

THE B.V.D. COMPANY, LIMITED } (PLAINTIFF) }	APPELLANT;
AND	
CANADIAN CELANESE LIMITED } (DEFENDANT) }	RESPONDENT.

1937
 * April 27.
 * May 3.
 * June 1.

ON APPEAL FROM THE EXCHEQUER COURT OF CANADA

Patent—Judgment of trial judge declaring patent valid and infringed—Reversed by Supreme Court of Canada—Patent declared void as claims too broad and embracing more than alleged invention described in specifications—Disclaimer subsequently filed in the Patent Office—Motion by losing party, before formal entry of judgment, for a rehearing of the appeal to give effect to the disclaimer or for a reference back to trial court—Sections 50, 53, 60, Patent Act, 1935, 25-26, Geo. V, c. 32.

In an action brought by the appellant under section 60 of the *Patent Act* praying for a declaration that the respondent's patent was void or that, in the alternative, it was not infringed by the manufacture of certain shirt collars by the appellant, the Exchequer Court of Canada held that the respondent's patent was "valid and infringed by the" appellant and dismissed the action. On appeal, this Court reversed this judgment and declared the respondent's patent void, the judgment proceeding upon the sole grounds that the claims were too broad and embraced within their scope more than the alleged invention disclosed in the specifications; and, further, that the claims, properly construed, had been anticipated by certain United States and British patents, this Court not finding it necessary to consider the issue of infringement or any of the other grounds upon which the appellant attacked the validity of the respondent's patent. Before the judgment of this Court had been formally drawn up or entered, the respondent filed a disclaimer in the Patent Office, stating that through mistake, accident or inadvertence and without any wilful intent to defraud or mislead the public, the specification had been made too broad, asserting a claim to more than that to which the inventor was entitled. The respondent, arguing that the disclaimer had the effect of correcting the fault in the claims as found by this Court and that it should have an opportunity under sections 50 and 53 of the *Patent Act* to establish the validity of the patent as amended by the disclaimer, then moved for an order directing a rehearing of the appeal "in order to meet the new conditions that have arisen since the delivery of the judgment and to provide in the formal judgment of the Court for the filing already made of the disclaimer * * * ." On the hearing of the application, leave was given to the respondent to move that, in lieu of a rehearing of the appeal, the judgment of this Court should be varied by directing a reference to the Exchequer Court of Canada to determine whether effect ought to be given to the disclaimer, and whether relief ought to be given to the respondent under subsection 2 of section 53 of the *Patent Act*.

Held, that the respondent's application should be dismissed; under the circumstances of this case, neither a rehearing of the appeal nor a

* PRESENT:—Duff C.J. and Rinfret, Davis, Kerwin and Hudson JJ.

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reference back to the Exchequer Court of Canada ought to be directed.

The direction the respondent is asking for could not be given (without disregarding the appellant's legal rights) unless this Court is prepared to rehear the appeal and enter upon a full examination of all the grounds of appeal advanced by the appellant. At the time of the hearing of the appeal, this Court then had power to amend the pleadings and, if necessary, to hear fresh evidence in order to dispose of all the issues raised by the appeal as well as those which the respondent is submitting by its motion; but the respondent then insisted on maintaining the judgment of the trial judge, declaring its claims, as framed, to be valid claims. Having lost on that issue of validity, the respondent is now seeking a rehearing in order to take up a new position never before suggested by it, with all the attendant delay and inconvenience. By its conduct, the respondent has definitely elected against taking the position which it is now endeavouring to take and, on grounds both of justice and convenience, the application should fail.

MOTION by the respondent (after a judgment of this Court had declared its patent void for being too broad and embracing more than the alleged invention disclosed in specifications) for an order directing a rehearing of the appeal in order to give effect to a disclaimer filed in the Patent Office before formal judgment had been entered and, upon leave of the Court, for an order directing a reference back to the Exchequer Court of Canada to determine whether effect ought to be given to the disclaimer and whether relief ought to be given to the respondent under subsection 2 of section 53 of the *Patent Act*. The motion was dismissed with costs.

W. F. Chipman K.C. and *H. Gérin-Lajoie K.C.* for motion.

O. M. Biggar K.C. contra.

The judgment of the court was delivered by

DUFF C.J.—The Exchequer Court of Canada (1), on the 26th of March, 1936, delivered judgment declaring that the defendants' patent "is valid and infringed by the plaintiff" and dismissing the action of the appellants under section 60 of the *Patent Act*, 1935, praying for a declaration that the patent was void or that, in the alternative, it was not infringed by the manufacture of certain shirt collars by the plaintiffs.

The plaintiffs appealed and this Court delivered judgment on the 19th day of March, 1937 (2), allowing the

(1)[1936] Ex. C.R. 139.

(2) [1937] S.C.R. 221.

appeal and declaring the patent of the respondents void. The judgment proceeded upon the grounds that the claims in the patent were too broad and embraced within their scope more than the alleged invention disclosed in the specification and, further, that the claims, properly construed, had been anticipated by certain United States and British patents.

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On the 31st of March, 1937, the respondents filed a disclaimer in the Patent Office in the following terms:

Whereas, the undersigned Canadian Celanese Limited, a body politic and corporate, having its head office and principal place of business in the city of Montreal, in the province of Quebec, Canada, is the owner of Canadian letters patent no. 265,960 granted on the 16th day of November, 1926, for an invention entitled fabrics and sheet materials and the manufacture thereof.

And whereas, through mistake, accident or inadvertence, and without any wilful intent to defraud or mislead the public, the specification has been made too broad, asserting a claim to more than that of which Camille Dreyfus was the inventor.

Now therefore, the undersigned disclaims from the scope of claims 1 to 6 inclusive, and 25 the use of a fabric or fabrics containing a thermoplastic derivative of cellulose except where such thermoplastic derivative of cellulose is in the form of yarns, filaments or fibres.

It further disclaims from the scope of claims 7 to 12, inclusive, the use of a fabric or fabrics containing an organic derivative of cellulose except where such organic derivative of cellulose is in the form of yarns, filaments or fibres.

It further disclaims from the scope of claims 13 to 18, inclusive, the use of a fabric or fabrics containing a cellulose ester except where such cellulose ester is in the form of yarns, filaments or fibres.

It further disclaims from the scope of claims 19 to 24, inclusive, the use of a fabric or fabrics containing cellulose acetate except where such cellulose acetate is in the form of yarns, filaments or fibres;

and on the 27th of April, they moved for an order directing a rehearing of the appeal in which, as already mentioned, this Court has pronounced judgment

in order to meet the new conditions that have arisen since the delivery of the judgment and to provide in the formal judgment of the Court for the filing already made of the said disclaimer, the whole upon such terms and conditions as to this honourable Court may seem just.

On the hearing of this application, leave was given to the respondents to move that in lieu of a rehearing of the appeal, the judgment of this Court, which had not been formally drawn up or entered, should be varied by directing a reference back to the Exchequer Court of Canada to determine whether effect ought to be given to the disclaimer, and whether relief ought to be given to the respondents under subsection 2 of section 53.

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We have fully considered the application of the respondents and have come to the conclusion that neither a rehearing of the appeal nor a reference back to the Exchequer Court can properly be directed.

The grounds upon which the appellants appealed from the judgment of the Exchequer Court are summarized in their factum thus:

- (1) that the defendant's patent 265,960 is void on the grounds:—
- (a) that the patent claims do not specify what is admittedly the "all important feature" of the alleged invention, namely, that the cellulose derivative used should be in the form of yarns woven or knitted into a fabric;
- (b) that as they stand the claims are anticipated by the United States patent to Van Heusen and the British patents to Green and H. Dreyfus;
- (c) that if, in the process the patent covers, the cellulose derivative need not be made to flow by taking advantage of its thermoplastic quality, the claims are also anticipated by the United States patents to Kennedy, Oliver and Weidig, the British patents to Berard and Miller, and the Swiss patents to Le Faguays and Nachmann;
- (d) that if, on the other hand, it is essential that the cellulose derivative should be made to flow by heat and the claims extend beyond this, they assert a monopoly to more than the patentee invented;
- (e) that claims 7-18 do so extend and are therefore invalid;
- (f) that claims 19-24 either do so extend or are unnecessary;
- (g) that the product claim (25) is anticipated;
- (h) that the specification discloses no invention having regard to the state of the art;
- (i) that the specification is misleading in respect of the directions given as to the use of cellulose acetate, nitrocellulose and methyl cellulose;
- (j) that either the specification is ambiguous on the point of the impermeability of the resulting composite sheet or the claims assert a monopoly of more than the relatively impermeable sheets to the production of which the invention is confined; or
- (2) that the process used by the plaintiff is not an infringement of the patent on the grounds:

- (a) that the claims extend only to a process in which a thermoplastic cellulose derivative is made to flow by the application of heat and that this does not occur in the plaintiff's process;
- (b) that the expression "softening agent" does not include volatile solvents and that in the plaintiff's process only a volatile solvent is used.

This Court, in disposing of the appeal, did not find it necessary to consider the issue of infringement, or any of the grounds upon which the appellants attacked the validity of the patent other than those indicated in paragraphs 1 (a) and 1 (b). Upon these grounds, and these grounds alone, we allowed the appeal and held the patent void.

It is necessary to set out the relevant statutory provisions. They are sections 50, 53 and 60 of the *Patent Act*, 1935, which are textually in these words:

50. (1) Whenever, by any mistake, accident or inadvertence, and without any wilful intent to defraud or mislead the public, a patentee has

(a) made his specification too broad, claiming more than that of which he or the person through whom he claims was the first inventor; or

(b) in the specification, claimed that he or the person through whom he claims was the first inventor of any material or substantial part of the invention patented of which he was not the first inventor, and to which he had no lawful right;

he may, on payment of the fee hereinafter provided, make disclaimer of such parts as he does not claim to hold by virtue of the patent or the assignment thereof.

(2) Such disclaimer shall be in writing, and in duplicate, and shall be attested by one or more witnesses. One copy thereof shall be filed and recorded in the office of the Commissioner. The other shall be attached to the patent and made a part thereof by reference. The disclaimer shall thereafter be deemed to be part of the original specification.

(3) No disclaimer shall affect any action pending at the time when it is made, except as to unreasonable neglect or delay in making it.

(4) In case of the death of the original patentee or of his having assigned the patent a like right to disclaim shall vest in his legal representatives, any of whom may exercise it.

(5) The patent shall, after disclaimer as in this section provided, be deemed to be valid for such material and substantial part of the invention, definitely distinguished from other parts thereof claimed without right, as is not disclaimed and is truly the invention of the disclaimant, and the disclaimant shall be entitled to maintain an action or suit in respect of such part accordingly.

53. (1) A patent shall be void if any material allegation in the petition or declaration of the applicant in respect of such patent is untrue, or if the specifications and drawings contain more or less than is necessary for obtaining the end for which they purport to be made, and such omission or addition is wilfully made for the purpose of misleading.

(2) If it appears to the court that such omission or addition was an involuntary error, and if it is proved that the patentee is entitled to the remainder of his patent *pro tanto*, the court shall render a judgment in accordance with the facts, and shall determine as to costs, and the patent shall be held valid for that part of the invention described to which the patentee is so found to be entitled.

(3) Two office copies of such judgment shall be furnished to the Patent Office by the patentee. One of them shall be registered and remain of record in the office and the other shall be attached to the patent and made a part of it by a reference thereto.

60. (1) A patent or any claim in a patent may be declared invalid or void by the Exchequer Court of Canada at the instance of the Attorney-General of Canada or at the instance of any interested person.

(2) If any person has reasonable cause to believe that any process used or proposed to be used or any article made, used or sold or proposed to be made, used or sold by him might be alleged by any patentee to constitute an infringement of an exclusive property or privilege granted thereby, he may bring an action in the Exchequer Court of Canada against the patentee for a declaration that such process or article does not or would not constitute an infringement of such exclusive property or privilege.

(3) Except the Attorney-General of Canada or the Attorney-General of a province of Canada, the plaintiff in any action under this section shall, before proceeding therein, give security for the costs of the patentee in such sum as the Court may direct, but a defendant in any action for

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the infringement of a patent shall be entitled to obtain a declaration under this section without being required to furnish any security.

Before proceeding further, it is convenient to point out that the respondents from the outset took the position that their invention in its essence consisted in the use of thermoplastic yarns of a cellulose derivative woven into the fabric. That was the new and all-important feature of the invention. We are not concerned with the uniting of fabrics otherwise than in the presence of a cellulose derivative in the form of yarn woven into the fabric; this was stated by counsel at the beginning of the trial on being invited by the trial judge to outline the nature of his case. In answer to a question put by the trial judge,

You are limiting to yarns, are you?

Mr. Lajoie: I am not limiting, but the patent limits it very definitely, there can be no doubt about it.

This Court, in allowing the appeal, held that, on the true construction of the claims, the monopoly claimed was not limited by reference to this feature of the alleged invention disclosed; and that the claims on their true construction were anticipated by the United States and British patents of Van Heusen, Green and H. Dreyfus; and that, consequently, the patent was invalid.

The respondents urge that the effect of the disclaimer is to correct this fault in the claims and that they should have an opportunity, either on a rehearing, or on a reference back to the Exchequer Court, to show that the claim of excessive monopoly was due to mistake, accident or inadvertence and without any wilful intent to defraud or mislead the public within the meaning of section 50, or to "involuntary error" within the meaning of section 53; and to establish the validity of the patent as amended by the disclaimer.

We shall not enter upon an examination of the precise meaning of subsection 1 of section 53 and we postpone for the present any reference to section 50 (3); we shall assume that, in an action under section 60, if a claim to relief under section 53 (2) were advanced at the proper stage by a prayer, for example, in the statement of defence for a declaration in the sense of that subsection, or where a disclaimer has been filed, in the sense of section 50 (5), it would be competent to the Court to grant such relief.

Assuming, then, that in the action out of which this appeal arises (in which the respondents by their statement of defence ask for a declaration that their patent, as it stood before the filing of the disclaimer, was a valid patent)

it would have been competent to make a declaration in the sense of section 53 (2) or in the sense of section 50 (5); it is, of course, quite indisputable that no such declaration could be made in this action, first, until all the grounds of invalidity advanced by the appellants had been considered and rejected; or, second, without disposing of the issues relating to infringement.

It is important at this point to notice that relief of such character involves—where, a disclaimer having been filed, a declaration is prayed under section 50 (5)—a declaration in the terms of that subsection that the patent * * * is valid for such material and substantial part of the invention, definitely distinguished from other parts thereof claimed without right, as is not disclaimed and is truly the invention of the disclaimant, and the disclaimant shall be entitled to maintain an action or suit in respect of such part accordingly.

Where a declaration is prayed under section 53 (2), there are two essential conditions of this relief: first, an adjudication that “the addition” which would otherwise render the patent void under section 53 (1) was not “wilfully made for the purpose of misleading”; and, second, an adjudication that such addition was “an involuntary error” and “that the patentee is entitled to the remainder of his patent *pro tanto*.” The Court, having adjudicated in this sense, may pronounce “the patent valid for that part of the invention to which the patentee is so found to be entitled.”

Now, as will appear from what has already been said, this Court did not find it necessary to pronounce upon the questions whether the specification did disclose any invention for which the patentee, under claims properly framed, would be entitled to protection. Counsel for the respondents did on this application refer to some expressions in the reasons for judgment which, he suggested, pointed to an intention to pronounce a decision upon that issue; but this Court did not intend to pass on the question, and did not in fact decide it.

On the appeal, the appellants contended that they were entitled to judgment, not only on the ground on which they ultimately succeeded, but on all the other grounds designated above, including the ground numbered 1(*h*), that the specification discloses no patentable invention. It is their right to have these grounds of appeal considered and

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adjudicated upon before any judgment is pronounced establishing the validity of the respondents' patent qualified in the sense of the disclaimer. It is their right, moreover, to have such adjudication by this Court.

Further, if this Court, we repeat, should hold a view adverse to them on these grounds of appeal, it is their right to have this Court decide upon their contention that, assuming the patent to be valid, they do not by their manufacture infringe it.

It is plain, therefore, that we could not give the direction the respondents ask for (without disregarding the legal rights of the appellants) unless we are prepared to rehear the appeal and enter upon a full examination of all the grounds of appeal advanced by the appellants (except those upon which our judgment in the appeal is based), including the issue of subject-matter, as well as the determination of the issue raised by the allegation now for the first time submitted by the respondents, namely, that the excessive scope of the claims is due to "inadvertence" or "involuntary error."

The issues raised by the contentions upon which we have not passed and upon which it is now proposed that we shall adjudicate are substantial issues. We do not comment upon them further except to say this: Some of these contentions attack the claims as too broad in respects other than that in which we have held them to be excessive; and, as regards excessive scope in these respects, it would be necessary, also, if excessive scope in the pertinent sense were found to exist, that the respondents establish the existence of the preliminary condition of relief under sections 50 and 53 that such excess was due to "inadvertence" or "involuntary error."

It may be observed that, as regards excessive scope of the claims due to the absence of reference in them to the essence of the invention (the presence of cellulose derivative in the form of yarns, filaments or fibres woven into a fabric) the evidence now in the record presents facts casting upon the respondents a burden of explanation by no means trivial. The limiting words, for example, which the respondents have sought to introduce by their disclaimer are, in effect, found in the English patent and the United States patent, and there is no suggestion of a reason why they

were omitted from the Canadian patent, nor is there anything pointing to a satisfactory explanation of the terms of the licences granted by the respondents.

Our attention has, moreover, been called to the successful efforts of the respondents in resisting discovery in relation to matters which *prima facie* might appear to be not without bearing upon this issue, as well as upon the issues of misrepresentation, anticipation and subject-matter (the learned judge assumed that experiment had been necessary, notwithstanding his order sustaining a refusal to answer questions concerning the respondents' investigations on the examination for discovery). If we had been disposed to allow a rehearing, it might have been necessary to exact, as a condition, that complete discovery should be made.

The respondents urge that a refusal of their application will, in effect, deprive them of relief which the legislature intended patentees in their situation to have.

We are far from convinced that, in view of their conduct, the respondents have not disentitled themselves to such relief. They had notice from the particulars of objection that their patent was attacked on the ground that claims were excessive, and, moreover, on the ground that the claims, on their proper interpretation, had been anticipated by Van Heusen, Green and Dreyfus. They succeeded at the trial on this issue of anticipation because the trial judge held that the essence of their invention consisted in the presence in one of the component fabrics of cellulose derivative in the form of yarns, filaments or fibres, and that, in view of this, the patents mentioned in which this was not an element of the invention did not constitute anticipation. The amendment to which they now seek to give effect, if made by disclaimer filed before the statement of defence, could not have prejudiced their just rights because it could only result in bringing the claims into conformity with what they were insisting was the true character of their invention. Assuming their *bona fides*, they must have desired that the monopoly claimed should not extend beyond that to which they were entitled. If the respondents, instead of asking *simpliciter* by their statement of defence for a declaration that the patent was valid, had asked for a declaration under section 53(2) in the event of the Court holding the claims to be too broad, the issue of *bona fides*

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would have been raised and the litigation would have proceeded with full knowledge of all parties that the respondents intended to pray for relief under that section; the same result might possibly have been reached by filing a disclaimer and praying, in the statement of defence, a declaration in the sense of section 50 (5).

On the appeal to this Court, the respondents' counsel contented himself with answering the attack on the claims thus:

In my submission, we are absolutely entitled to go back to the body of the specification to find out the meaning of those claims. My friend referred to the recent judgment of the House of Lords in the case of *Mullard Radio Corporation v. Philco* (1). In that case Lord Macmillan repeats what has been said over and over again, that, while each claim must be read independently, you look at the body of the specification to find out the meaning of each claim. Your Lordships have held time and again, in *Schweyer Electric and Manufacturing Co. v. New York Central R.R. Co.* (2) and in *Western Electric Co. v. Baldwin International Radio of Canada* (3), that the patentee is entitled to have his claims construed in the light of the dictionary he supplies in the body of the specification. In my submission, there cannot be the slightest question but that he is talking about cellulose derivative or cellulose acetate in the form of yarns. There can be no question about it.

At the stage at which this argument was made, this Court had power to amend the pleadings and, if necessary, to hear fresh evidence in order to dispose of the issues which the respondents now desire to litigate. Had the respondents then taken the position they now take (which, as already observed, could not have prejudiced their just rights) all the issues raised by the appeal could have been examined and disposed of as well as those which the respondents now for the first time ask us to consider and determine on a rehearing of the appeal.

The respondents, nevertheless, insisted on maintaining the judgment of the trial judge, declaring these claims, as framed, to be valid claims. Now, having lost on that issue of validity and judgment having been pronounced against them, the respondents seek a rehearing in order to take up a new position never before even suggested by them, with all the attendant delay and inconvenience already indicated.

We think that by their conduct they have definitely elected against taking the position which they are now endeavouring to take; and, however that may be, we are satisfied that, on grounds both of justice and convenience, the application should fail.

(1) [1936] 2 All E.R. 920.

(2) [1935] S.C.R. 665.

(3) [1934] S.C.R. 570.

We do not think it necessary to express an opinion upon the construction and effect of the third subsection of section 50. We decide nothing, moreover, as to the relation between the procedure authorized by section 60 and that contemplated by section 53. We have assumed (for the purposes of this judgment only) that a defendant in an action under section 60 can, by a proper and timely proceeding, obtain relief under subsection 2 of section 53 and, if there is a valid disclaimer, that the Court can in such an action take cognizance of that disclaimer; but we decide none of these points.

The application is dismissed with costs.

Motion dismissed with costs.

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