

Ottawa  
1967  
June 27  
June 29

BETWEEN :

FRED W. MEARS HEEL COM-  
PANY INC. and MEARS }  
DOMINION LIMITED . . . . }

PLAINTIFFS;

AND

ESSEX PRODUCTS INC., and }  
FERNANDO M. RONCI . . . . }

DEFENDANTS.

*Patents—Conflict proceedings—Pleadings—Statement in defence—Counter-claim—Defence claiming all claims in conflict—Whether filed out of time—Patent Act, s. 45(8)—Exchequer Court R. 31.*

The Commissioner of Patents awarded four of seven claims in conflict to one applicant and the other three to a second applicant. The first applicant then commenced proceedings claiming all the claims in conflict. After expiration of the time fixed by the Commissioner under s. 45(8) of the *Patent Act* for commencement of the proceedings the second applicant filed a defence and counterclaimed for all the claims in conflict. Subsequently another plaintiff was added to the proceedings and defendant filed an amended defence, again claiming all the claims in conflict. Plaintiffs applied to strike out the claims for relief in the counterclaim and amended defence as being filed out of time.

*Held*, the application must be dismissed. Proceedings under s. 45(8) are for the determination of the respective rights of the several applicants, i.e. in this case not merely the rights of the plaintiffs as against the defendant but the rights of the defendant as against the plaintiffs as well, and hence it was both proper and necessary that the statement in defence referred to in Exchequer Court Rule 31 contain a statement of the relief claimed in addition to the claims awarded by the Commissioner.

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## APPLICATION.

*David W. Scott* for plaintiffs.

*C. R. Carson* for defendants.

THURLOW J.:—In this case by a decision under section 45(7) of the *Patent Act*<sup>1</sup> the Commissioner awarded four of seven claims in conflict to the first-named plaintiff and the other three claims to the defendant, Essex Products Inc. That plaintiff thereafter brought this action by which it claimed a declaration that it was entitled to all the claims in conflict. Some time afterwards, when the time limited by the Commissioner pursuant to section 45(8) for the commencement of the proceedings contemplated by that subsection had expired, the defendant, Essex, (which is hereafter referred to as the “defendant”)<sup>2</sup> filed a defence and a counterclaim asking for a declaration that the defendant was entitled to all the claims in conflict. Later when the second plaintiff was added leave was granted to make certain amendments to the allegations in the statement of claim and when these had been made the defendant Essex filed an amended defence (without any formal counterclaim) which ended with a claim for a declaration that it was entitled to all the claims in conflict. Application is now made by the plaintiffs to strike out the defendant’s claim for relief on the ground that whether put forward by the counterclaim or by the prayer at the end of the defence it is a proceeding commenced after expiry of the time limited therefor by the Commissioner.<sup>3</sup>

The first six paragraphs of section 45 of the *Patent Act* define when conflict in pending applications for patents

<sup>1</sup> R.S.C. 1952, c. 203.

<sup>2</sup> The defendant, Ronci, is no longer involved in the action, judgment having been given against him by consent.

<sup>3</sup> *Vide Philco Corporation v. RCA Victor Corporation* (1966) 33 Fox P.C. 120.

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exists and prescribe a procedure to be followed to put the Commissioner in a position to resolve it. Paragraphs (7) and (8) then provide as follows:

(7) The Commissioner, after examining the facts stated in the affidavits, shall determine which of the applicants is the prior inventor to whom he will allow the claims in conflict and shall forward to each applicant a copy of his decision, a copy of each affidavit shall be transmitted to the several applicants.

(8) The Claims in conflict shall be rejected or allowed accordingly unless within a time to be fixed by the Commissioner and notified to the several applicants one of them commences proceedings in the Exchequer Court for the determination of their respective rights, in which event the Commissioner shall suspend further action on the applications in conflict until in such action it has been determined either

- (a) that there is in fact no conflict between the claims in question,
- (b) that none of the applicants is entitled to the issue of a patent containing the claims in conflict as applied for by him,
- (c) that a patent or patents, including substitute claims approved by the Court may issue to one or more of the applicants, or
- (d) that one of the applicants is entitled as against the others to the issue of a patent including the claims in conflict as applied for by him.

The effect of section 45(8) is to require the Commissioner to deal with the conflicting applications for patents in accordance with his decision unless a proceeding is commenced in this Court by one of the applicants within the time limited therefor in which event action on the applications is suspended until "in such action" certain matters have been determined. The proceeding which will effect this suspension, however, must be one "for the determination of their respective rights". Such a proceeding is therefore one which is to result in a determination not merely of the rights asserted by the applicant who commences it as against the other applicants but of the "respective" rights of the several applicants *inter se* in respect of the subject matter of the conflict. As I see it this is a special kind of proceeding for the determination of the whole subject matter of the conflict and there is neither necessity nor authority for additional proceedings to be brought by other applicants.

With respect to proceedings under section 45(8) Rule 31 of the Rules of this Court provides:

In any proceeding taken in the Court pursuant to subsec. 4 of sec. 22 of The Patent Act, as enacted by 22-23 Geo. V, c. 21, sec. 1, the

applicant shall file with the Registrar of the Court a statement of his claim, and an office copy thereof shall be served upon the Commissioner and upon any other applicant and such applicant shall, within twenty-eight days after the service upon him of such statement of claim, file a statement in defence. Subsequent pleadings, if any, shall follow the general practice of the Court with respect to such pleadings.

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It will be observed that what the applicant commencing the proceeding is required by this Rule to do is to file "a statement of his claim" and that what the other applicants are required to do is to file "a statement in defence". In each case what is thus required is I think a statement of the facts upon which the applicant relies, with, in the case of the defending applicant, an indication of the extent to which he admits or contests the allegations made by the applicant who commences the proceeding and, in each case, a statement of the determination of the matter to which the applicant regards himself as being entitled. In the normal method of drafting statements of claim such a statement is, in the case of the applicant who commences the proceeding, found in a claim for declaratory relief which follows the allegations put forward to show his right thereto but since the proceeding contemplated by section 45(8) is one for the determination of the "respective rights" of the several applicants such a statement, in my view, is appropriate as well in the statement in defence to be filed by the other applicants.

In the present case the first-named plaintiff by its statement of claim alleged the notification by the Commissioner of the existence of conflict and it claimed declarations in the plaintiff's favour with respect to all of the claims in conflict. This in my opinion is to be taken to be a proceeding of the kind contemplated by section 45(8) for the determination of the rights of all the applicants in all the claims in conflict and its commencement had the legal effect of suspending the proceedings before the Commissioner until the respective rights of the several parties in the subject matter of the conflict were determined in it by this Court. By its statement in defence the defendant might have conceded the whole or any part of the plaintiff's assertion of its rights or it might have denied, as it did, the right of the plaintiff to any or all of the claims in conflict. But as the determination to be made in the proceeding on the issues so raised was not merely that of the

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rights of the plaintiffs as against the defendant but of the rights of the defendant against the plaintiffs, as well, I can see no basis whatever, in principle or otherwise, for an objection to the defendant having set out at the end of its defence a statement of the determination to which it claims to be entitled. On the contrary it appears to me not only to have been correct to include it but that the statement in defence would have been deficient without it.

The application therefore fails and will be dismissed with costs.