

CANADIAN WESTINGHOUSE COM- }  
 PANY, LIMITED (PLAINTIFF)..... } APPELLANT;

1927

\*June 8, 9.

\*Oct. 4.

AND

WILLIAM W. GRANT (DEFENDANT).....RESPONDENT.

ON APPEAL FROM THE EXCHEQUER COURT OF CANADA

*Patent—Infringement—Patent Act, R.S.C. 1906, c. 69, and amendments—Application for patent within extended period allowed by article 83 of Treaty of Peace (Germany) Order, 1920—Patent issued after amendment to Patent Act in 1921, c. 44—Question whether terms of article 83 or of ss. 6 and 7 of c. 44 of 1921 applicable as to parties' rights—“Right of industrial property” (article 83)—Construction of statutes—Repeal by implication—Vested rights.*

A. (plaintiff's assignor), a citizen of the United States of America, patented a device there on October 6, 1914. He failed to apply for a Canadian patent within the year allowed by s. 8 of the *Patent Act* (R.S.C. 1906, c. 69), but applied for it on July 10, 1920, just before the expiry of the extended period allowed therefor by article 83 of the Treaty of Peace (Germany) Order, 1920. The letter accompanying the petition stated it was filed under the provisions of that Order. The patent was not issued until March 7, 1922. In the meantime c. 44 of 1921, amending the Patent Act, was passed. The patent recited compliance with the requirements of the *Patent Act* (R.S.C. 1906, c. 69) and amendments thereto, and was granted “subject to the conditions contained in the Act aforesaid.” Defendant, as a private citizen, had manufactured, used and sold the device prior to January 10, 1920, and continued to do so, and was sued for infringement of the patent.

*Held*, the patent was not “granted or validated under the provisions” of s. 6 or s. 7 of c. 44 of 1921, and, therefore, defendant could not invoke the conditions in subs. 2 of s. 7; the patent issued under authority of said article 83, under the terms of which the defendant was not protected, as he could not claim, by virtue of his manufacture, use

\*PRESENT:—Anglin C.J.C. and Mignault, Rinfret, Lamont and Smith

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and sale of the device prior to January 10, 1920, to have acquired and be in possession of a "right of industrial property" within the meaning of that article; to speak of a right open to be exercised by any person outside the United States as a "right of industrial property" subsisting in an individual who happened to exercise it, involves a wrong conception of "property."

Said article 83 was not repealed by implication by s. 6 or s. 7 of c. 44 of 1921. Moreover, A. had a vested right prior to that Act, by virtue of his application under article 83, to obtain a patent under, and subject only to conditions imposed by that article; and it would require clear language, even were there an express repeal, to warrant the conclusion that A.'s acquired rights under article 83 were thereby so seriously impaired as they would be if defendant and others in a like position should be entitled to the wider protection afforded by s. 7 (2) of c. 44 of 1921 (*Interpretation Act*, R.S.C. 1906, c. 1, s. 19; *Lewis v. Hughes* [1916] 1 K.B. 831).

The phrase in the patent "subject to the conditions contained in the Act aforesaid," while no doubt referring to the *Patent Act* as then amended, imported only that the patent was subject to such of the provisions of the amended Act as were upon their proper construction applicable to it.

*Held*, further, that defendant did not come within the terms of subs. 2 of s. 8 of the *Patent Act*.

Judgment of the Exchequer Court of Canada (Maclean J.) ([1926] Ex. C.R. 164) reversed in part.

APPEAL by the plaintiff from the judgment of Maclean J., President of the Exchequer Court of Canada (1) dismissing, as against the defendant Grant, the plaintiff's action for infringement of patent. The material facts of the case are sufficiently stated in the judgment now reported. The appeal was allowed with costs.

*O. M. Biggar K.C.* and *R. S. Smart K.C.* for the appellant.

*J. B. Barron* for the respondent.

The judgment of the court was delivered by

ANGLIN C.J.C.—The plaintiff company, as holder of a patent, appeals from the judgment of the Exchequer Court dismissing its action for infringement against the defendant W. W. Grant. The respondent Grant, without cross-appeal, asks that the injunction granted against his co-defendant, W. W. Grant Ltd., be modified so as to permit of its purchasing the device in question from him.

That the manufacture, use and sale by the defendant Grant, in his private capacity, of which the plaintiff complains, amounted to infringement of its patented device, unless protected by one or other of the enactments presently to be discussed, is admitted. The questions presented are—which of these protective provisions is applicable, and whether that which applies affords the protection claimed.

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The plaintiff's assignor, Armstrong, as inventor, patented the device in the United States of America on the 6th of October, 1914. He failed to make application for a Canadian patent within the year allowed by s. 8 of the *Patent Act* (R.S.C., c. 69). He applied, however, for a Canadian patent on the 10th of July, 1920—one day before expiry of the extended period for such application allowed by article 83 of the Treaty of Peace (Germany) Order, 1920 (a), hereinafter called Article 83, made under the authority of the Dominion Statute of 1919, 2nd session, chapter 30.

The letter of Armstrong's solicitors, accompanying his application for the Canadian patent, explicitly states that the application is filed "under the provisions of the Treaty of Peace (Germany) Order, 1920."

In the ordinary course the patent so applied for would have issued some time before the 4th of June, 1921, when the *Patent Act* was amended (11-12 Geo. V, c. 44) by the

(a) The Treaty of Peace (Germany) Order, 1920.

83. The rights of priority, provided by Article 4 of the International Convention of Paris for the Protection of Industrial Property, of March 20, 1883, revised at Washington in 1911, or by any other Convention or Statute, for the filing or registration of applications for patents or models of utility, and for the registration of trade-marks, designs and models which have not expired on the first day of August, 1914, and those which have arisen during the war, or would have arisen but for the war, shall be extended in favour of all nationals of Germany, and of the Powers allied or associated during the war with His Majesty, until the 11th day of July, 1920.

Provided, however, that such extension shall in no way affect the right of Germany or of any of the powers allied or associated during the war with His Majesty or of any person who before the tenth day of January, 1920, was bona fide in possession of any rights of industrial property conflicting with rights applied for by another who claims rights of priority in respect of them, to exercise such rights by itself or himself personally, or by such agents or licensees as derived their rights from it or him before the tenth day of January, 1920; and such persons shall not be amenable to any action or other process of law in respect of infringement.

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addition of a number of sections, including those under which the respondent claims protection, and which are numbered 6 and 7. (b).

The delay in issuing the patent was caused by some uncertainty in the Patent Office as to the proper interpretation of article 83, which was then the subject of litigation in the Exchequer Court. The plaintiff's patent eventually issued on the 7th of March, 1922. It recited his application and his compliance with the other requirements of the *Patent Act* of Canada (R.S.C., 1906, c. 69) and amendments thereto; and the grant made "is subject to the conditions contained in the Act aforesaid."

The learned President of the Exchequer Court held that Armstrong's patent had issued on the authority of s. 8 of the *Patent Act*, as modified by article 83, and subject to the terms and conditions of that article, and was not granted under the authority of ss. 6 and 7 of the statute of 1921

(b) 11-12 George V, c. 44.

6. The rights provided by section eight of the *Patent Act* for the filing of applications for patents for invention which rights had not expired on the first day of August, 1914, or which rights have arisen since that date shall be, and the same are hereby extended, until the expiration of a period of six months from the coming into force of this Act, and such extension shall apply to applications upon which patents have been granted as well as to applications now pending or filed within said period. Provided, that such extension shall in no way affect the right of any person, who, before the passage of this Act, was *bona fide* in possession of any rights in patents or applications for patent conflicting with rights in patents granted or validated by reason of such extension, to exercise such rights himself personally or by such agents, or licensees, as derived their rights from him, before the passage of this Act, and such persons shall not be amenable to any action for infringement of any patent granted or validated by reason of such extension.

7. (1) A patent shall not be refused on an application filed between the first day of August, 1914, and the expiration of a period of six months from the coming into force of this Act, nor shall a patent granted on such application be held invalid by reason of the invention having been patented in any other country or in any other of His Majesty's Dominions or Possessions or described in any printed publication or because it was in public use or on sale prior to the filing of the application, unless such patent or publication or such public use or sale was issued or made prior to the first day of August, 1913.

(2) No patent granted or validated under the provisions of the next preceding section or of this section shall abridge or otherwise affect the right of any person, or his agent or agents, or his successor in business, to continue any manufacture, use or sale commenced before the coming into force of this Act by such person nor shall the continued manufacture, use, or sale by such person, or the use or sale of the devices resulting from such manufacture or use constitute an infringement.

(11-12 Geo. V, c. 44). It was, therefore, not subject to the terms and conditions set forth in subsection 2 of section 7 of the latter statute. He, however, also held that the respondent Grant had by his manufacture, use and sale of the patented device prior to the 10th of January, 1920, acquired, and was in possession of, a "right of industrial property" which conflicted with the rights applied for by Armstrong and that the continued exercise of such right by Grant was protected by article 83.

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The following admissions were made by the parties:

1. The defendants, prior to June 4, 1921, commenced to manufacture and sell, and have since continued to manufacture and sell, radio receiving sets embodying the inventions described in the patents referred to in the statement of claim.

2. The defendants, prior to and after the issue of the said letters patent, and prior to the institution of this action, have manufactured, used, and sold radio receiving sets having the electrical characteristics indicated by the attached current diagram.

The evidence of the respondent establishes the actual manufacture, use and sale by Grant, as a private citizen, of the device in question prior to the 10th of January, 1920. Armstrong is an American citizen and it is common knowledge that the United States of America was a "Power allied or associated with His (Britannic) Majesty during the war."

With great respect, we are of opinion that the learned trial judge was mistaken in regarding the respondent Grant as in possession of a "right of industrial property." What he did in manufacturing, using and vending the Armstrong device, then patented only in the United States of America, was merely what any other person might have done. To speak of a right thus open to be exercised by all the world outside the United States as a "right of industrial property" subsisting in an individual who happened to exercise it involves a conception of "property" which we are unable to accept.

On the other hand, we think it beyond doubt or cavil that Grant had manufactured and sold the device before the 4th of June, 1921, within the meaning of those words in subs. 2 of s. 7 of c. 44 of the statute 11-12 Geo. V, so that the continuation by him of such manufacture, use and sale would not constitute an infringement of the Armstrong Canadian patent, if it was "granted or validated under the provisions of" s. 6 or s. 7 of that statute. The principal

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question for determination, therefore, is whether the learned judge was right in holding that this latter statute is inapplicable because the plaintiff's patent was not "granted" under it and that the respondent's rights (if any) must be measured by the terms of the proviso to article 83, under the authority of which, in his opinion, the Armstrong Canadian patent issued.

We find nothing in s. 6 or s. 7 in the Act of 1921 so inconsistent with or repugnant to article 83 that the enactment of the former should be held to imply the repeal of the latter. Repeal by implication is never favoured. *Foster's Case* (1). Revocation or supersession of an earlier enactment as the result of implication arising out of a later statute occurs only when the words of the latter cannot otherwise be given reasonable effect. *Kutner v. Phillips* (2); Maxwell, on Statutes, (6th Ed), pp. 280 *et seq.* Moreover, the presence in the Act of 1921 of s. 9, which expressly provides for the continuation in force for one year of certain orders of the Minister affecting patents, aids the view that repeal of article 83 was not intended. There appears to be no real difficulty in both these provisions operating on parallel lines. Armstrong's application was made within the delay provided for by article 83, and was otherwise in conformity with its requirements, and the patent applied for might still be granted under its authority, although its actual issue should be deferred until after the coming into force of the Act of 1921; and such a patent would, of course, be subject to the conditions imposed by article 83. But, if for any reason, the applicant could not bring himself within article 83 and therefore found himself obliged to invoke the aid of s. 6 or s. 7 of the Act of 1921—then his patent "granted or validated under the provisions of" one or other of those sections would equally clearly be subject to the wider restrictions contained in para. 2 of s. 7. It is only if the patent be "granted or validated" under one or other of those sections, i.e., if to sustain its existence as a patent one or other of them must be invoked, that the patentee, as a condition of obtaining the further indulgence which those sections afford, is subjected to the greater curtailment in his rights for which s. 7 (2) provides.

(1) 11 Co. Rep., 56b, at p. 63a.

(2) [1891] 2 Q.B. 267, at p. 272.

The plaintiffs are not driven to claim the aid of either s. 6 or s. 7. Their assignor's right arose and was perfected under the authority of article 83, and in that article must be found the terms and conditions to which that right is subject.

Moreover, the plaintiff had a vested right prior to the coming into force of the Act of 1921, by virtue of his application under article 83, to obtain a patent under and subject only to conditions imposed by that article. By s. 19 of the *Interpretation Act* (R.S.C., 1906, c. 1) it is provided that

19. Where any Act or enactment is repealed, or where any regulation is revoked, then, unless the contrary intention appears, such repeal or revocation shall not, save as in this section otherwise provided,—

(c) affect any right, privilege, obligation or liability acquired, accrued, accruing or incurred under the Act, enactment or regulation so repealed or revoked;

It would require clear language in the statute of 1921, even though it contained an express repeal of article 83, to warrant the conclusion that the acquired rights of Armstrong under that article were thereby so seriously impaired, as they would be if the respondent and others in a like position should be entitled to the wider protection afforded by subs. 2 of s. 7. *Lewis v. Hughes* (1). *A fortiori* would it be difficult to attach such a consequence to a repeal by mere implication of article 83.

The phrase in the patent "subject to the conditions contained in the Act aforesaid" no doubt refers to the *Patent Act* as then amended, but it imports only that the patent is subject to such of the provisions of the amended statute as are upon their proper construction applicable to it.

It has also been suggested that the defendant Grant comes within the provisions of subs. 2 of s. 8 of the *Patent Act* (R.S.C., 1906, c. 69), because Armstrong did not, "within three months after the date of the issue" of his American patent in 1914, give notice to the Canadian Commissioner of his intention to apply for a patent in Canada. The evidence does not disclose any manufacture of the Armstrong device by Grant prior to 1919, whereas, under subs. 2 of s. 8, protection is afforded only if the manufacture of the device has begun within the period of one year after the issue of the foreign patent, within which, under s. 8,

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(1) [1916] 1 K.B. 831.

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the inventor may obtain a Canadian patent. Grant's case, therefore, is not within the terms of subs. 2 of s. 8. Nor can the period fixed by that subsection be prolonged to cover the extended time during which the inventor was allowed to obtain a patent under article 83 of the Treaty of Peace (Germany) Order, 1920. There is no express extension by that Order of the period of one year named in subs. 2 of s. 8 of the Revised Statute and implication of such an extension is excluded by the fact that article 83 itself contains a specific protective proviso, which, while allowing a more extended period for its operation, restricts the protection it affords to persons "bona fide in possession of any rights of industrial property."

For these reasons we are of the opinion that the learned President of the Exchequer Court was right in holding that the only protection which the respondent can invoke is that afforded by the proviso to article 83, but, as already stated, he had, in our opinion, acquired no "right of industrial property" within the meaning of that proviso.

The appeal will accordingly be allowed with costs. The judgment dismissing the action as against W. W. Grant will be set aside and judgment will be entered for the plaintiff, appellant, in terms similar to those in which it has already been entered against his co-defendant corporation, infringements found to have been committed by him being restricted, however, to his manufacture, use and sale of the patented device in his capacity as a private citizen.

The suggested modification in the judgment as against the defendant corporation need not be further considered.

*Appeal allowed with costs*

Solicitor for the appellant: *Russel S. Smart.*

Solicitors for the respondents: *Barron & Barron.*

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