SOCIÉTÉ DES USINES CHIMIQUES RHONE-POULENC AND CIBA, S.A. (*Plaintiffs*) ..... APPELLANTS;

1966

* Oct. 13
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AND

JULES R. GILBERT LIMITED *et al.* (*Defendants*) ..... RESPONDENTS.

ON APPEAL FROM THE EXCHEQUER COURT OF CANADA

Patents—Infringement—Chemical preparation—Patent containing three process claims—Importation of similar product—Action for infringement restricted to one process only—Whether presumption of s. 41(2) of the Patent Act, R.S.C. 1952, c. 203, applicable.

The patent held by the plaintiffs disclosed and claimed three processes for producing certain chemical substances. The defendants imported and sold in Canada products containing one of these substances. The plaintiffs brought an action for infringement of their patent and restricted their action to only one of the three processes, and relied upon the presumption contained in s. 41(2) of the *Patent Act*, R.S.C. 1952, c. 203. Neither the plaintiffs nor the defendants had any knowledge as to the process by which the substance complained of was prepared or produced. The trial judge ruled that the plaintiffs could not rely upon the presumption and dismissed the action. He did not express any opinion as to the other defences, including an attack upon the validity of the patent. The plaintiffs appealed to this Court.

Held: The appeal should be allowed and the case referred back to the Exchequer Court for consideration of the other defences.

The trial judge erred in holding that s. 41(2) of the *Patent Act* was inapplicable where there was more than one process claimed and thus patented. It would place an impossible burden on a plaintiff and defeat the object of the subsection to rule that where a patent makes

*PRESENT: Taschereau C.J. and Fauteux, Judson, Hall and Spence JJ.

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a claim to different methods of producing a substance, the presumption of infringement provided by s. 41(2) is inapplicable unless it can be shown that the substance is produced according to all the various processes set out in the claims.

Brevets—Contrefaçon—Préparation chimique—Revendication de trois procédés—Importation d'un produit semblable—Action en contrefaçon restreinte à seulement un des procédés—Y a-t-il lieu d'appliquer la présomption de l'art. 41(2) de la Loi sur les Brevets, S.R.C. 1952, c. 203.

Le brevet possédé par les demandeurs décrit et revendique trois différents procédés pour produire certaines substances chimiques. Les défendeurs ont importé et vendu au Canada des produits contenant une de ces substances. Les demandeurs ont institué une action en contrefaçon de leur brevet et ont limité leur action à seulement un des trois procédés et s'en sont rapportés à la présomption de l'art. 41(2) de la *Loi sur les Brevets*, S.R.C. 1952, c. 203. Ni les demandeurs ni les défendeurs ne connaissaient le procédé en vertu duquel la substance dont on se plaint avait été préparée ou produite. Le juge au procès a décidé que les demandeurs ne pouvaient pas s'appuyer sur la présomption et a rejeté l'action. Il n'a exprimé aucune opinion relativement aux autres défenses, y compris l'attaque contre la validité du brevet. Les demandeurs en ont appelé devant cette Cour.

Arrêt: L'appel doit être maintenu et le dossier retourné à la Cour de l'Échiquier pour disposer des autres défenses.

Le juge au procès a erré lorsqu'il a décidé que l'art. 41(2) de la *Loi sur les Brevets* ne s'appliquait pas lorsque plus d'un procédé est revendiqué et breveté. Lorsqu'un brevet revendique différentes méthodes de produire une substance, le demandeur dans une action en contrefaçon aurait un fardeau impossible et l'objet du paragraphe serait mis en échec s'il fallait décider que la présomption de contrefaçon prévue à l'art. 41(2) ne s'applique pas à moins que l'on puisse démontrer que la substance a été produite selon tous les divers procédés énumérés dans les revendications.

APPEL d'un jugement du Juge Thurlow de la Cour de l'Échiquier du Canada[1], rejetant une action en contrefaçon. Appel maintenu.

APPEAL from a judgment of Thurlow J. of the Exchequer Court of Canada[1], dismissing an action for infringement. Appeal allowed.

Russell S. Smart and *Robert H. Barrigar,* for the plaintiffs, appellants.

I. Goldsmith and *C. A. G. Palmer,* for the defendants, respondents.

[1] [1966] Ex. C.R. 59.

The judgment of the Court was delivered by

JUDSON J.:—This is an action brought by Société des Usines Chimiques Rhone-Poulenc and Ciba, S.A., for infringement of Patent No. 474,637 for improvements relating to substituted diamines. The patent was granted under s. 41(1) of the *Patent Act*, which reads:

41. (1) In the case of inventions relating to substances prepared or produced by chemical processes and intended for food or medicine, the specification shall not include claims for the substance itself, except when prepared or produced by the methods or processes of manufacture particularly described and claimed or by their obvious chemical equivalents.

The patent disclosed and claimed not one but three processes. The plaintiffs restricted their action to only one of these—claim 18. In these circumstances the learned trial judge[1] dismissed the action. The basis for his decision was that while s. 41(2) of the *Patent Act* might apply to raise the presumption that the alleged infringing substance was produced by some one or another of these three processes, the subsection cannot be read as raising the presumption that the substance was made by any particular one of them. Since there was no presumption to be applied, he consequently found that there was no basis for finding that the substance was made by the process of claim 18.

In so holding, in my respectful opinion, the learned trial judge was in error. Section 41(2) reads:

41. (2) In an action for infringement of a patent where the invention relates to the production of a new substance, any substance of the same chemical composition and constitution shall, in the absence of proof to the contrary, be deemed to have been produced by the patented process.

The plaintiffs proved a case by putting in patent No. 474,637 and an agreed statement of facts as follows:

For the purposes of this action the parties have agreed:

1. That the process claimed in claim 18 of Canadian patent No. 474,637 consists in the application of methods which were known on June 22nd, 1943, to substances which were also known on the said date, though the said methods had never at the said date been applied to the said substances except by the inventor named in the said patent.
2. That the substance referred to in paragraphs 6 and 7 of the reamended Statement of Defence was not manufactured in Canada and was imported from outside Canada.
3. That none of the defendants has any knowledge as to the process by which the said substance was prepared or produced.

[1] [1966] Ex. C.R. 59.

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Judson J.

They also proved the chemical composition of the substance and its sale by the defendants. They then relied upon the presumption set out in s. 41(2).

The defence raised a number of issues on infringement and attacked the validity of the claim in suit. The learned trial judge deliberately refrained from expressing any opinion on these matters. For the purpose of his reasons he assumed the validity of the patent and said that the plaintiff could not rely upon the presumption. He therefore decided the case on very narrow grounds. The judgment means that where a patent makes a claim to different methods of producing a substance, the presumption of infringement provided by s. 41(2) is inapplicable unless it can be shown that it is produced according to all the various processes set out in the claims. This obviously places an impossible burden on a plaintiff and defeats the object of the subsection.

This s. 41(1) patent is for a substance produced by three methods or processes. This is permitted by s. 41(1). Section 41(1) does not make it necessary to have three separate applications for the same substance, one by each process. The action is brought for infringement and one of these processes is pleaded. There is no reason why when the plaintiff frames its action in this way that the presumption in s. 41(2) should not apply. We are all of the opinion that the learned trial judge was in error in holding that s. 41(2) is inapplicable where there is more than one process claimed and thus patented.

The appeal is allowed with costs and the judgment of the Exchequer Court dismissing the action with costs is set aside. The case is remitted to the Exchequer Court to be dealt with on the matters remaining to be considered.

Appeal allowed with costs.

Solicitors for the plaintiffs, appellants: Smart & Biggar, Ottawa.

Solicitors for the defendants, respondents: Duncan, Goldsmith & Caswell, Toronto.