1926

*Nov. 18.
*Dec. 15.

CONSOLIDATED WAFER COMPANY, LIMITED (OPPOSANT) ..... } APPELLANT;

AND

INTERNATIONAL CONE COMPANY, LIMITED (PETITIONER) ..... } RESPONDENT.

ON APPEAL FROM THE EXCHEQUER COURT OF CANADA

Patents—The Patent Act (D.), 13-14 Geo. V, c. 23, s. 40—Owner of patent ordered to grant license to make and use machine covered by patent, at fixed license fee—Basis in fixing license fee—Appeal from Exchequer Court—Jurisdiction—Supreme Court Act, s. 38.

The judgment of the Exchequer Court of Canada (Audette J.), [1926] Ex. C.R. 143, ordering (under s. 40 of *The Patent Act*, on appeal from the Commissioner of Patents) the present appellant to grant a license to the present respondent to make and use a machine (for automatic pastry making) covered by the appellant's patent, at a license fee fixed by the judgment, was affirmed.

*PRESENT:—Anglin C.J.C. and Duff, Mignault, Newcombe and Rinfret JJ.

1926

CONSOLIDATED WAFER CO., LTD. v. INTERNATIONAL CONE CO., LTD.

In determining the amount to be paid for such license the Exchequer Court properly took into consideration the cost of manufacture and repair of the machine, as well as the unexpired term of the life of the patent.

The Supreme Court of Canada had jurisdiction to hear the appeal; s. 38 of the *Supreme Court Act* does not apply to a proceeding brought under s. 40 of *The Patent Act*.

APPEAL from the judgment of the Exchequer Court of Canada (Audette J.) (1) allowing an appeal from the decision of the Commissioner of Patents.

The respondents, by a petition to the Commissioner of Patents, asked for the issue of a compulsory license, under s. 40 of *The Patent Act*, 13-14 Geo. V, c. 23, in respect of the patent owned by appellant for alleged new and useful improvements in "automatic pastry making machines", and that the Commissioner definitely determine the amount of the license fee. The Commissioner dismissed the petition, holding that it did not appear that the terms on which the license was offered to the petitioner were unreasonable, and that it had not been proven to his satisfaction that the reasonable requirements of the public with respect to the patented invention in question had not been satisfied. An appeal from this decision was allowed by the Exchequer Court of Canada (1), which ordered the appellant to grant to the respondent a license allowing it to make and use the machine covered by the patent during the unexpired residue of the term of the patent, upon the respondent paying to the appellant a license fee at a yearly rate of $275 royalty upon each machine made or used under the license.

The respondent, besides resisting the appeal on the merits, contended that the judgment of the Exchequer Court was rendered in the exercise of judicial discretion, from which no appeal lies, in view of s. 38 of the *Supreme Court Act*, and that, even apart from that section, the Exchequer Court was, in the present instance, *persona designata*, empowered by statute with executive discretion, and this court should not interfere with the exercise of such discretion.

(1) [1926] Ex. C.R. 143.

1926

CONSOLIDATE WAFER CO., LTD. v. INTERNATIONAL CONE CO., LTD.

Geo. H. Kilmer K.C. and *J. A. MacIntosh K.C.* for the appellant.

R. S. Smart K.C. for the respondent.

The judgment of the court was delivered by

MIGNAULT J.—This is an appeal from a judgment of the Exchequer Court allowing an appeal taken by the present respondent from a decision of the Commissioner of Patents. The respondent, by a petition presented to the Commissioner, asked for the issue of a compulsory license under s. 40 of *The Patent Act* (13-14 Geo. V, ch. 23) in respect of the appellant's patent, no. 145,379, for alleged new and useful improvements in "automatic pastry making machines." The petition was dismissed by the Commissioner, but, on appeal, was granted by the Exchequer Court.

The appellant, among other grounds of appeal, contended before this court that the respondent had not made out a case for relief under the proper construction of s. 40.

I do not propose however to pass on this contention, for the reason that the appellant did not take that position before the learned Commissioner. On the contrary, at the very opening of the case, counsel for the appellant said:—

> There is only one question, we are willing to give them a license and the question is what the terms are.

The learned counsel also stated to the Commissioner:—

> Mr. Commissioner, you have a record to which we are confined and on that record the sole question is what royalty should be paid, there is nothing else * * *.

Under these circumstances, any question as to the proper construction of s. 40 is eliminated, and we do not have to determine the meaning of the words "the reasonable requirements of the public", or whether the requirements of a particular individual or of a particular trade come within the purview of the section. The respondent, in view of the narrowing down of the issue to a mere question of what under the circumstances was "a reasonable price" or "reasonable terms" for the sale of the patented article or for a license for the use of the invention, was not called upon to adduce evidence to show that "the reasonable requirements of the public with respect to a patented invention" had not been satisfied.

On the issue thus narrowed down, I would not disturb the decision of the learned judge of the Exchequer Court.

The patented article is the Bruckman machine for the manufacture of what are known as ice cream cones. The patent is on the machine itself and not on its product. In determining the amount to be paid by the respondent for the issue of a license, the learned judge considered the cost of manufacture and repair of the appellant's machine as well as the unexpired term of the life of the patent. I do not think that in so doing the learned judge proceeded upon an improper basis.

An objection was taken to our jurisdiction on the ground that the judgment of the Exchequer Court was a judgment rendered in the exercise of judicial discretion within the meaning of s. 38 of the *Supreme Court Act*. I do not think that s. 38 applies to a proceeding brought under s. 40 of *The Patent Act*. The objection is not well taken.

I would dismiss the appeal with costs.

Appeal dismissed with costs.

Solicitors for the appellant: *Macdonald & Macintosh.*
Solicitor for the respondent: *Russel S. Smart.*