First, CES argues that Secure's application was precluded by *res judicata* and abuse of process because the same issues were addressed by the Alberta

courts in a 2018 action and appeal dealing with the same patent, Second, CES contends that Secure's application is time-barred under the Alberta *Limitations Act*, R.S.A. 2000, c. L-12. Third, CES argues that a release executed by Secure's predecessor in rights, which released Ewanek from all claims against him, also bars Secure from obtaining relief.

[5] In addition, CES argues that the Federal Court erred in its core finding on the application: that Levey was the sole true and proper inventor of the subject matter of the 834 Patent. Finally, CES submits that the Federal Court erred in finding that Secure had established title to the intellectual property held by its predecessor, Genesis International Oilfield Services Inc. (Genesis).

[6] In my view, while the Federal Court erred in law in its treatment of the chain of title issue, that error does not affect the outcome. I would not give effect to the remainder of CES's submissions. Accordingly, I would dismiss the appeal.

II. Background

A. *Background to the 834 Patent*

[7] The 834 Patent addresses a problem that occurs when drilling for oil in formations containing heavy crude oil and bitumen-rich oil sands. The bitumen or heavy oil sticks to the drilling components (described as "accretion" in the 834 Patent) resulting in frequent stops to clean the equipment.

[8] The 834 Patent describes the use of water-based anionic (negatively charged) and non-ionic (electrically neutral) polymeric drilling fluids to reduce the accretion of bitumen or heavy oil to drilling components during the drilling process. This is done by coating the drilling components with the drilling fluid during the process.

[9] In 2002, Ewanek joined Genesis, a predecessor firm to Secure, and soon thereafter hired Levey to develop solutions to prevent accretion. During his time at Genesis, Levey maintained lab notebooks in which he recorded his ideas and test results.

[10] Within a few weeks of starting his employment with Genesis, Levey developed a cationic (positively charged) polymer for anti-accretion of bitumen. This led to the issuance of Canadian Patent 2,508,339. The 339 Patent originally listed Ewanek and Levey as inventors, with Genesis as the owner. But in a 2021 decision, discussed below, the Federal Court ordered the removal of Ewanek's name as an inventor.

[11] Levey recorded in his notebooks the idea of using anionic polymers as anti-accretive agents in drilling fluids. Beginning in about July 2003, he tested several anionic polymers for this purpose, as well as a single non-ionic polymer (beside which he recorded a "failed" test result in his notebook).

[12] In July 2005, Ewanek resigned from Genesis. In November of the same year, Levey also resigned. Ewanek began work for Mud King Drilling Fluids (2001) Ltd. on or around the same day he resigned from Genesis. Mud King would go on, in October 2006, to file the application

for what would become the 834 Patent. CES ultimately acquired Mud King's assets, including the 834 Patent.

[13] Subsequently, Genesis changed its name to New West Drilling Fluids Inc. Lexacal Investment Corp. was the holding company that owned New West. In 2007, mutual releases were executed between Ewanek and Lexacal for itself and New West. Lexacal released Ewanek from "any and all manner of actions, causes of actions, suits, contracts, claims, demands and damages of any kind whatsoever, whether corporate or personal" that Lexacal may have had against him existing up to August 8, 2007: Release executed by Lexacal August 8, 2007, Public Appeal Book, p.2709. In 2012, Marquis Alliance Energy Group Inc. purchased the assets of New West, including its intellectual property and confidential information. Marquis later amalgamated with 1658774 Alberta Inc. to form Secure.

[14] In March 2013, Secure's counsel contacted Levey and inquired whether he had any notebooks from his time at Genesis. It was not until April 13, 2018 that Levey discovered the notebooks in his basement and delivered them to counsel.

B. *The Prior Proceedings*

[15] Several proceedings in the Federal Court and Alberta courts have dealt with the 339 Patent and the 834 Patent.

(1) The 834 Infringement Action

[16] The first action, bearing Federal Court docket number T-209-18, was commenced by CES against Secure in February 2018, for infringement of the 834 Patent. Secure did not immediately file a statement of defence, but rather sought and obtained a stay of proceedings until the parties received a decision in the Alberta action (discussed below): Appellants' Memorandum of Fact and Law at para. 10.

(2) The 339 Application

[17] Secure is the registered owner of the 339 Patent. The subject matter of the 339 Patent is similar to that of the 834 Patent: the use of cationic (positively charged) polymers in drilling fluid to prevent bitumen accretion on drilling equipment. In December 2020, Secure brought an application for a declaration that Levey is the sole inventor of the subject matter of the 339 Patent and an order under section 52 of the *Patent Act* requiring the Commissioner to vary the records of the Patent to reflect this state of affairs by removing Ewanek as a co-inventor.

[18] Secure argued that Levey was the sole inventor of the subject matter of the 339 Patent, it relied on affidavit evidence from Levey himself as well as his notebooks and copies of his communications with Ewanek to support its application.

[19] CES took no position on the application, and in reasons reported as 2021 FC 1169 (*Secure FC 2021*) the Federal Court (Zinn J.) granted the application and issued the declaration and order. In its reasons for judgment, the Federal Court found that Secure had proven chain of

title to the 339 Patent by providing certificates indicating corporate name changes and assignment agreements that traced title from Secure's predecessors forward to Secure itself: see *Secure FC 2021* at para. 27.

(3) The 834 Application

[20] In the application whose outcome is currently under appeal, Secure sought declarations that Levey is the sole true and proper (or alternatively co-) inventor of the 834 Patent, and an order requiring the Commissioner to vary the records of the Patent Office to reflect the content of any declaration issued.

[21] CES argued, as it did in the Alberta Action, that Secure's application was precluded by the limitation period set out in subsection 3(1) of the Alberta *Limitations Act* and the Release executed between Ewanek and Secure's predecessor, New West.

[22] The Federal Court found that Levey was the sole true and proper inventor of the subject matter of the 834 Patent and that Secure was the rightful owner of the invention through the chain of title. It then considered whether it was able to grant Secure the relief it sought.

[23] The Federal Court considered the affidavit and cross-examination evidence of both Ewanek and Levey regarding their time together at Genesis, Levey's testing of polymeric drilling fluids, and Ewanek's subsequent development of the use of non-ionic polymers in drilling fluid. It also considered the evidence of both parties' experts. The Court accepted Levey's account of the process by which he conceived of and tested the idea of using polymers to prevent bitumen

and heavy oil accretion in the manner ultimately described by the 834 Patent. Where Levey's evidence conflicted with Ewanek's, the Court preferred Levey's.

[24] The Federal Court then turned to whether the relief sought by Secure was remedial in nature and thus within the ambit of the *Alberta Limitations Act*. The Court held that declaratory relief was permitted under rule 64 of the *Federal Courts Rules*, SOR/98-106 and was public in nature rather than remedial as between private parties: *Secure FC 2023* at para. 71. On this basis, the Court found the relief sought by Secure to be outside the scope of the *Limitations Act* and therefore not time-barred. While the Court suggested that by contrast an order under section 52 may be remedial in nature, it concluded that it was not necessary to consider this issue in the circumstances.

[25] Applying similar reasoning, the Court found that the release, which precluded causes of action against Ewanek, also did not apply. This was because Ewanek, while named as a respondent to the application, was not defending a cause of action brought by Secure. Rather, Secure sought a declaration of a legal state of affairs and no remedy against either CES or Ewanek. The Court distinguished the declaration sought by Secure from the claims for breach of confidence that Secure brought in the Alberta action, to which the release did apply.

(4) Judicial Review of the Commissioner's Decision to Vary the Records of the Patent Office

[26] In July 2023, following the Federal Court's granting of the declarations of inventorship and ownership in the 834 Application, counsel for Secure sent a letter to the Commissioner

seeking a variance of the Patent Office records. Secure acknowledged that no order had been issued to amend the records but relied on the Federal Court's reasoning that such an order was not necessary given the Commissioner's statutory duty to maintain the accuracy of the records.

[27] The Commissioner acceded to Secure's request, and in November 2023, confirmed that the Patent Office would update its records in accordance with the Federal Court's judgment. CES sought judicial review of the Commissioner's decision.

[28] In reasons reported as *Canadian Energy Services L.P. v. Canada (Commissioner of Patents)*, 2024 FC 742 (*Secure FC 2024*), the Federal Court (Manson J.) dismissed CES's application.

[29] Before the Federal Court, CES raised the preliminary objection that the Commissioner did not have authority to vary the records of the Patent Office because the declarations issued by the Federal Court related to the invention and ownership of the subject matter of the 834 Patent and not the patent itself. The Federal Court rejected this submission. It found that the true substance of the declarations sought, when viewed with the assistance of the Federal Court's reasons on the 834 Application, was a declaration of ownership of the 834 Patent: *Secure FC 2024* at para. 13. Having found the Commissioner had legitimately exercised a statutory power, the Federal Court reviewed the substance of the decision and found it was reasonable.

(5) The Alberta Action and Appeal

[30] The dispute between the parties was also litigated in the Alberta courts beginning in 2018, when CES brought an action against Secure for infringing the 834 Patent. CES sought a declaration of infringement and a declaration of ownership of the 834 Patent. Secure counterclaimed for a declaration of ownership on the basis that Ewanek misappropriated confidential information from Genesis and that Levey was the sole true and proper inventor. Secure also alleged breach of confidence by Ewanek and sought other equitable remedies.

[31] Both sides brought preliminary applications, ostensibly to streamline the proceedings. First, Secure sought summary dismissal of CES's infringement claim, as well as severance of the issue of ownership and a stay of all other issues until that issue could be resolved. In response, CES brought a motion for summary dismissal of Secure's counterclaim.

[32] The Court of Queen's Bench of Alberta (Gates J.) granted CES's application for summary dismissal and dismissed Secure's preliminary applications: *Canadian Energy Services Inc. v. Secure Energy Services Inc.*, 2020 ABQB 473 (*Secure ABQB*). It found that each of Secure's causes of action was barred by either the Alberta *Limitations Act* or the release. The Court made no declaration as to inventorship or ownership and declined to sever the ownership issue.

[33] Secure appealed the decision. The Court of Appeal of Alberta dismissed Secure's appeal in reasons reported as 2022 ABCA 200 (*Secure ABCA*).

[34] The central issue before the Court of Appeal was whether the Alberta courts or the Federal Court had jurisdiction over the matter. Secure argued, as it had in the Court below, that before any claims for infringement or equitable remedies could be decided, the “threshold question” of inventorship must have been determined by the Federal Court and all other issues stayed. The Court of Appeal rejected this ground of appeal.

[35] A majority of the Court held that nothing in the *Patent Act* limited the concurrent jurisdiction of the provincial courts and Federal Court to determine issues of inventorship and ownership related to title in a patent: *Secure ABCA* at para. 9. Further, it rejected Secure’s contention that this Court’s decision in *Salt Canada Inc. v. Baker*, 2020 FCA 127 undermined this proposition. Rather, it held, that case affirmed the jurisdiction of the Federal Court to determine matters related to title, broadly speaking, rather than limiting the jurisdiction of the provincial courts.

[36] The majority of the Court of Appeal (Crighton and Khullar JJ.A.) further observed that the decision of the Court of Queen’s Bench did not “preclude Secure from determining ownership and rectifying the Patent Register under s 52 of the *Patent Act*”: *Secure ABCA* at para. 12. While the majority determined that Secure was precluded from advancing those of its claims that were time-barred or released by Secure’s predecessor, it concluded that if Secure proved ownership by way of a section 52 application, it could enforce its rights going forward: *Secure ABCA* at paras. 12-13. In addition, the majority upheld the findings of the chambers judge regarding the applicable limitation period and the application of the release.

[37] Justice Veldhuis, in dissent, was of the view that the Court of Queen's Bench had erred in its treatment of the inventorship issue and would have remitted the matter back to the chambers judge to address inventorship before dealing with the defences raised by CES: *Secure ABCA* at paras. 71-75.

III. Issues

[38] The issues raised by this appeal are the following:

- (1) Was Secure precluded from obtaining the declarations it sought by *res judicata* or a related doctrine, a statutory limitation period, or the release?
- (2) Did the Federal Court err in its determination of inventorship?
- (3) Did the Federal Court err by finding that Secure had established chain of title?

[39] I will deal in turn with the applicable standard of review for each of these questions.

IV. Analysis

A. *Was Secure precluded from obtaining the declarations it sought by res judicata or a related doctrine, a statutory limitation period, or the release?*

- (1) Does *res judicata* or a related doctrine apply?

[40] CES first submits that the Federal Court erred in failing to apply *res judicata*, issue estoppel, or abuse of process to preclude Secure's application: Appellants' Memorandum at para. 45. However, its written submissions focus on the application of abuse of process. In oral argument, CES's counsel did not pursue the *res judicata* argument. We need not, therefore, consider it here.

[41] The doctrine of abuse of process is concerned with the administration of justice and fairness: *Behn v. Moulton Contracting Ltd.*, 2013 SCC 26 at para. 41. It prevents misuse of court proceedings in a way that would be manifestly unfair to a party or would otherwise bring the administration of justice into disrepute: *Saskatchewan (Environment) v. Métis Nation – Saskatchewan*, 2025 SCC 4 at para. 33.

[42] Whether a proceeding is an abuse of process raises a question of law: *Metis Nation* at para. 31. However, the decision whether to apply abuse of process is discretionary, and the appellate standards of review apply: *Janssen Inc. v. Apotex Inc.*, 2023 FCA 253 at paras. 42-43; *Métis Nation* at para. 32.

[43] Relitigation may be an abuse of process where the litigation before the court is “in essence an attempt to relitigate a claim [or issue] which the court has already determined” (*Behn* at para. 40, quoting Goudge J.A., in dissent, in *Canam Enterprises Inc. v. Coles* (2000), 2000 CanLII 8514 (ON CA), 51 O.R. (3d) 481 (C.A.) at para. 56) so that it would “violate such principles as judicial economy, consistency, finality and the integrity of the administration of justice”: *Toronto (City) v. C.U.P.E., Local 79*, 2003 SCC 63 at para. 37.

[44] CES argues the Federal Court erred in law by failing to recognize that Secure's attempt to relitigate the issues of inventorship and ownership decided in the Alberta action was an abuse of process. In CES's submission, the Court of Appeal of Alberta "definitively found that Secure was not entitled to a declaration that it was the owner of the 834 Patent": Appellants' Memorandum at para. 53.

[45] I disagree. The Alberta courts made no determination of the issue of inventorship.

[46] The Court of Queen's Bench refused to take up the issue. In the chambers judge's view, under the "first to file" regime implemented through the 1989 amendments to the *Patent Act*, Secure could not claim ownership of the 834 Patent on the basis of inventorship. Rather, the "real threshold question[s]" in the Alberta action were whether the 834 Patent resulted from confidential information misappropriated from Genesis by Ewanek and whether in the face of any misappropriation the *Limitations Act* or the release would doom Secure's claim to failure: *Secure ABQB* at paras. 32-33.

[47] While the majority of the Court of Appeal held that the chambers judge had erred in his reliance on the "first-to-file" argument, it also declined to make a finding on inventorship: *Secure ABCA* at para. 39. In doing so, it held that Secure was not prevented from determining ownership of the patent by seeking rectification of the patent record under section 52 of the Act: *Secure ABCA* at paras. 12, 21.

[48] The majority upheld the chambers judge's finding that what Secure sought in the Alberta action was remedial in nature. Secure conceded that its patent infringement claim, not advanced in the mirror application before the Federal Court, was remedial: *Secure ABCA* at para. 22. The Alberta action was not "a case of simply seeking title with the later possibility of some unknown, speculative, potential future claim as is the case where declaratory relief is generally sought": *Secure ABCA* at para. 21.

[49] The reasons of both the chambers judge and the Court of Appeal in the Alberta proceedings make clear that the basis for dismissing Secure's claims in that action was not, as CES argues, that neither party was entitled to a determination of inventorship or ownership. Instead, Secure's claims for patent infringement and in tort were barred by the *Limitations Act* or by the release. This turned, in part, on the retrospective nature of the patent infringement claim: *Secure ABCA* at para. 13.

[50] The Court of Appeal was explicit (at paras. 12, 21) that if Secure were able to prove ownership (in the Federal Court) it would be able to enforce the 834 Patent prospectively—"going forward." It is clear from paragraph 12 alone that the Court of Appeal should not be read to have decided the issues of inventorship and ownership sufficient to require the application of abuse of process.

(2) Does a limitation period apply?

[51] The Federal Court also considered CES's argument that under rule 39 of the *Federal Courts Rules*, the limitation period contained in the Alberta *Limitations Act* would apply: *Secure*

FC 2023 at paras. 57-58. That provision states that a claimant must seek a “remedial order” within “2 years after the date on which the claimant first knew, or in the circumstances ought to have known,” or “10 years after the claim arose,” depending on which period expires first: *Limitations Act*, s. 3(1).

[52] Whether the limitation period in the Alberta *Limitations Act* barred Secure from bringing its application before the Federal Court depends on the characterization of the outcome sought—specifically, whether the order sought was remedial in nature or, as the Federal Court found, declaratory and therefore not statute-barred.

(a) *Was the relief sought declaratory?*

[53] The Federal Court correctly identified the source of its power to issue a declaration of right in rule 64, which provides that “the Court may make a binding declaration of right in a proceeding whether or not any consequential relief is or can be claimed”.

[54] Whether to issue a declaration is an exercise of discretion that is owed deference on appeal: *Canada (Attorney General) v. Iris Technologies Inc.*, 2022 FCA 101 at para. 18, *aff’d* 2024 SCC 24; *Shot Both Sides v. Canada*, 2024 SCC 12 at para. 67. However, that discretion is not unbounded. While a declaration may issue without a cause of action and whether or not any consequential relief is available (*Ewert v. Canada*, 2018 SCC 30 at para. 81), a court cannot issue a declaration of fact—it must address the legal reality in some way. A declaration must also have some practical effect: *Shot Both Sides* at para. 68.

[55] It is not disputed by the parties that the Federal Court has jurisdiction under rule 64 of the *Federal Courts Rules* to issue a declaration even in the absence of a cause of action. However, CES argues that what Secure sought (and ultimately obtained) was not a declaration but a form of remedial relief: Appellants' Memorandum at para. 63.

[56] Purporting to grant a declaration when the remedy sought is truly remedial is an error of law: *Canada v. Boloh 1(a)*, 2023 FCA 120 at paras. 58-60. The task of a judge considering the grant of a remedy framed as a declaration is to first "determine the essential character and real essence of the remedy being sought": *Boloh 1(a)* at para. 61; *JP Morgan Asset Management (Canada) Inc. v. Canada (National Revenue)*, 2013 FCA 250 at paras. 49-50.

[57] CES argues that the Federal Court failed to recognize that the remedy sought by Secure was remedial in nature because Secure could not "leave the court in peace" (citing *Yellowbird v. Samson Cree Nation No. 444*, 2006 ABQB 913 at para. 35 (*Yellowbird ABQB*), adopted in 2008 ABCA 270 at paras. 45-47) after being granted its declaration: Appellants' Memorandum at para. 66. Rather, in the Alberta action, Secure conceded that it would continue to pursue its infringement claim against CES should it obtain a declaration of ownership. CES submits that this alters the true character of the relief sought, so that what is sought is akin to a declaration alongside an injunction or damages and is remedial and not truly declaratory: Appellants' Memorandum at paras. 65-66.

[58] In support of this argument, CES relies on the finding of the majority of the Court of Appeal at paragraph 22 of *Secure ABCA*. There the Court stated, "Secure concedes that if Secure

were granted a declaration of ownership, Secure would continue its infringement claim against CES and seek injunctive relief, damages and disgorgement of profits as stated”.

[59] But that paragraph cannot be read out of context. The infringement claim Secure conceded it would continue to pursue was the one it brought in the Alberta courts, which was ultimately dismissed as time-barred. Similarly, the equitable remedies Secure would have continued to pursue were retrospective in nature—for example, disgorgement of profits—or covered by the release. In my view, this finding in the Alberta proceedings does not go to whether the outcome sought in the Federal Court was remedial in nature.

[60] Similarly, *Yellowbird ABQB* does not support CES’s position. In that case, the disputed declaration would have stated that the plaintiffs were “entitled to receive all benefits, financial or otherwise, received by members of the Samson Cree Nation No. 444” which they had not received during the relevant period: *Yellowbird ABQB* at para. 22. The Court of Queen’s Bench found that the declaration was remedial in nature because it could not be “enjoyed without further legal execution or intervention (by garnishee, seizure, appointment of a receiver, or other enforcement mechanism)”: *Yellowbird ABQB* at para. 35. The declaration sought by the plaintiffs would have “declared” that they were owed money by the First Nation—there was “no way that the Plaintiffs could enjoy the fruits of the declaration without the intervention of further legal process”: *Yellowbird ABQB* at para. 39.

[61] *Boloh 1(a)* dealt with similarly worded declarations issued by the Federal Court. They entitled the applicants, prisoners held without due process in a Syrian prison, to “formal

requests” to allow their voluntary repatriation, the appointment of a delegate to travel to Syria to deal with the handover of the applicants, and the right to have all of these actions carried out expeditiously—all by the government of Canada. This Court found those declarations were in fact orders in the nature of *mandamus*: *Boloh 1(a)* at para. 60.

[62] As already noted, to determine the true character of the remedy sought in the Federal Court, one must look to (and beyond) the pleadings in the application. Secure’s notice of application sought the following:

- (1) a declaration that Levey was the sole inventor of the 339 patent (which the Federal Court granted in *Secure FC 2021*);
- (2) a declaration that Levey was the sole inventor of the 834 Patent, or alternatively was a co-inventor with Ewanek;
- (3) orders under section 52 of the *Act* directing the Commissioner of Patents to rectify the records of the Patent Office to reflect the true inventor(s) of the 339 and 834 Patents and name Secure as the owner of the 834 Patent;
- (4) costs.

[63] Notably, Secure did not seek a declaration relating to patent infringement, damages, or any of the equitable remedies it sought in the Alberta action. In any event, these would not be obtainable by way of section 52 of the *Patent Act*, which limits the powers of the Federal Court to the determination of “issues of title to a patent”: *Salt Canada* at para. 10.

[64] Unlike the position in *Yellowbird ABQB* and *Boloh I(a)*, Secure can “leave the court in peace” without further resort to the legal process. The Federal Court rightly predicted that no order under section 52 was required to compel the Commissioner to vary the records of the Patent Office. Once Secure obtained its declaration of inventorship and the Commissioner varied the records of the Patent Office, there was no requirement that Secure do anything further to enjoy its monopoly over the 834 Patent. That Secure has the *option* to enforce its rights to the 834 Patent in the future does not render the declarations remedial. The declarations did not create any entitlement for Secure or impose any obligation on another party as in the other cases discussed. Instead, as declarations do, they made definitive statements as to a legal state of affairs.

(b) *Does JL Energy Transportation Inc v. Alliance Pipeline Limited Partnership affect this case?*

[65] Recently, the Court of Appeal of Alberta allowed an appellant to reargue before a five-judge panel, in *JL Energy Transportation Inc. v. Alliance Pipeline Limited Partnership*, 2025 ABCA 26 the correctness of the holding in *Secure ABCA* that the two-year limitation period in the Alberta *Limitations Act* applies to infringement actions. The Court overturned *Secure ABCA*, finding (at paras. 12, 19) that the *Secure* Court had misinterpreted section 12 of the *Limitations Act* as applying to actions commenced in Alberta under federal legislation.

[66] The Court held in *JL Energy* that section 12 is a choice of law provision aimed at cases where the situs of an action is Alberta, but the law of a foreign jurisdiction (like that of another province) would be applied: *JL Energy* at para. 19. Accordingly, where, as in *JL Energy*, a cause

of action arises under federal legislation, section 12 does not apply to bring the action within the Alberta *Limitations Act*, and the applicable federal limitation period applies. The result is that for infringement actions commenced in Alberta under the *Patent Act*, the six-year limitation period in section 55.01 of the *Act* governs: *JL Energy* at para. 25.

[67] While *JL Energy* renders the findings in *Secure ABCA* regarding the applicable limitation period incorrect for the purpose of any future infringement actions, in my view it does not affect this case. The application before the Federal Court was confined to seeking declarations of inventorship and ownership and varying the records of the Patent Office. Secure did not bring an action for infringement of the 834 Patent. Accordingly, no limitation period could bar the Federal Court from granting declaratory relief: see *Shot Both Sides* at para. 63.

(3) Does the release apply?

[68] CES also submits that the Federal Court erred in law by failing to find Secure's application was barred by the release executed by Secure's predecessor, Lexacal Investment Corp. The release, "remise[d], release[d] and forever discharge[d]" Ewanek from "any and all manner of actions, causes of actions, suits, contracts, claims, demands and damages of any kind whatsoever".

[69] The Alberta Court of Queen's Bench found the release precluded Secure's action arising from breach of confidence: *Secure ABQB* at para. 73. CES submits that this finding supports the proposition that the release "must be interpreted broadly" to include seeking ownership of the 834 Patent and naming Ewanek as respondent: Appellants' Memorandum at para. 74.

[70] Releases of liability are to be interpreted using the principles of contractual interpretation: *Corner Brook (City) v. Bailey*, 2021 SCC 29 at para. 3. By their nature, they will tend to be construed narrowly because “the broad wording of releases can conflict with the circumstances, especially for claims not in contemplation at the time of the release”: *Corner Brook* at para. 38.

[71] In this case, the Federal Court interpreted the release to cover only those causes of action which constitute claims “against” Ewanek. The Federal Court found that the declarations sought were matters “of a public nature, not a private cause of action”: *Secure FC 2023* at para. 71. Accordingly, the application is not a “claim” against Ewanek (in the private law sense) or against any other respondent.

[72] In its memorandum, Secure states that the naming of Ewanek as a respondent simply ensured that the application conformed to the requirement, set out in the case law, that “all possible claimants to any rights in the patent” be before the court when it determines ownership of a patent under section 52 of the Act: Respondent’s Memorandum of Fact and Law at para. 96. This Court has interpreted section 52 to impose this requirement: see *671905 Alberta Inc. v. Q’Max Solutions Inc.*, 2003 FCA 241 at paras. 33-36; *Clopay Corp. v. Metalix Ltd.* (1960), 34 C.P.R. 232 (Ex. Ct.).

[73] I agree that the case law indicates that Ewanek is a required respondent and had to be present before the Federal Court as a possible claimant for the Court to determine the issues of inventorship and ownership of the 834 Patent: *Salt Canada Inc. v. Baker*, 2016 FC 830 at para.

22, rev'd on other grounds, 2020 FCA 127. His inclusion as a respondent does not transform Secure's application into a claim "against" Ewanek that was discharged by the release.

[74] Absent an error of law, the Federal Court's interpretation of the release can only be disturbed on appeal if CES can identify a palpable and overriding error: *Corner Brook* at para.

44. I see no such error in the Federal Court's interpretation of the release and no conflict with the findings of the Alberta courts on the same issue.

B. *Did the Federal Court err in its determination of inventorship?*

[75] CES alleges several errors in the Federal Court's determination of inventorship of the 834 Patent. Inventorship is a question of mixed fact and law: *Mud Engineering Inc. v. Secure Energy Services Inc.*, 2024 FCA 131 at para. 15. To determine the question of inventorship, a judge must ask "who is responsible for the inventive concept?": *Apotex Inc. v. Wellcome Foundation Ltd.*, 2002 SCC 77 at para. 96. To successfully invent a patentable art or process, an inventor must take steps to reduce that idea to a "definite and practical shape": *Apotex* at para. 97., quoting *Christiani v. Rice*, 1930 CanLII 81 (SCC), [1930] S.C.R. 443 at 454.

[76] When the inventive concept of a patent is not readily apparent from a claim, determining it may require a judge to look to the patent as a whole. This raises a question of law: *Apotex Inc. v. Allergan Inc.*, 2012 FCA 308 at para. 50. However, to the extent a judge relies on expert evidence and disclosure in the construction of a patent, the judge's assessment of the expert evidence entails factual findings that will not be reversed on appeal absent palpable and

overriding error: *Corlac Inc. v. Weatherford Canada Inc.*, 2011 FCA 228 at para. 24, leave to appeal refused, 2012 CanLII 16427.

[77] CES argues the Federal Court erred in focussing on the inventive concept of the patent as a whole without considering the “scope of the claims or the disclosure of the 834 Patent, which taught that a non-ionic polymer was the preferred embodiment”: Appellants’ Memorandum at para. 29. In CES’s view, this error materialized when the Federal Court’s accepted the description of the inventive concept put forward by Secure’s expert witness, Dr. Eric Rivard. That description was “that a water-based drilling fluid with either an anionic or non-ionic polymer significantly reduces the accretion of bitumen or heavy oil to drilling components (see paragraph 6 of the 834 Patent) when used in drilling operations in bitumen or heavy oil formations”: *Secure FC 2023* at para. 42.

[78] Relying on the testimony of its expert witness, Dr. Doug Cywar, CES contends the preferred embodiment of the inventive concept of the 834 Patent is the use of non-ionic polymers rather than anionic polymers to prevent bitumen accretion.

[79] The weighing of expert evidence in the construction of a patent is entitled to deference absent a palpable and overriding error: *Viiv Healthcare Company v. Gilead Sciences Canada, Inc.*, 2021 FCA 122 at para. 56. In my view, the Federal Court committed no such error in preferring the testimony of Dr. Rivard to that of Dr. Cywar and accepting the former’s characterization of the inventive concept of the patent.

[80] CES also points to the limited testing of non-ionic polymers recorded in Levey's notebook as evidence that he could not have been the inventor of the process of using non-ionic polymers for this purpose. The notebook logs a single test of a non-ionic polymer with a "failed" result: Appellants' Memorandum at para. 79.

[81] The Federal Court found that this result demonstrated that while non-ionic polymers were not perfect at preventing bitumen accretion, they were "substantially effective": *Secure FC 2023* at para. 54. This finding was based on the Court's weighing of the evidence of the parties' expert witnesses and its finding, based on the cross-examination of Dr. Cywar, that both sides' experts agreed on the inventive concept of the 834 Patent: *Secure FC 2023* at paras. 43-45.

[82] The Federal Court also considered the affidavit and cross-examination testimony of both Ewanek and Levey. Where there was a conflict between the two men's accounts, the Federal Court preferred Levey's evidence to that of Ewanek: *Secure FC 2023* at para. 48. Ultimately, the Federal Court came to a conclusion about the credibility of Ewanek's claim that he was unaware of the Levey's testing of anionic polymers; it found Ewanek's account of the communications between Levey and Ewanek during their time at Genesis made no sense: *Secure FC 2023* at paras. 50-51. The gist of these findings is Ewanek likely learned of the idea behind the inventive concept for the 834 Patent through his supervision of Levey, the true inventor, when they worked at Genesis. Ewanek then likely took this knowledge with him to Mud King where he later went on to conduct further tests on non-ionic polymers and ultimately obtain the 834 Patent.

[83] CES disputes these factual findings. It argues that Levey “took no steps to develop, patent, or commercialize any anionic or non-ionic polymer for anti-accretion”: Appellants’ Memorandum at para. 83. CES argues that Levey’s single non-ionic polymer test does not satisfy the requirement that he have reduced his idea to a definite and practical shape. CES has not identified an error in the findings of fact underlying the Federal Court’s determination on this point, or in its application of the law, let alone one that meets the high threshold of palpable and overriding error necessary for this Court to disturb the Federal Court’s findings.

C. *Did the Federal Court err by finding that Secure had established chain of title?*

(1) Did the Federal Court err in applying *res judicata*?

[84] Finally, CES submits that the Federal Court erred in relying on its finding in *Secure FC 2021* that Secure had proven chain of title from Levey and Ewanek to Secure, so that the issue was *res judicata*. CES argues that because the 339 Application was uncontested, and the ownership of the 339 Patent was not in dispute, the issue cannot be *res judicata*: Appellants’ Memorandum at para. 94.

[85] CES contends that had the Federal Court addressed chain of title to the 834 Patent, it would have found that Secure had not proven that title had flowed from Genesis through to Secure. In CES’s submission, the transfer of assets resulting from the 2012 Asset Purchase Agreement executed between New West (the name under which Genesis then operated) and Marquis (predecessor to Secure) did not include the 834 Patent or the invention it describes.

[86] I agree with CES that the Federal Court erred in law in finding that the chain of title to the 834 Patent from Genesis to Secure was *res judicata* based on the decision in *Secure FC 2021*. As explained below, it is appropriate for this Court to determine the issue afresh. In doing so, I conclude that Secure has proven it holds title to all intellectual property rights previously owned by Genesis, including those in the 834 Patent. Furthermore, I see no error in the Federal Court's factual finding that Genesis held the rights to all inventions developed by Levey during his tenure, again including the invention disclosed in the 834 Patent. Accordingly, Secure has proven chain of title to the 834 Patent from Levey to Secure.

[87] In *Secure FC 2021*, at paragraph 27, the Federal Court stated the following:

Secure has filed the affidavit of James Anderson, a Senior Vice President at Secure. In his affidavit, Anderson outlines how Secure has come to be the registered owner of the '339 Patent. These documents include certificates indicating corporate name changes and assignment agreements. Based on these documents, there is a clear chain of title from Levey and Ewanek as inventors to Secure.

[88] In the decision now under appeal, the Court found Secure had "already proven its title to Genesis' intellectual property and confidential information, which was accepted by this Court. This finding by this Court was in a matter where the current Respondents were named. It is *res judicata* between these parties" (citation omitted): *Secure FC 2023* at para. 80.

[89] The concept of *res judicata* encompasses two doctrines: issue estoppel and cause of action estoppel: *Apotex Inc. v. Merck & Co. (C.A.)*, 2002 FCA 210 at para. 24. The Federal Court did not discuss which doctrine applied to the chain of title issue. However, in my view, neither

cause of action nor issue estoppel applies to preclude CES from raising chain of title in this proceeding.

[90] Preclusion by issue estoppel requires the satisfaction of three elements: (1) the same question has been decided; (2) the judicial decision which decided the question was final; and (3) the parties to the prior judicial decision (or their privies) be the same as those in the proceeding where issue estoppel is being raised: *Angle v. M.N.R.*, [1975] 2 S.C.R. 248 at 254.

[91] There is no question that the latter two elements of issue estoppel are made out in this case; *Secure FC 2021* concerned the same parties and resulted in a final and binding decision regarding the 339 Patent. Thus, the question whether issue estoppel precludes CES from raising chain of title in this proceeding turns on whether the same question was decided by the Federal Court in *Secure FC 2021*. In my view, it was not.

[92] A finding that the same question has been decided requires that the question “have been actually decided in the first proceeding”: *Krishnapillai v. Canada*, 2001 FCA 378 at para. 9. This means it must be clear from the facts that the question at issue was actually decided in and was fundamental to the decision arrived at in the first proceeding: *ibid.*

[93] Applying this test to the chain of title issue, it is not clear from the facts that the question that was decided in *Secure FC 2021* was broader than whether Secure had proven chain of title to the 339 Patent. This is evident from the wording of the relevant paragraph in that decision, which found that Anderson’s affidavit “outline[d] how Secure has come to be the registered

owner of the ‘339 Patent” and concluded “there is a clear chain of title from Levey and Ewanek as inventors to Secure”. This finding does not clearly extend beyond chain of title to the 339 Patent, as it must have to satisfy the same question requirement.

[94] Furthermore, while issue estoppel can extend to those issues that were “necessarily (even if not explicitly) determined” (*Janssen* at para. 15), the evidence before the Federal Court in *Secure 2021 FC* detracts from a broad reading of this paragraph to encompass more than the rights in the 339 Patent. The key document before the Federal Court, the 2012 Asset Purchase Agreement executed between New West and Marquis, explicitly conveyed the rights in the 339 Patent, identified by patent number. As a result, the question whether rights in the 834 Patent could have been conveyed by the agreement was neither fundamental nor necessary to the decision rendered in *Secure FC 2021* and therefore not precluded from being raised in this case.

[95] Cause of action estoppel, though broader in scope than issue estoppel, also does not apply here. Cause of action estoppel precludes the relitigation of all subject matter germane to the claim or defence which could have been brought forward by the exercise of reasonable diligence but was not: Donald J. Lange, *The Doctrine of Res Judicata in Canada*, 5th ed. (Toronto: LexisNexis, 2021) at 139. The subject matter of *Secure FC 2021*—the 339 Patent—was distinct from that of the application now before this Court. It would be unreasonable to require CES to have put in issue chain of title to any intellectual property rights beyond those relevant to that patent.

[96] Respectfully, the Federal Court erred in law when it determined that *res judicata* applied to the chain of title issue: *Corlac Inc. v. Weatherford Canada Ltd.*, 2012 FCA 261 at para. 22. The result of this error was that the Federal Court did not determine chain of title to the 834 Patent when it ought to have done so. In the face of this error, it is open to this Court to give the judgment the Federal Court ought to have given: *Federal Courts Act*, R.S.C. 1985, c. F-7, s. 52(b)(i).

[97] The determination of chain of title turns on the interpretation of the 2012 Asset Purchase Agreement, a question of mixed fact and law normally left to a trial court: *Sattva Capital Corp. v. Creston Moly Corp.*, 2014 SCC 53 at para. 50. It is not ordinarily this Court's role to act as a court of first instance: *Sandhu Singh Hamdard Trust v. Navsun Holdings Ltd.*, 2019 FCA 295 at para. 59. The Court may nonetheless exercise its discretion to do so in an appropriate case: see *Canada v. Piot*, 2019 FCA 53 at paras. 114-115; *Sandhu Singh Hamdard Trust* at paras. 61-62. Here, while the interpretation of the 2012 Asset Purchase is a question of mixed fact and law, it is not factually voluminous or complex, it can be decided based on the documentary evidence before this Court, and the parties have made specific submissions on the interpretation of the agreement. Further delay in deciding this matter—one that has been litigated in various courts since 2018—would not be in the interests of justice.

(2) Has Secure proven chain of title?

[98] Turning to chain of title to the 834 Patent, the Federal Court found that Secure had proven that title flowed from Levey to Genesis when he made the invention as an employee of

Genesis: *Secure FC 2023* at paras. 81-83. In my view, the Federal Court did not err in fact or law on this point.

[99] An employer can establish ownership of intellectual property rights in an invention created by one of its employees if there is a formal agreement setting out that the employer retains these rights or if the employee was hired for the express purpose of inventing: *Brown v. Canada*, 2016 FCA 37 at para. 34. Before the Federal Court, Secure took the position that Genesis had hired Levey for the purpose of inventing so that no assignment of rights was required. Levey deposed to the same view of his employment in his affidavit submitted on the application: *Secure FC 2023* at para. 81. The Federal Court did not err in accepting Levey's evidence and concluding that no assignment was required for Genesis to have obtained the rights in the invention disclosed in the 834 Patent.

[100] The remaining question is whether the rights in the invention underlying the 834 Patent held by Genesis flowed to Secure. Answering this question requires the interpretation of the 2012 Asset Purchase Agreement between New West and Marquis. That agreement set out that New West agreed to "sell, assign, transfer and convey" its assets (except certain excluded assets) to Marquis. The definition of assets includes intellectual property, which in turn encompasses "any and all" intellectual property, including "inventions". In my view, this provision is broad enough to capture the invention created by Levey and eventually disclosed in the 834 Patent. I agree with Secure that the definition of excluded assets does not include this invention.

[101] CES further argues that the 2012 Asset Purchase Agreement could not have conveyed any rights in the 834 Patent because those rights were extinguished by the publication of the patent in 2007. CES contends that none of what was disclosed could have been considered confidential or a trade secret to have been captured by the definition of intellectual property in the Asset Purchase Agreement. I would reject this submission.

[102] As the Federal Court correctly found, Genesis' rights in the invention created by Levey crystallized at common law at the time of the invention in 2005. Genesis' claim to those rights was not affected by the subsequent application for the 834 Patent by Mud King, although it is true that the content of patent then became public. Similarly, New West's transfer of those rights (as a successor in name to Genesis) to Marquis did not rely on the subject matter of the 834 Patent remaining secret. Rather, what was conveyed was the ongoing right to enjoy a monopoly over the 834 Patent subject to any statutory or common law limitations on that monopoly. New West properly held and conveyed this to Marquis and eventually to Secure.

[103] Accordingly, the intellectual property rights in the 834 Patent flowed from Levey to Genesis at the time of its invention, and from Genesis to Secure through corporate name changes and the 2012 Asset Purchase Agreement. Secure has proven chain of title.

V. Proposed Disposition

[104] For the reasons I have set out, I would dismiss the appeal with costs.

“J.B. Laskin”

J.A.

“I agree.

Nathalie Goyette J.A.”

“I agree.

Eleanor R. Dawson D.J.C.A.”

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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CONCURRED IN BY:

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