

## DIVISION XIII—PATENTS IN RELATION TO THE CROWN

### Part IX. Patents in Relation to the Crown

1. This Act binds Her Majesty and Her Majesty in the right of any Province of Canada.

2. (1) In this section, notwithstanding anything elsewhere contained in this Act,

(a) Her Majesty means Her Majesty in the right of Canada or Her Majesty in the right of any Province of Canada;

(b) Minister of a Government department means the Minister of a department of the Government of Canada or the Minister of a department of the Government of a Province of Canada;

(c) patentee includes an exclusive licensee under the patent.

(2) Her Majesty may make, use or sell any patented invention and the Minister of a Government department may authorize in writing any person to make, use or sell the patented invention, which authority may be given, either before or after the acts, in respect of which the authority is given, are done, and on the making, use or sale as aforesaid the patentee shall be informed of the fact as soon as possible.

(3) If and so far as the invention has, before the priority date of the relevant claim of the complete specification, been duly recorded by or tried by or on behalf of Her Majesty, otherwise than in consequence of the communication thereof directly or indirectly by the patentee or by a person from whom he derives title any use of the patented invention by Her Majesty or by any person pursuant to the authority given by a Minister of a Government department under this section shall be without liability on the part of Her Majesty or the person so authorized, provided that in any proceedings for compensation under this section the onus shall lie upon Her Majesty to establish that such invention was recorded or tried as required by this subsection.

(4) Subject to the last foregoing subsection, where a patented invention is made, used or sold under subsection (2) of this section, the patentee shall be entitled to such reasonable compensation as shall be fixed by the Patent Tribunal and an agreement to which Her Majesty is not a party shall not, unless the Patent Tribunal sees good reason to the contrary, form the basis of such compensation.

(5) No action for infringement lies in respect of the making, use or sale of a patented invention under subsection (2) of this section whether such making, use or sale occurred before or after the grant of the patent.

(6) Any contract, agreement or licence between the patentee and any person authorized by a Minister of a Government department under subsection (2) of this section shall be inoperative against such person with respect to such making, use and sale of the patented invention on the giving of the written authority under subsection (2) of this section from the time specified in such written authority and in the absence of any time so specified from the date of such authority.

(7) A patentee, who considers that a patented invention has been made, used or sold under subsection (2) of this section may apply to the Patent Tribunal for a declaration

- (a) that as between the patentee and Her Majesty the patent is valid, and
- (b) that the patented invention has been made, used or sold under subsection (2) of this section.

(8) In any proceedings under this section, the Patent Tribunal may fix the compensation payable to the patentee under subsection (4) of this section; and Her Majesty may by way of counterclaim in the proceedings apply for revocation of the patent on any ground set out in section 1 of Part VI.

Subsections (7) and (8) effect a simplification in the procedure where a patentee seeks to obtain compensation by reason of a use of the patented invention by the Crown. It was held by Maclean, P. in the case of *The King v. Myers Canadian Aircraft Co. Ltd. et al* (1931) Ex. C.R. 146 at p. 150 that the section of the Patent Act relating to the right of the Crown to use a patented invention upon the payment of reasonable compensation to the patentee did not confer any authority upon the Commissioner to assess compensation for the use of any patent, unless the Government of Canada was a consenting party. In cases where there was Crown use of a patented invention and the Crown denied either the validity of the patent or use within any claim of the patent, it was necessary for the patentee to obtain a decision from the Exchequer Court in relation to these issues by seeking a declaration that he was entitled to be paid reasonable compensation for the use of his invention as fixed by the Commissioner: *The King v. Bradley* (1941) S.C.R. 270. It was then necessary to have the compensation fixed by the Commissioner, with the possibility of further appeal to the Exchequer Court and the Supreme Court of Canada. The proposed subsections will enable the issues of use within a claim, validity, and amount of compensation to be heard at the same time. One appeal, to the Supreme Court of Canada, arises and a multiplicity of proceedings is avoided. It will be noted that the Patent Tribunal has jurisdiction in relation to revocation of the patent under subsection (8) at any time and not merely within the first year of the date of the grant of the patent as in cases under the main revocation section.

(9) Nothing in this section shall affect the right of Her Majesty or any person deriving title directly or indirectly from Her Majesty to sell or use any article forfeited to Her Majesty under a law of Canada.

(10) No compensation shall be payable to a patentee under subsection (4) of this section in respect of any making, use or sale of the patented invention under subsection (2) of this section other than a making, use or sale which took place within the three-year period immediately prior to an application for compensation to the Patent Tribunal.

(11) An appeal shall lie to the Supreme Court of Canada from any decision of the Patent Tribunal under this section taken within sixty days of such decision.

This section has been drafted on the assumption that Parliament has the constitutional right, in legislating in relation to patents, to create a right on the part of the patentee to recover compensation from the Government of a Province. If, however, the law officers are of the opinion that this is beyond the powers of Parliament, the provision making the proposed Act binding on Her Majesty in the right of a Province should be omitted, and in that event we do not see any reason for providing that a patentee may have the compensation payable by a Province determined by the Patent Tribunal.

**DIVISION XIV—AVOIDANCE OF CERTAIN RESTRICTIVE CONDITIONS  
IN AND DETERMINATION OF CERTAIN CONTRACTS**

**Part X. Restrictive Conditions, etc.**

1. (1) Subject to the provisions of this section; any condition of a contract made after the commencement of this Act for the sale or lease of a patented article or of an article made by a patented process or machine or for licence to make; use or sell a patented article or to use a patented process or machine or relating to any such sale, lease or licence shall be void, insofar as it

(a) purports

- (i) to require the purchaser, lessee or licensee to acquire from the vendor, lessor or licensor or his nominees; or
- (ii) to prohibit the purchaser, lessee or licensee from acquiring except from the vendor, lessor or licensor or his nominees; or
- (iii) to prohibit the purchaser, lessee or licensee from acquiring from any specified person

any article, other than the patented article or an article made by the patented process or machine; or

(b) purports to prohibit the purchaser, lessee or licensee from using, or to restrict the right of the purchaser, lessee or licensee to use, any article (whether patented or not) which is not supplied by, or any patented process or machine which does not belong to, the vendor, lessor or licensor or his nominees; or

(c) purports to require any person to sell or lease the patented article or the article made by a patented process or machine at a price or rental fixed by the contract for or relating to the sale, lease or licence.

(2) In this section, patented article is deemed to include an article claimed in a claim of a complete specification published under section 7 of Part IV and patented process or machine includes a process or machine claimed in a claim of a complete specification published under section 7 of Part IV.

(3) A condition of a contract shall not be void by virtue of this section by reason only that it prohibits any person from selling goods other than those supplied by a specified person or, in the case of a contract for the lease of or licence to use a patented article, that it reserves to the lessor or licensor or his nominee the right to supply such new parts of the patented article as may be required to put or keep it in repair.

(4) A condition of a contract void by virtue of this section shall be deemed to be removed from such contract, as between the parties to the contract if the applicant or patentee offers, in the manner prescribed, to such other party to such contract a new contract from which the void condition is omitted but under which the rights of the parties are otherwise identical (whether such offer is accepted or not).

(5) A condition of a contract void by virtue of this section shall be deemed to be removed from such contract as between any party to the contract and any person who is not a party to the contract if the applicant or patentee has made an

offer as required by subsection (4) of this section and notice has been published in two consecutive issues of the Patent Office Record that such offer has been made, and the date of the Patent Office Record containing the second notice shall be deemed to be the date of this removal for the purposes of this subsection.

(6) In any proceedings against any person for infringement of a patent to which a contract, containing a condition void by virtue of this section relates, and which has not been removed as against the defendant, proof of the existence of such contract shall be a defence.

(7) In any proceedings against any person for infringement of a patent to which a contract relates containing a condition void by virtue of this section, no damages shall be awarded to a patentee in respect of infringement of such patent before the removal of such condition as against such person.

(8) Any condition of a contract, made after the commencement of this Act, for the assignment of a patent or an application for a patent shall be void insofar as it

(a) purports

(i) to require the assignee to acquire any article from the assignor or his nominees; or

(ii) to prohibit the assignee from acquiring any article except from the assignor or his nominees; or

(iii) to prohibit the assignee from acquiring any article from any specified person; or

(b) purports to prohibit the assignee from using, or to restrict the right of the assignee to use, any article (whether patented or not) which is not supplied by, or any patented process or machine which does not belong to, the assignor or his nominees; or

(c) purports to require any person to sell or lease the patented article or the article made by a patented process or machine at a price or rental fixed by the contract for the assignment.

This section is based upon very much the same principle as the principle applied by courts in the United States in infringement actions where the defence is that there has been an antitrust abuse of the patent alleged to be infringed. There is also a precedent for the section in the Patents Act 1949 (United Kingdom), section 57 which provides for the avoidance of certain restrictive conditions, and also that in proceedings against any person for infringement it shall be a defence to prove that at the time of the infringement there was in force a contract relating to the patent made by or with the consent of the plaintiff and containing the condition void by virtue of the section. The English section does not provide that a price fixing clause is void, but we considered that attempts at price fixing on the part of a patentee in the circumstances set out in the draft section above is likely to result in so undue a restraint of competition that it should not be permitted. The elimination of this kind of competition does not, in our view, legitimately come within the scope of the patent monopoly.

A well known case in the Supreme Court of the United States dealing with price fixing is *United States v. General Electric Co.* (1926) 272 U.S. 476, where it was held that it was not contrary to the antitrust laws for a licence to provide that a patented article must be sold by the licensee at a price set in the licence. However, in the case of *United States v. Line Material Co.* (1948) 333 U.S. 287, four

Justices of the Supreme Court of the United States, (a minority), favored the overruling of the *General Electric* case. Moreover, in the United States it has been held that the licensor cannot fix prices on unpatented products resulting from the operation of a patented process or of a patented machine, or where only part of the product is covered by patent claims, nor can the price of an unpatented component of a patented combination be fixed, nor can a purchaser's resale price be fixed. Our proposed section relating to price fixing clauses is based on a principle at variance with that of the *General Electric* case. As to the law with regard to price fixing by patentee in the United States, see Report of the Attorney General's Committee to Study the Antitrust Laws, 1955, pp. 233-236.

The principle that the patentee may later recapture his right to recover in an infringement action is to be found not only in section 57 of the United Kingdom Patents Act but several decisions in the United States courts. The Supreme Court of the United States in *Morton Salt v. G. S. Suppinger Co.* (1942) 314 U.S. 488, 492-3 stated the rationale of these cases as follows:

"Undoubtedly 'equity does not demand that its suitors shall have led blameless lives', . . . but additional considerations must be taken into account where maintenance of the suit concerns the public interest as well as the private interests of suitors. Where the patent is used as a means of restraining competition with the patentee's sale of an unpatented product, the successful prosecution of an infringement suit even against one who is not a competitor in such sale is a powerful aid to the maintenance of the attempted monopoly of the unpatented article, and is thus a contributing factor in thwarting the public policy underlying the grant of the patent. Maintenance and enlargement of the attempted monopoly of the unpatented article are dependent to some extent upon persuading the public of the validity of the patent, which the infringement suit is intended to establish. Equity may rightly withhold its assistance from such a use of the patent by declining to entertain a suit for infringement, and should do so at least until it is made to appear that the improper practice has been abandoned and that the consequences of the misuse of the patent have been dissipated. . . ."

It will be noted that subsection (2) of section 1 extends the definition of patented article and of patented process or machine for the purpose of ensuring that a tying clause will be void in a contract relating to a claim in a complete specification which has been published.

A procedure has been recommended whereby an applicant or patentee who has entered into a contract containing a void clause may remove the defect from the contract and recapture his rights in the patent.

It is our opinion that the mischief that flows from contracts containing a tying clause or a price fixing clause can be found in contracts of assignment as well as in licence agreements. Accordingly, we have provided in subsection (8) of section 1 that a condition of a contract for the assignment of a patent or an application for patent shall be void insofar as it contains such a clause.

2. (1) Any contract, made after the commencement of this Act, for the sale or lease of a patented article or for licence to make, use or sell a patented article or to use a patented process or machine, or relating to any such sale, lease or licence may, at any time after the patent or all the patents by which the article, process or machine was protected at the time of the making of the contract has or have ceased to be in force, and notwithstanding anything to the contrary in the contract or in any other contract, be determined by either party on giving three months' notice to the other party.

(2) The provisions of this section shall not derogate from any right of determining a contract exercisable apart from this section.

As mentioned above, where we were discussing the compulsory licence sections, there are many situations where the licensees' bargaining position vis-a-vis the patentee is weak. Moreover, patent litigation is notoriously long, uncertain, and, in many cases, very expensive. In these circumstances, licensees may well submit to more onerous conditions as to the period for which they will be liable for royalties or otherwise liable to the patentee than would perhaps, in retrospect, appear to have been prudent. This is particularly likely to be the case where the patents which form the basis of the licence are revoked in legal proceedings.

While there is much to be said in favour of a strictly hands-off policy with respect to private contracts, there is also some justification for regarding patent licences as being in an exceptional position, in the light of the last paragraph. Indeed, it was represented to us that the doctrine of estoppel should not apply to licence agreements under a patent or patents at all and that, indeed, the licensee should have a statutory right to sue for the recovery of royalties paid under invalid patents.

Whatever may be said as to this more radical proposal, there is good ground for providing that, once the patents which form the basis of the contract cease to be in force, the licensee shall be entitled to determine the contract on appropriate notice.

This is not a matter of interest solely to the parties to the contract. For example, where the patentee has licensed most or all of the potential producers of the article or where he has licensed the price leader in the field, it is altogether likely that the royalties will, in effect, be passed on to the ultimate consumer. It would seem unreasonable that the public should continue to pay enhanced prices for an article in circumstances of this kind.

## DIVISION XV—INFRINGEMENT

### Part XI. Proceedings for Infringement

1. (1) Subject to the provisions of this Act, an infringement of a patent shall be actionable at the suit of the patentee or an exclusive licensee under the patent; and in any action for such infringement relief by way of damages and injunction but not by way of an account of profits, shall be available to the plaintiff.

It will be noted that we recommend the express exclusion of an account of profits as a remedy for infringement. It is questionable whether this remedy is available under our present Act. It may be within the inherent jurisdiction of the Court to grant such relief. And it may on one interpretation of the present section 59 be authorized by that section. An account of profits is, we understand, often ordered in the final judgment—at least the successful plaintiff has sometimes been given his option in the final judgment of an account of profits or damages and after the defendant has filed records and accounts can then exercise his option. In view of the fact that in patent actions it is often most uncertain until the judgment is delivered whether the patent is valid or whether claims were infringed, it seems somewhat severe to compel the infringer to reveal the details of his business when the plaintiff may not, after all, use the information thus obtained as the basis of the amount which he recovers. The quantum of the profits may not be so much the result of the infringer's use of the patented invention as the result of his good management. It seems to us that the patentee's real loss is the amount of the additional gain that he would have had if the patent had not been infringed, and that an award of damages is a better way to compensate for this loss than an order for an account of the infringer's profits.

We note that in the Patents and Designs Act, 1907, (United Kingdom), as amended, (section 34) it was provided that in an action for infringement of a patent the plaintiff shall be entitled to relief by way of injunction and damages but *not to an account of profits*. The Patents Act 1949 (United Kingdom) provides (section 60) that "in an action for infringement of a patent the plaintiff shall be entitled, at his option, to an account of profits in lieu of damages". This change was recommended by the Swan Committee in para. 235 of its Final Report which is as follows:

"Prior to 1919 it was open to a successful plaintiff in a patent infringement action to obtain, in addition to an injunction, either damages or an account of profits. The latter alternative, an account of profits, was taken away by amendment in 1919, and the successful plaintiff's right was restricted to relief by way of injunction and damages. It has been pointed out to us that, in order to furnish proof of the damage sustained by the plaintiff, the plaintiff is in some cases obliged to disclose to the defendant, who may be a competitor in trade, information which may be harmful to his business. It has also been pointed out to us that, in other actions based upon invasion of the monopoly right, the successful plaintiff has the option of claiming either damages or an account of profits. We see no reason why the successful plaintiff in a patent action should be in a less advantageous position, and we therefore recommend that the right he formerly had of claiming an account of profits as an alternative to damages should be restored and the Section amended accordingly."

With respect, the reasons given for making the change do not appear to us to be convincing.

(2) If an injunction is granted it may include or be accompanied by an order for destruction or delivery up of infringing articles or that they be rendered noninfringing.

(3) If any proceedings taken by the holder of an exclusive licence by virtue of this section, the patentee shall, unless he is joined as plaintiff in the proceedings, be added as defendant, provided that a patentee so added as defendant shall not be liable for any costs unless he takes part in the proceedings.

2. In interlocutory proceedings in an action for infringement of a patent the court may, on the application of the plaintiff or defendant make such order as the court deems advisable.

(a) restraining or enjoining the opposite party from further use, manufacture or sale of the subject matter of the patent;

(b) for and respecting inspection or account; and

(c) generally, respecting the proceedings in the action.

3. A defendant in an action for infringement of a patent may counterclaim for revocation of the patent, either wholly or insofar as it relates to any claim of the complete specification.

4. (1) Every person who, before the publication of a complete specification under section 7 of Part IV, has purchased, constructed or acquired in Canada any specific article on which a patent is afterwards granted under this Act, shall have the right to use and sell such article after as well as before the grant of the patent without being liable in respect of the patent for so doing.

(2) Every person who, before the publication of a complete specification under section 7 of Part IV has made substantial preparation for the practice of a process, or practiced a process, on which a patent is afterwards granted under this Act shall have the right to apply to the Exchequer Court for and the Court may in its discretion grant an order permitting such person to practise or continue to practise the process to the extent, for such period and on such terms and subject to such conditions, (including royalty payments to the patentee, if any) as the Court deems reasonable for the protection of any investment made or business commenced by such person before the publication of the complete specification, and for the reasonable protection of the rights of the patentee.

(3) Where an applicant or a patentee has entered into a contract containing a condition void by virtue of section 1 of Part X every person who has purchased, constructed or acquired in Canada any specific article claimed in a claim in a complete specification published under section 7 of Part IV or in a claim in a patent shall have the right to use and sell such article after as well as before the date when the applicant or patentee shall have removed the condition from the contract as against such person, without being liable in respect of the patent for so doing.

Subsections (1) and (3) of section 4 embody the principle of section 58 of our present Act as extended to situations which may arise as a result of proposals in the new Act recommended by us. Subsection (2) extends the scope of this principle from specific articles to processes, subject to the exercise of a discretion by the Court.



## CONTRIBUTORY INFRINGEMENT

The question has arisen as to whether we should not recommend the enactment of provisions which will change or clarify the law relating to contributory or indirect infringement. The question whether there has been a contributory infringement or whether contributory infringement entails liability for infringement of a patent may arise in a situation, among others, where the defendant is a person who has not himself manufactured a patented article but has supplied the person who actually manufactures it with some unpatented part used in its manufacture.

We understand the law in the United Kingdom to be as stated in Halsbury's Laws of England, 2nd ed., vol. 24, p. 651 as follows:

"The article sold must in itself be covered by the claims of the patent, e.g., a combination claim is not infringed by the sale of the separate integers, nor is a claim for the use of an article or apparatus in a particular way infringed by the sale of such article or apparatus with knowledge that it will be used in that way, or with directions or facilities for such use."

The Attorney General's National Committee to Study the Antitrust Laws (United States) said at p. 251 of its final report:

"Such infringement occurs only when the complete combination is assembled or the complete process performed. The plaintiff in a contributory infringement suit is thus necessarily seeking to enjoin conduct not technically covered by the patent."

In the United States a doctrine of what is called contributory infringement has arisen and in 1952 was partially codified (U.S. Code Title 35—Patents) as follows:

"271 (b) Whoever actively induces infringement of a patent shall be liable as an infringer.

(c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patent process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringement use, shall be liable as a contributory infringer."

We do not recommend the adoption of any such provision and would leave the law uncodified.

It is true that there appear to be some questions which are not quite clearly answered such as the following:

1. Does one who merely aids and abets an infringement infringe?

Duff, C. J. in *National Electric Products Corporation v. Industrial Electric Products, Limited* (1940) S.C.R. 406 said at pp. 409-410 the following:

"There is no evidence of agency or of partnership and on the facts one could not properly find, to borrow the language of Vaughan Williams L.J. in *Dunlop Pneumatic Tyre Co., Ltd., v. David Moseley & Sons, Ltd.* (1904) 21 R.P.C. 274 at 279-280, any relation between the parties of 'principals in the first degree' or of 'aider and abettor.'

I must not be supposed to give any adherence to the argument that the existence of this latter relationship would be sufficient. The existence of any one of these relationships is, of course, in every case a question of fact which must be determined upon the evidence in the particular case."

2. Is the action which may in certain circumstances be brought by the patentee against an aider and abettor properly described as an infringement action or one for damages for knowingly and for his own ends inducing another person to commit an actionable wrong?

We should think it is the latter (but Burbidge, J. in *The Copeland Chatterson Co. v. Hatton* (1906) 10 Ex. C. R. 224 found that this was the relationship in that case but finally expressed the opinion that it was not going too far to hold that this was infringement. The decision was affirmed by the Supreme Court of Canada without any discussion of this point).

We think the courts would likely apply the law as laid down in Halsbury and quoted above. And we recommend that no attempts be made by legislation to extend or curtail the rights now possessed by patentees in this connection.

For interesting discussions of contributory infringement and allied questions reference may be had to Terrell on Patents, 9th ed., pp. 153 to 156, and to an article by John C. Osborne in a paper entitled "Contributory Infringement" which was read to the Patent Institute of Canada at its 1950 meeting and may be found in the Canadian Patent Reporter, 1951, vol. 14, at p. 75.

#### RESTRICTIONS ON RECOVERY OF DAMAGES FOR INFRINGEMENT

5. (1) In proceedings for the infringement of a patent, damages shall not be awarded against a defendant who proves that at the date of the infringement he was not aware, and had no reasonable ground for supposing, that the patent existed; and a person shall not be deemed to have been aware or to have had reasonable grounds for supposing as aforesaid by reason only of the application to an article of the word "patent", "patented" or any word or words expressing or implying that a patent has been obtained for the article unless such word or words is or are accompanied by the number of a patent which protects the article or a process by which the article was made and is or are not accompanied by the number of a patent which as at the time the number was applied could not reasonably be considered to protect the article or a process by which the article was made.

(2) In proceedings for an infringement, which occurred before the patent was granted, of any claim in a complete specification which has been published under section 7 of Part IV damages shall not be awarded against a defendant who proves that at the date of the infringement he was not aware, and had no reasonable ground for supposing, that a complete specification had been published containing the claim infringed.

(3) In any proceedings for the infringement of a patent, where an amendment of a complete specification has been made under this Act after the publication of the complete specification under section 7, Part IV, the court may

- (a) take into consideration the change in the complete specification in any assessment of damages; or
- (b) in its discretion make an order granting to every person who, before the date of grant of the patent has purchased, constructed or acquired in Canada, any specific article, claimed in any claim in the patent, the right to use and sell the article so purchased, constructed or acquired, without liability under the patent, or upon such other terms and conditions as the court may order.

(4) Nothing in this section shall affect the power of the court to grant an injunction in any proceedings for infringement of a patent.

This section gives protection to what have been called "innocent infringers" against liability for damages. There is no such protection in our present Act and we think it should be granted to the extent recommended. Precedents for such protection may be found in the Patents Act 1949 (United Kingdom) section 59 and in the United States Act (Title 35, section 287).

Our recommendation that the complete specification must be published not later than one year after filing makes subsection (2) necessary.

It will be noted that the court by subsection (3) is given a wide discretion as to damages and relief to infringers where an amendment has been made to a complete specification after it has been published. The amendment will not become public until the patent is granted. The public will see the published specification in its unamended form and will assess its position in the light of that, and some kind of relief should be available for those who do something which infringes a claim as amended but would not infringe the claim but for the amendment. Similar considerations apply where the original claim was invalid but the amendment made it valid.

The effect of subsection (3) should be to put pressure on the applicant to get his specification into final shape within a year after filing thereby minimizing the possibility of undue delay in prosecution.

#### INVALID CLAIM NOT TO VITIATE VALID CLAIM

6. (1) Where a complete specification contains two or more claims, the invalidity of the patent so far as it relates to one claim does not affect the validity of the patent so far as it relates to another claim.

(2) (a) If in any proceedings before the court the validity of any claim of a specification is contested, and that claim is found by the court to be valid, the court may certify that the validity of that claim was contested in those proceedings.

(b) Where any such certificate has been granted, then if in any subsequent proceedings before the court for infringement of the patent or for revocation of the patent, a final order or judgment is made or given in favour of the party relying on the validity of the patent, that party shall, if the court directs, be entitled to his costs as between solicitor and client so far as concerns the claim in respect of which the certificate was granted;

provided that this subsection shall not apply to the costs of any appeal in any such proceedings as aforesaid.

#### REMEDY FOR GROUNDLESS THREATS OF INFRINGEMENT PROCEEDINGS

7. (1) Where any person (whether entitled to or interested in a patent or an application for a patent or not) by circulars, advertisements or otherwise threatens any other person with proceedings for infringement of a patent, any person aggrieved thereby may bring an action against him in the Exchequer Court for any such relief as is mentioned in the next following subsection.

(2) Unless in any action brought by virtue of this section the defendant proves that the acts in respect of which proceedings were threatened constitute or,

if done, would constitute, an infringement of a patent or of rights arising from the publication of a complete specification in respect of a claim of the specification not shown by the plaintiff to be invalid, the plaintiff shall be entitled to the following relief, that is to say:

- (a) a declaration to the effect that the threats are unjustifiable;
- (b) an injunction against the continuance of the threats; and
- (c) such damages, if any, as he has sustained thereby.

(3) For the avoidance of doubt it is hereby declared that a mere notification of the existence of a patent does not constitute a threat of proceedings within the meaning of this section.

Our reasons for recommending a provision directed against groundless threats may be obvious, but we propose to state them briefly.

Immense damage may be done to the business of competitors by patentees by threats of infringement actions and it is thought that if these threats are groundless an action should lie against the person making them by the person aggrieved.

Suppose that A owns the patent on a product. Competitor B makes a product which A asserts is covered by his patent. B, in the normal course of trade, would supply the product made by him to fifty customers. A writes not only to B threatening him with infringement proceedings if he makes the product but to B's customers threatening them with infringement proceedings if they sell or use it. These threats may or may not be very injurious to B's customers but they may be almost or quite ruinous to B. Cases of this kind have been drawn to our attention. If the product made and sold by B does not infringe A's patent, or if A's patent is invalid, we think that all those threatened, B's customers as well as B, if they are aggrieved, should have actions against A for the relief set out in the draft section.

The situation just described is only one of many which may arise. Possibly A is in competition with other suppliers of a contractor. He threatens the contractor with an infringement action if the contractor purchases a certain product from competitors and uses it, asserting that he has a patent on the product. The contractor refuses to negotiate further with A's competitors. Many similar situations readily come to mind.

We considered the question whether we should not go further and recommend a remedy not only for groundless threats of infringement proceedings but also for groundless proceedings. A patentee can do great damage by bringing even an unsuccessful infringement action. If the action is long drawn out a competitor's customers may leave him and his own financial losses may be severe and grave. The defendant eventually wins but at a crippling cost, a cost which no award of legal costs is sufficient to cover. Should the successful defendant not be able to counterclaim for damages or later sue for damages, in view of the peculiarly onerous character of patent litigation, even to a successful litigant? On the whole we think not. The same problem arises to some degree in other litigation, though probably less acutely than in patent litigation. Notoriously, validity of patents is uncertain in many cases, and if a patentee, honestly believing his patent to be valid, had to count on the possibility that if he should take infringement proceedings he might not only be liable for heavy costs if he loses but liable for an uncertain amount of damages as well, patentees with valid patents would we think in many cases be unduly apprehensive about attempting to enforce them. Especially might this be so if the infringer were financially strong and powerful. A patentee who brings

a losing action at least runs the risk of costs. The patentee who makes groundless threats risks nothing unless there is available some remedy such as the one we recommend.

#### POWER OF COURT TO MAKE DECLARATION AS TO NONINFRINGEMENT, ETC.

8. (1) Where 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 or the holder of an exclusive licence under the patent to be an infringement of the patent or any claim or claims thereof, he may bring an action in the Exchequer Court against the patentee and the exclusive licensee for a declaration that such process or article does not or would not constitute an infringement of such patent, claim or claims.

(2) Proceedings for a declaration under subsection (1) of this section may be taken at any time after the publication of the complete specification under section 7 of Part IV and references in subsection (1) of this section to a patent shall be read as including a reference to a complete specification which has been so published.

(3) Any person bringing an action under this section shall in the statement of claim or particulars accompanying it define the art or process used or proposed to be used or the article made, used or sold, or proposed to be made, used or sold, by him.

(4) A person against whom an action for infringement of a patent is brought may counterclaim for a declaration pursuant to this section.

(5) Nothing in this Act shall be construed to prevent an action for revocation of a patent and an action for a declaration of noninfringement of a patent which has been granted being brought in the same proceedings or a counterclaim for both revocation of a patent and a declaration of noninfringement of a patent which has been granted being made in the same proceedings.

This section provides an opportunity for any person who is concerned whether his conduct or proposed activity infringes or will infringe a claim in a complete specification which has been published or in a patent which has been granted to obtain a ruling from the Exchequer Court for his guidance. A somewhat similar provision is found in section 62 (2) of our present Act. The problem was dealt with in the United Kingdom Act in section 66.

#### LIMITATIONS

9. No action for infringement of a patent shall lie other than in respect of any act or infringement which took place within the three-year period immediately preceding the institution of proceedings for infringement.

There is no limitation section in our present Act. We understand that as to actions brought in the Exchequer Court (and under our proposals all infringement actions will be brought in the Exchequer Court) there is uncertainty as to what provincial Statute of Limitations, if any, applies. We think it desirable that a period of limitation be provided for and we consider the appropriate period to be three years, as in the Copyright Act.

We propose that in the transition section it be provided that this limitation section apply to actions for infringements of patents issued under our present Act as well as under the proposed Act. As we are recommending that the new Act will not come into force until six months after enactment, persons having claims under old patents will have time in which to bring infringement actions under those patents.

## DIVISION XVI—COURTS

### Part XII. Courts

1. Subject to the provisions of this Act, the Exchequer Court has and possesses exclusive original jurisdiction in all cases where

- (a) a remedy is sought in respect of the infringement of a patent; or
- (b) the patent or any claim or claims thereof is or are sought to be revoked.

2. (a) Any claim held valid in proceedings in the Exchequer Court or before the Patent Tribunal shall be deemed to be valid only as between the parties to the proceedings; and

- (b) any claim held to be invalid shall be deemed to be revoked, and the Patent Tribunal or the Exchequer Court as the case may be shall make a declaration accordingly.

3. Where the Patent Tribunal or the Exchequer Court has made a declaration that any claim of a patent is revoked the Registrar of the Patent Tribunal or the Registrar of the Exchequer Court as the case may be shall dispatch a certified copy of such declaration to the Commissioner and the Commissioner shall enter the declaration of invalidity in the Register of Patents when

- (a) the time for an appeal from such declaration has expired and no appeal has been taken therefrom; or
- (b) an appeal from such declaration having been taken has been dismissed.

4. For the purposes of sections 1, 2 and 3 of this Part, any reference to a patent or a claim of a patent shall be deemed to refer to a patent granted under this or any previous Act of the Parliament of Canada and reference to revocation of a patent or any claim of a patent shall be deemed to refer to a declaration that a patent or any claim in a patent is invalid or void under the Patent Act R.S.C. 1952, c. 203, provided that the grounds upon which a patent or any claim of a patent, that was granted on an application filed pursuant to the provisions of the Patent Act, R.S.C. 1952, c. 203 may be revoked shall (except as otherwise provided in this Act) be only the grounds upon which a patent or a claim in a patent could have been declared invalid or void before the coming into force of this Act.

5. No costs shall be awarded by any court in any proceedings under this Act to or against the Commissioner.

### PATENT TRIBUNAL

6. There shall be a court of record to be called the Patent Tribunal.

7. The Patent Tribunal shall be a person appointed by the Governor in Council by letters patent under the Great Seal who shall have the rank of a puisne judge of the Exchequer Court.

8. Any person may be appointed as the Patent Tribunal who is or has been a judge of the Exchequer Court or a judge of a Superior, County or District Court of any of the provinces of Canada, or a barrister or advocate of at least ten years' standing at the bar of any of the said provinces.

9. The person appointed as the Patent Tribunal shall not hold any other office or receive any remuneration other than that provided for in section 13 of this Part.

10. The person appointed as the Patent Tribunal shall hold office during good behaviour, but shall be removable by the Governor General on address of the Senate and House of Commons and shall cease to hold office upon attaining the age of seventy-five years.

11. The person appointed as the Patent Tribunal shall, before entering upon the duties of his office take an oath in the following form:

I, \_\_\_\_\_ do solemnly and sincerely promise and swear that I will duly and faithfully, and to the best of my skill and knowledge, execute the powers and trusts reposed in me as the Patent Tribunal. So help me God.

12. The oath referred to in section 11 of this Part shall be administered before the Governor General or the person administering the Government of Canada, or such person as he appoints.

13. The person appointed as the Patent Tribunal shall be entitled to the same salary, travelling allowances and retiring allowances or annuities as a puisne judge of the Exchequer Court.

14. (1) The Patent Tribunal may examine witnesses on oath and administer oaths for that purpose.

(2) In any matter the Patent Tribunal may, if it thinks expedient so to do, call in the aid of one or more assessors specially qualified and try and hear the matter wholly or partially with their assistance and the remuneration, if any, to be paid to an assessor shall be determined by the Patent Tribunal.

Mr. Commissioner Buchanan wishes to state that while concurring with the proposals as drafted, he believes it would have been preferable to have provided for a higher salary for the appointee to the Patent Tribunal. He is in favour of providing that such appointee be entitled to a pension upon the same terms as public servants generally.

It is, he believes, more reasonable to have the salary relate to the nature of the office, and have the pension commensurate with the length of service. He would not recommend the extension of pension provisions which appear to him to be unwise. And as to retiring age, he thinks that while it is difficult to generalize about an appropriate retiring age, since it obviously varies with individuals, it would be more prudent, particularly where the Patent Tribunal will consist, at least at the outset, of one person only, to fix the age of retirement at seventy rather than seventy-five years.

15. All persons who are barristers, solicitors or advocates in any of the provinces or any registered patent agent may practice before the Patent Tribunal.

16. (1) A Registrar of the Patent Tribunal may be appointed in the manner authorized by law.

(2) There may from time to time be appointed in the manner authorized by law such officers, clerks, stenographers and servants as may be required for the purposes of the Patent Tribunal, all of whom shall hold office during pleasure.



(3) The provisions of the Civil Service Act, the Civil Service Superannuation and Retirement Act, and the Civil Service Superannuation Act shall, so far as applicable, extend and apply to the Registrar, and to the officers, clerks, stenographers and servants of the Patent Tribunal.

17. Upon any appeal to the Patent Tribunal under this Act the hearing shall be conducted as a proceeding *de novo*, and the Patent Tribunal shall not be confined to consideration of the material which was before the Commissioner, and the Patent Tribunal may exercise any discretion vested in the Commissioner.

18. The Patent Tribunal may dispose of any appeal
- (a) by dismissing it; or
  - (b) by making such order as it may deem expedient.

19. Subject to the provisions of section 5 of this Part the Patent Tribunal may award costs, including all or any part of the remuneration of the assessor or assessors, if any, to or against any person in any proceeding before it in a proper case.

20. Subject to the foregoing provisions of this Part, the Patent Tribunal may make rules for regulating all matters relating to proceedings before it, which rules shall come into force upon approval by the Governor in Council.

Section 82 of the Exchequer Court Act provides for appeals from the Exchequer Court to the Supreme Court of Canada. Appeals from the Patent Tribunal to the Supreme Court of Canada are provided for in certain cases under other sections of the proposed Act.

The sections relating to a Patent Tribunal in the foregoing proposed sections dealing with courts contemplate the setting up of a specially qualified court to deal with matters which come to it by way of appeal from the Commissioner; with compulsory licensing; with fixing of compensation from the Crown where the Crown has used a patented invention, and in such cases with questions of validity and whether the Crown has used a patented invention; with revocation of patents within the period of a year after grant; with revocation of patents at any time when the Crown in compensation proceedings before the Patent Tribunal disputes validity; and with appeals by patent agents in cases where they have been removed from the register or suspended.

From this enumeration of the duties of the Patent Tribunal it is obvious that the judge who constitutes it should be a person of high qualifications.

Attention is directed to the following features of the proposed legislation in this Part.

(a) When the issue of the validity of any claim in a patent is raised and the Exchequer Court or the Patent Tribunal finds it valid, this finding does not have the character of a judgment *in rem*, as persons who are not parties to the proceedings may know or later learn of invalidating facts, and should not be precluded from bringing them forward in an attack on the patent in subsequent proceedings; but, if the court or the Patent Tribunal finds a claim invalid, this finding has the character of a judgment *in rem* as the patentee and the exclusive licensee, if any, will have been parties to the proceedings.

(b) The Patent Tribunal will be a court to which there will be ready access by way of appeal in matters arising during prosecutions of patent applications. Expeditious disposition of these appeals is contemplated.

(c) The Exchequer Court will be the only court having jurisdiction in cases where a remedy is sought in respect of the infringement of a patent or, (except, in a limited number of situations, the Patent Tribunal) where the patent or any claim thereof is sought to be revoked. If, as we recommend, a finding of invalidity is to be good as against the world, the greatest possible uniformity of judicial principles and interpretation is essential. Moreover, we do not think that a provincial court should have the jurisdiction to declare that a patent shall be void as against persons in all provinces. We are given to understand that even now the provincial courts are resorted to less and less in patent actions.

## DIVISION XVII—MISCELLANEOUS

### Part XIII. Offences, Rules, International Agreements, Patent Agents, Miscellaneous

#### OFFENCES

1. (1) Every person who falsely represents that he or another person is the patentee of an invention is guilty of an offence liable on summary conviction to a fine not exceeding two hundred dollars.

(2) Every person who falsely represents that an article sold by him is patented in Canada or is the subject of an application for a patent in Canada is guilty of an offence and liable on summary conviction to a fine not exceeding two hundred dollars.

(3) For the purposes of this section

(a) a person shall be deemed to represent that an article is patented in Canada if there is stamped, engraved or impressed on, or otherwise applied to, the article or any package of the article the word "patent" or "patented" or some other word or words expressing or implying that a patent for the article has been obtained in Canada; and

(b) a person shall be deemed to represent that an article is the subject of an application for a patent in Canada if there is stamped, engraved or impressed on, or otherwise applied to, the article the words "patent applied for", "patent pending", or some other word or words implying that an application for a patent for the article has been made in Canada.

2. Every person who in relation to the purposes of this Act or of the Patent Act R.S.C. 1952, c. 203 and knowing it to be false

(a) makes any false representation;

(b) makes or causes to be made any false entry in any register or book;

(c) makes or causes to be made any false document or alters a copy of any document; or

(d) produces or tenders any document containing false information is guilty of an offence and liable on summary conviction to a fine not exceeding five hundred dollars or to imprisonment not exceeding six months or to both fine and imprisonment.

#### RULES

3. The Governor in Council may make rules

(a) prescribing all matters which by this Act are required or permitted to be prescribed or which may be deemed expedient for carrying into effect the objects of this Act, or for ensuring the due administration thereof and the fixing of fees in respect of any such matter;

(b) for carrying into effect the terms of any treaty, convention, arrangement or engagement that subsists between Canada and any other country;

(c) for the publication by the Commissioner of a journal to be known as the Patent Office Record containing particulars of patents that have been granted and such matters relating to patents or applications for patents as may be required by this Act;

- (d) for regulating the hours at which the Patent Office shall be deemed to be closed on any day for purposes of the transaction by the public of business under this Act or of any class of such business, which rules may specify days as excluded days for any such purposes; and that any business done under this Act on any day after the hour specified as aforesaid in relation to business of that class, or on a day which is an excluded day in relation to business of that class, shall be deemed to have been done on the next following day not being an excluded day; and that where the time for doing anything under this Act expires on an excluded day, that time shall be extended to the next following day not being an excluded day;
- (e) for regulating the procedure to be followed in connection with any application;
- (f) for the supply of printed copies of Canadian patents and for fixing the fees to be charged therefor; and
- (g) in particular, but without restricting the generality of the foregoing, with respect to the following matters:
  - (i) the form and contents of applications for patents;
  - (ii) the form of the Register of Patents, of the Register of Representatives, and of the Register of Patent Agents and of the indexes thereto;
  - (iii) the registration of any document affecting the title to any patent or application for patent or constituting a transfer of rights;
  - (iv) the form and contents of any certificate issued pursuant to the provisions of this Act;

#### **Part XIV. International Agreements, Ships, etc.**

1. The Governor in Council may, with a view to the fulfilment of a treaty, convention, arrangement or engagement between Canada and another country by Order in Council declare that any country specified in the Order in Council is a convention country for the purposes of this Act and any country so declared to be a convention country is a convention country within the meaning of this Act.

2. No patent shall extend to prevent the use of any invention in any ship, vessel, aircraft or land vehicle of any other country, entering Canada temporarily or accidentally, if such invention is employed exclusively for the needs of the ship, vessel, aircraft or land vehicle, and not so used for the manufacture of any goods to be sold within or exported from Canada.

3. (1) Subject to the provisions of this section, the Governor in Council may make rules for securing that, where an invention has been communicated in accordance with an agreement or arrangement made between the Government of Canada and the government of any other country for the supply or mutual exchange of information or articles

- (a) an application for a patent made by the person from whom the invention was communicated or his personal representative or assignee shall not be prejudiced, and a patent granted on such an application shall not be invalidated, by reason only that the invention has been communicated as aforesaid or that in consequence thereof
  - (i) the invention has been published, made, used, or sold, or

(ii) an application for a patent has been made by any other person, or a patent has been granted on such an application;

(2) Rules made under subsection (1) of this section may provide that the publication, making, use or sale of an invention, or the making of any application for a patent in respect thereof shall, in such circumstances and subject to such conditions or exceptions as may be prescribed by the rules, be presumed to have been in consequence of such a communication as is mentioned in that subsection.

(3) The powers of the Governor in Council under this section, so far as they are exercisable for the benefit of persons from whom inventions have been communicated to the Government of Canada by the government of any other country shall only be exercised if and to the extent that the Governor in Council is satisfied that substantially equivalent provision has been or will be made under the law of that country for the benefit of persons from whom inventions have been communicated by the Government of Canada to the government of that country.

(4) Reference in the last foregoing subsection to the communication of an invention to or by the Government of Canada or the government of any other country shall be construed as including references to the communication of the invention by or to any person authorized in that behalf by the government in question.

#### **Part XV. Patent Agents**

1. (1) There shall be kept at the Patent Office a Register of Patent Agents in which shall be entered the names of all persons entitled to represent applicants in the presentation and prosecution of applications for patent or in other business before the Patent Office.

(2) The Register of Attorneys under the repealed Act shall upon the commencement of this Act become and be the Register of Patent Agents.

(3) The name of any person may be entered on or removed from such Register in accordance with rules to be made by the Governor in Council; but in this paragraph person shall not include a body corporate or an unincorporated company or a partnership.

(4) No body corporate shall carry on business, practise, act, describe itself or hold itself out or permit itself to be described or held out as a patent agent, patent attorney, patent solicitor, or agent for the obtaining of patents.

(5) No person shall carry on business, practise, act, describe himself or hold himself out or permit himself to be described or held out as a patent agent, patent attorney, patent solicitor, or agent for the obtaining of patents unless he is registered as a patent agent.

(6) The members of a partnership shall not nor shall any member in the letterhead or advertising matter of the partnership indicate in any way that the partnership or the members thereof are patent agents, patent attorneys, patent solicitors or agents for the obtaining of patents unless all the members are patent agents; but if one or more, but not all, members are patent agents, that fact may be indicated in the letterhead or advertising matter if, but only if, the names of those who are patent agents are set out as such therein.

(7) The name of any partnership holding itself out as carrying on the practise of patent agents shall not include the name of any person who is not a member of the partnership or who is not registered as a patent agent.

(8) Any failure to comply with the provisions of this section shall constitute an offence by any person failing to comply and in the case of a partnership by every partner. Any person committing such an offence shall be liable on summary conviction to a fine not exceeding in the case of a first offence two hundred and fifty dollars and in the case of a second or subsequent offence, five hundred dollars.

(9) Any body corporate which contravenes the provisions of this section shall be liable on summary conviction to a fine not exceeding in the case of a first offence five hundred dollars, and in the case of a second or subsequent offence, one thousand dollars; and a director, manager, secretary or other officer of a body corporate which contravenes the provisions of this section who is knowingly a party to the offence shall be liable on summary conviction to a fine not exceeding, in the case of a first offence, two hundred and fifty dollars, and in the case of a second or subsequent offence, five hundred dollars.

(10) (a) The Governor in Council may make rules for regulating the registration of patent agents and for authorizing in such cases as may be prescribed by the rules the removal from the Register of Patent Agents of the name of any person entered therein or the suspension of the right of any such person to act as a patent agent.

(b) Where the rules provide for removal of the name of a patent agent from the Register of Patent Agents by the Commissioner or the suspension by the Commissioner of the right of any such person to act as a patent agent on a ground specified in the rules,

(i) no such removal or suspension shall take place unless the Commissioner first holds an inquiry under the Inquiries Act for the purpose of determining whether a ground exists for such removal or suspension;

(ii) the Commissioner shall hold such an inquiry on the receipt from the President of the Patent Institute of Canada of a complaint in writing containing a statement

(A) of the ground or grounds upon which it is believed such removal or suspension should take place;

(B) of the alleged facts constituting such ground or grounds;

(C) that the President of such Institute believes that the alleged facts are true;

(iii) the Commissioner may hold such inquiry upon receiving information from any other source; and

(iv) if as a result of such inquiry the Commissioner is satisfied beyond reasonable doubt that such ground for removal or suspension exists, he shall remove the name of the patent agent from the Register or suspend the right of such person to act as a patent agent as the case may be.

(11) A patent agent in respect of whom an order has been made under subsection (10) (b) (iv) by the Commissioner may appeal to the Patent Tribunal

We think it is desirable that legislation treat patent agents as members of a profession. We think that every member of a profession—at least of this profession—should be a natural person, an individual. We should not adopt the provision of the Patents Act 1949 (United Kingdom) which enables a company

to practise as a patent agent. Nor would we like to see it provided that a partnership (which implies plurality) may be registered as a patent agent (implying lack of plurality). We think however that a patent agent should be free to enter into or remain in partnership with one or more persons who are not patent agents, although there are provisions to the contrary effect in other Patent Acts, e.g. the Patents Act 1949 (United Kingdom) and the Australian Patents Act 1952. The only danger we can see in a partnership between a person who is a registered patent agent and one or more persons who are not is that in letterheads and advertising the impression may be given that all members of the firm are patent agents; and we have accordingly recommended a provision that unless all the members of the firm are patent agents the firm be prohibited from describing itself on its letterheads or in its advertising matter as "patent agents" but that it be free to name on its letterheads or in its advertising matter the members of the firm who are patent agents.

Extended representations were made to us on the subject of patent agents. Mr. Cecil C. Kent made a number of definite suggestions for changes in the Act and in the Rules, but many of them were based on the assumption that firms as such would be able to register as patent agents. Under our proposals only individuals may register. Mr. Kent submitted among other things that

- (a) the name of a partner who has been separated from a firm in his lifetime by process of law should not be retained as part of the firm name;
- (b) that a firm should not be permitted to use the words "and Co." at the end of its firm name;
- (c) that multi-branch firms of patent agents should be prohibited, that a firm of patent agents should not be allowed to have more than two places of business;
- (d) that various rules be passed dealing in great detail with various possible situations relating to firms of patent agents.

No representations were made that only the names of living persons should be permitted to appear on office stationery and in advertising, and we would not care to go the length of recommending a provision of that kind.

The principle that no firm of patent agents should be permitted to practice in more than one locality is one that has some merit. The danger to the public that may arise from a system of multi-branch firms is that each of two persons interested in the same invention but, having no interests in common, may consult, receive advice from and have work done for him by the same firm—one at one place of business and one at the other, without those at either place of business knowing what is going on at the other. Under our present system this may be serious on occasion in the case of conflicts. Under our proposed system the problem with regard to conflicts will not arise but, it seems to us, equally serious problems may. An imagined instance may be given. Each of two persons independently invents the same invention. The filing date is all important. One person -A- consults the Toronto branch and is advised to file a provisional application which is done in a day or two. The other person -B-, without the knowledge of the Toronto branch, consults the Ottawa branch and is advised to file a complete specification which takes a week to prepare. A has priority, although he may have consulted the Toronto branch after B consulted the Ottawa branch. The only way to avoid such situations would be by complete disclosure on the evening of every day by one branch to the other of the business that had

come in through the day. This might be impracticable. Nevertheless, similar problems arise, perhaps to a lesser degree, in the operation of a law firm in more than one city, and so far as we know this is permissible. Similar problems also arise in a large firm which operates in only one city, and among honourable persons are solved by a regard for ethical principles. On the whole we have come to the conclusion that the question is not one to be dealt with by legislation. We point out the dangers, however, in the multi-branch system, and recommend that, if any specific case of injustice comes to light, the Act be appropriately amended. We may add that so far as we can learn there is no restriction either in Great Britain or the United States upon a firm of patent agents operating simultaneously in more than one city.

We consider the provisions recommended above as in general self-explanatory. Having carefully considered the recommendations for further and other provisions that were made, we are not disposed to go further in our recommendations than as already stated.

## **Part XVI. Fees, Newfoundland Patents, Transition and Repeal**

### **FEEES**

1. All fees or charges for which payment is received under this Act shall be paid over to the Minister of Finance, and shall form part of the Consolidated Revenue Fund of Canada.

2. No person is exempt from the payment of any fee or charge payable in respect of any services performed for such person under this Act; and, except as otherwise specifically provided in this Act, no fee, when paid, shall be returned to the person who paid it.

### **NEWFOUNDLAND PATENTS**

3. (1) Patents issued under the laws of Newfoundland prior to the 1st day of April, 1949, shall be deemed to have been issued under the laws of Canada, as of the date and for the term thereof.

(2) In the event of conflict between patents issued under the laws of Newfoundland prior to the 1st day of April, 1949, and patents issued under the laws of Canada prior to that date

(a) the patents issued under the laws of Newfoundland shall have the same force and effect in the Province of Newfoundland as if Newfoundland had not become part of Canada, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in the Province of Newfoundland as if Newfoundland had not become part of Canada; and

(b) the patents issued under the laws of Canada shall have the same force and effect in any part of Canada other than the Province of Newfoundland as if Newfoundland had not become part of Canada, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in any part of Canada other than the Province of Newfoundland as if Newfoundland had not become part of Canada.



(3) The laws of Newfoundland as they existed immediately prior to the expiration of the 31st day of March, 1949, shall continue to apply in respect of applications for patents under the laws of Newfoundland pending at that time, and any patents issued upon such applications shall, for the purposes of this section, be deemed to have been issued under the laws of Newfoundland prior to the 1st day of April, 1949; and patents issued under the laws of Canada upon application pending immediately prior to the expiration of the said 31st day of March shall, for the purposes of this section, be deemed to have been issued under the laws of Canada prior to the said 1st day of April.

These three sections are copies of sections 77 and 78 and of subsections (1), (2) and (3) of section 79 of our present Act (with a modification of section 77). Subsection (4) of section 79 has been left out in view of our proposed limitation section.

#### TRANSITION AND REPEAL

4. (1) This Act shall come into force on the day six months after the date of its enactment.

(2) Every patent heretofore or hereinafter granted shall be deemed to have been properly granted if all the conditions of a valid patent that were or shall be in force at the date of the application therefor have been satisfied.

(3) The Patent Act, R.S.C. 1952, c. 203 except as to sections 7, 14, 15, 16, 24, 25, 41 (3), 54, 56, 57, 59, 62, 66-73 inclusive, 80, 81, 82 and the provisions of this Act mentioned in subsection (4) of this section shall apply to any patent granted on an application for patent made before the coming into force of this Act.

(4) The following are the provisions referred to in subsection (3) of this section: section 5 of Part II, sections 3 and 6 of Part III, subsection 14 (b) of section 1 of Part V, sections 1-9 of Part VIII, sections 1 and 2 of Part X, sections 5 (1), 5 (4), 7 and 9 of Part XI, sections 1-20 inclusive of Part XII, sections 1 and 2 of Part XIII.

(5) Except as in this section otherwise provided, the Patent Act, Revised Statutes of Canada 1952, chapter 203, is repealed.

#### MISCELLANEOUS ITEMS

Section 97 of the Patents Act 1949 (United Kingdom) is as follows:

"Any notice required or authorized to be given by or under this Act, and any application or other document so authorized or required to be made or filed, may be given, made or filed by post."

Rule 6 of the Patent Rules made under the Patents Act 1949 (United Kingdom) is as follows:

"Any notice, application, or other document sent the Office by post shall be deemed to have been given, made, or filed at the time when the letter containing the document would be delivered in the ordinary course of post."

Representations were made to us that our law should be changed so that mailing at any place in Canada by registered mail should be treated as the equivalent of filing—that is that a notice of application or document sent to the Patent Office by registered post should be deemed to have been given, made or filed at the

time when the letter containing the document was mailed. As the filing date may be very important if our recommendations are accepted we have examined with some care this proposal as well as the alternative suggestion that the document be deemed filed at the time when it would be delivered in the ordinary course of post.

We have come to the conclusion that if either the date of mailing by registered mail or the date when a mailed document would be delivered in the ordinary course of post were taken as the filing date the difficulties of proof of the contents of a document which might happen to be lost in transit would be so serious that the risk of such difficulties arising should not be run.

The proposed Act provides in several sections that fees be payable as prescribed. We recommend that at the outset, at least, the fees prescribed be of the order of the following:

1. Application for patent (including patent of addition) .....	\$20.00
2. On convention application for patent:—	
In respect of each application for protection in a convention country .....	5.00
3. On application for leave of the Commissioner under section 3 (4) of Part IV .....	5.00
4. For extension of the period for filing complete specification .....	10.00
5. On application for information as to whether an application is pending for an invention for which a patent has been granted abroad ....	10.00
6. On application for postponement of publication until the expiration of one year after filing of the complete specification .....	5.00
7. On a claim under section 8 (1) of Part IV for application to proceed in name of claimants .....	5.00
8. On application for directions under section 8 (4) of Part IV .....	25.00
9. On request for a grant of a patent (including a patent of addition) .....	5.00
10. On application for reissue .....	50.00
11. On request to postpone allowance .....	5.00
12. On request that notice be sent in respect of a patent under section 1 (1) of Part VIII—per patent .....	10.00
13. On requesting entry of appointment of representative for service or any change therein .....	2.00
14. On requesting direction to treat a complete as a provisional specification under section 3 (5) of Part IV .....	5.00
15. On application to correct clerical error under section 4 of Part III ....	5.00
16. On application for certificate of payment of renewal fee—	
Before expiration of the 4th year from the date of the patent and in respect of the 5th year .....	20.00
Before expiration of the 5th year from the date of the patent and in respect of the 6th year .....	24.00
Before expiration of the 6th year from the date of the patent and in respect of the 7th year .....	28.00
Before expiration of the 7th year from the date of the patent and in respect of the 8th year .....	32.00
Before expiration of the 8th year from the date of the patent and in respect of the 9th year .....	36.00

Before expiration of the 9th year from the date of the patent and in respect of the 10th year .....	\$40.00
Before the expiration of the 10th year from the date of the patent and in respect of the 11th year .....	44.00
Before the expiration of the 11th year from the date of the patent and in respect of the 12th year .....	48.00
Before the expiration of the 12th year from the date of the patent and in respect of the 13th year .....	52.00
Before the expiration of the 13th year from the date of the patent and in respect of the 14th year .....	56.00
Before the expiration of the 14th year from the date of the patent and in respect of the 15th year .....	60.00
Before the expiration of the 15th year from the date of the patent and in respect of the 16th year .....	64.00
Before the expiration of the 16th year from the date of the patent and in respect of the remainder of the term of the patent .....	68.00
17. On extension of the period for payment of renewal fees .....	25.00
18. On registration of a transfer of rights or any other document affecting or relating to a patent .....	5.00
19. On certificate of Commissioner under section 6(3) of Part II (together with a per folio fee of 100 words of \$0.25) .....	2.00
20. Each printed copy of a Canadian patent .....	.50
21. On each claim in a complete specification in excess of twenty claims .....	2.00
22. On application for amendment of patent by changing name of inventor .....	10.00

These are the fees that may be payable in the ordinary course. This list is not intended to be exhaustive. There will be other fees such, for example, as those payable for the registration of Patent Agents, and those which may be payable on the filing and prosecution of applications for compulsory licence.

We also recommend that when rules are made under the proposed Act there be a rule to the effect of our present rule 39 (1954 Patent Rules) which is as follows:

“39. The Commissioner may require the applicant of any Canadian application to furnish, so far as it is available to the applicant, the following information:

- (a) the serial number and filing date of any application for the same invention that is being or has been prosecuted in any other country specified by the Office on his behalf or on behalf of any other person claiming under the inventor named in the Canadian application,
- (b) particulars sufficient to identify the prior art cited against the application in such other country,
- (c) the form of the claims allowed therein, and
- (d) particulars of any application or patent with which such application in the specified other country is or has been involved in conflict or interference or similar proceedings.”

Shawinigan Chemicals Ltd. submitted that the application of Rule 39 should be automatic. This would involve changing the word “may” in the first line of the rule to “shall”. We do not recommend this, but would like to say that in our view the rule should always be applied except where it is clearly unnecessary.

We also recommend rules as follows:

- (a) a rule that a patent shall bear on its face references to the art and literature cited against the application for the patent in the prosecution stage; and
- (b) a rule that the Commissioner shall, in the Patent Office Record, give particulars of any rulings made by him or by the Patent Tribunal which are intended to serve as precedents for the determination of similar questions thereafter arising.

## DIVISION XVIII—OTHER LEGISLATION

Appended to this report are the following:

- Appendix E: Parts of two sections of the Atomic Energy Control Act and parts of the Regulations made under that Act.
- Appendix F: Three sections of the Bills of Exchange Act.
- Appendix G: A section of the Defence Production Act.
- Appendix H: Four sections of the Exchequer Court Act.
- Appendix I: Parts of two sections of the Financial Administration Act.
- Appendix J: The Public Servants Inventions Act.
- Appendix K: Parts of two sections of the Research Council Act.
- Appendix L: A section of the Bankruptcy Act.
- Appendix M: Parts of two sections of the Income Tax Act.

Our comments in regard to the matter contained in each of these appendices is as follows:

### *Appendix E*

Mr. G. M. Jarvis, representing the Atomic Energy Control Board, explained to us the manner in which the Atomic Energy Control Act, the Regulations thereunder, and the Patent Act operate in practice. An application for patent is considered by the Commissioner of Patents and by the Board to relate to atomic energy if it comes within any of the following descriptions:

- “(a) Inventions which involve the use of any of the following: deuterium (heavy hydrogen), uranium, thorium, plutonium, neptunium, radium, radioactive isotopes of any element (e.g. radiocative phosphorous) or compounds containing any of the above.
- (b) Inventions which have to do with equipment or processes especially designed or adapted for mining, production, extraction, purification or chemical treatment etc., of any of the materials mentioned in (a); (This would include atomic piles or nuclear reactors)
- (c) Inventions having to do with the equipment or processes for separating or concentrating particular isotopes of any element (whether radioactive or stable);
- (d) Inventions having to do with the production or use of radiations such as those emitted by radioactive materials (alpha particles, beta particles (electrons), gamma rays, X-rays, neutrons. (This would include machines such as cyclotrons, betatrons, but need not normally include such things as conventional X-ray or radio equipment);
- (e) Inventions having to do with equipment or processes for the detection or measurement of the radiations mentioned in (d) above. (This would include such items as Wilson chambers, ionization chamber, Geiger, scintillation and other counters).”

An application for patent which deals with a subject matter falling within any one of the above-mentioned descriptions is referred to the Board by the Commissioner of Patents. The Board will determine whether the application contains information which should be kept secret. The question of secrecy is reviewed approximately once a year.

Where it is considered by the Board that the application does not contain information which ought to be maintained in secrecy, the Board will advise the Commissioner of Patents to this effect. On the other hand, if the application does contain information which is classified as secret, the Commissioner of Patents will place the application in secrecy and will not authorize the filing in other countries except on the advice of the Board.

The provisions of the Atomic Energy Regulations of Canada appearing in Appendix E should be brought into conformity with the provisions of section 30 of Part IV of the proposed Act.

#### *Appendix F*

Section 14 of the Bills of Exchange Act was originally enacted to prevent fraud. In the 1890's what was described in the House of Commons as "the rascality" of unscrupulous salesmen in the sale of invalid patents to purchasers, who thought the patents were valid, for notes or cheques led to the introduction of the section. It would now appear to have outlived its usefulness. There is no clear reason why a patent right should be dealt with in a manner different from the manner in which other property is dealt with. We agree with the opinion expressed by Dean Falconbridge in his work on Banking and Bills of Exchange, 6th ed. (1956) p. 438, that sections 14, 15 and 16 should be repealed and recommend accordingly.

#### *Appendix G*

Section 20 of the Defence Production Act enables the Minister of Defence Production to relieve any person with whom the Government deals of the risks inherent in patent litigation.

The patentee is entitled to reasonable compensation, which would, under our recommendations, be fixed by the Patent Tribunal. The patentee is deprived of his right of action against the person contracting with the Government and is denied injunctive relief. We believe this section operates in the public interest. In principle the section should remain.

Section 20, subsection (3) should be amended to enable the compensation to be fixed by the Patent Tribunal and should provide an appeal from the decision of the Patent Tribunal to the Supreme Court of Canada.

#### *Appendix H*

If our recommendation relating to a fundamental change in the Patent Act is accepted and a Patent Tribunal is created, the jurisdiction of which we have elsewhere defined, consequential amendments will be required to be made in the Exchequer Court Act relating to the jurisdiction of the Exchequer Court.

Matters in appeal relating to the ordinary prosecution of applications for patent will be dealt with by the Patent Tribunal.

Section 22 of the Exchequer Court Act should be repealed. The Patent Tribunal will hear appeals from the Commissioner of Patents. Consequential amendments will then need to be made to section 23.

Paragraph (b) of section 29 deals with the jurisdiction of the Exchequer Court in cases where the Attorney General of Canada seeks to impeach or annul a patent and should be amended insofar as it relates to patents. The right of the Attorney General of Canada in respect of proceedings for revocation will be defined in the Patent Act and the Combines Investigation Act and the section in the Exchequer Court Act conferring jurisdiction should be amended to comply with the provisions in those two Acts with reference not only to the Attorney General of Canada but to the Attorney General of a province.

#### *Appendix I*

Pursuant to section 7 (d) (i) of The Financial Administration Act, a Suggestion Award Board was created pursuant to Regulations passed thereunder.

The Board has power to grant awards to employees in the Civil Service who present ideas and suggestions which will be advantageous to the public service. The ideas and suggestions need not be of such a nature as to constitute patentable inventions.

We understand that many awards have been granted to civil servants pursuant to these Regulations and, as far as we are aware, this meritorious system is in the public interest, and we make no recommendation as to change.

#### *Appendix J*

The Public Servants Inventions Act was proclaimed to be brought into force on June 1, 1955. See Proclamation in Part II Statutory Orders and Regulations, May 25, 1955, p. 1325.

The Public Servants Inventions Act creates a single plan to govern the ownership and management of and payment of awards for inventions made by public servants of the Government of Canada that are connected with the duties or employment of the inventors.

It will be noted that a public servant, by virtue of section 2 (c) of the Public Servants Inventions Act and section 2 (f) of the Financial Administration Act, includes in addition to a member of the Canadian Forces and Royal Canadian Mounted Police, employees of a Department of the Government as defined in schedule A of the Financial Administration Act and the Boards, etc. and Crown corporations set out in schedules B and C of that Act.

Schedules A, B and C of the Financial Administration Act read as follows:

#### SCHEDULE A

Department of Agriculture  
Department of Citizenship and Immigration  
Department of Defence Production  
Department of External Affairs  
Department of Finance  
Department of Fisheries  
Department of Insurance  
Department of Justice  
Department of Labour  
Department of Mines and Technical Surveys  
Department of National Defence  
Department of National Health and Welfare

Department of National Revenue  
Post Office Department  
Department of Public Works  
Department of Public Printing and Stationery  
Department of Resources and Development  
Department of the Secretary of State of Canada  
Department of Trade and Commerce  
Department of Transport  
Department of Veterans Affairs

#### SCHEDULE B

Agricultural Prices Support Board  
Atomic Energy Control Board  
Canadian Maritime Commission  
Director of Soldier Settlement  
The Director, The Veterans' Land Act  
Dominion Coal Board  
Fisheries Prices Support Board  
National Gallery of Canada  
National Research Council  
Unemployment Insurance Commission

#### SCHEDULE C

Canadian Arsenals Limited  
Canadian Commercial Corporation  
Canadian Patents and Development Limited  
Canadian Sugar Stabilization Corporation Ltd.  
Commodity Prices Stabilization Corporation Ltd.  
Crown Assets Disposal Corporation  
Defence Construction (1951) Limited  
Federal District Commission  
National Battlefields Commission  
National Harbours Board  
Park Steamship Company Limited

The definition of "invention" in paragraph (d) of section 2 of the Public Servants Inventions Act is expressed in language identical to that in paragraph (d) of section 2 of the present Patent Act. If our recommendations are accepted there should be a consequential change in this definition.

Section 3 of the Public Servants Inventions Act vests in Her Majesty in right of Canada all rights, in Canada and elsewhere, with respect to inventions made by public servants that have resulted from or are connected with the duties or employment of the inventors with the Government. The appropriate Minister is empowered, subject to an appeal to the Exchequer Court by the inventor or other person claiming an interest in the invention, to determine any question that arises as to whether an invention is vested in the Crown by the Act.

It will be noted that under section 10 of the Act an award is discretionary. We have had no submissions which would indicate any reason for us to comment upon this statute, which is of relatively recent origin, or its operation.



Regulations under the Public Servants Inventions Act were made pursuant to section 12 by Order in Council P.C. 1955-666. The regulations appear in Part 22 Statutory Orders and Regulations, May 25, 1955, p. 1326.

#### *Appendix K*

Pursuant to sections 13 (i) and 17 (1) (a) of the Research Council Act, Canadian Patents and Development Limited was incorporated on October 24, 1947. The primary purpose of that Company is to make available to industry, through licensing arrangements, new processes and improvements in processes developed by the scientific workers of the National Research Council. Canadian Patents and Development Limited issues a handbook which contains particulars of the patents under which Canadian Patents and Development Limited is prepared to grant licences.

#### *Appendix L*

The principle of this section appears to us to be obscure and we think the section requires reconsideration. As the section reads, it is not necessary that the restrictions or limitations imposed by the manufacturer or vendor have anything to do with the patent, the patentee may or may not be the manufacturer or vendor of the patented articles, and the trustee, while not bound by the restrictions or limitations, is perhaps not exempted from liability for infringement if he sells the articles in breach of the restrictions or limitations, if these were originally imposed by the patentee. We suggest that if it is thought desirable to retain the section as a feature of our bankruptcy law, the section be amended either (a) so that it will extend not only to patented articles but to all articles, or (b) so that the restrictions or limitations will be confined to those which were imposed by the manufacturer or vendor either in exercise of the rights conferred by the patent, or, where the manufacturer or vendor is not the patentee, as the result of the exercise by the patentee of the rights conferred by the patent, with an express exemption of the trustee from liability for infringement if he sells or disposes of the patented articles free and clear from the restrictions or limitations.

No explanation of the purpose or principle of the section in textbooks or cases has come to our attention. Bradford and Greenberg, *Canadian Bankruptcy*, 3rd ed., p. 143, give only references to the corresponding section of the former Act and state that the words "before the sale or disposition thereof" have been substituted for the words "within five days after the date of his appointment" in the former Act. Duncan and Reilley, *Bankruptcy in Canada*, 2nd ed., p. 370, dealing with the corresponding section of the former Act give no explanation of the section but refer simply to the statutory origin of the section, tracing it back to Statutes of Canada, 1919, chapter 36, section 19. Fox in *Canadian Patent Law and Practice*, 3rd ed., at pp. 606, 607 simply summarizes the section without comment. From Hansard of May 2, 1919, p. 2007, it appears that Mr. MacMaster, M.P. questioned the Minister of Justice on the principle of the section, which he found obscure, and was referred to a decision in a case in which the "Berlin Gramophone Record Company" was a party and in which the trustee was permitted to sell. But Mr. Jacobs, M.P. said "I may tell my friend that if this clause were not inserted the trustee would possibly never be able to sell the goods at all." These apparently inconsistent statements by those in favour of the section do nothing to dissipate the obscurity of its principle. It would appear to us that if the section is retained the price at which the manufacturer or vendor will have the

right to purchase the patented articles may require reconsideration. The value of the articles may then be greater rather than less than the invoice price.

*Appendix M*

These provisions of the Income Tax Act are, of course, of importance to patentees and their licensees. Of importance also are the Income Tax Regulations relating to capital allowances on patents. We have no recommendations to make with respect to them. It may be noted, however, that under our proposed Act the provision that patents shall cease to have effect on nonpayment of renewal fees may be considered by the proper authorities to require some change in the capital cost allowance regulations.

## DIVISION XIX—PLANT PATENTS

The Canadian Horticultural Council made representations to us that a system of plant patents should be instituted in Canada. The proposal of the Council was that our present Patent Act and Patent Rules be amended in certain respects.

The gist of the proposed amendments to the Act is that there should be a section providing as follows:

"Whoever invents or discovers and asexually reproduces any distinct and new variety of plant, including cultivated sports, mutants, hybrids and newly found seedlings, other than a tuber propagated plant or a plant found in an uncultivated state, may obtain a patent therefor, subject to the conditions and requirements of this Act."

and a section providing as follows:

"In the case of a plant patent the grant shall be of the right to exclude others from asexually reproducing the plant or selling or using the plant so reproduced."

The most important amendment of the rules proposed was as follows:

"The applicant for a plant patent must be the inventor or the legal representative of an inventor, who has invented or discovered and asexually reproduced the new and distinct variety of plant for which a patent is sought. The petition required of the applicant in addition to the averments required by Rule 27 must state that he has asexually reproduced the plant."

It was explained to us that generally speaking, every individual plant of a variety or species differs to a slight degree from every other plant but these differences are so slight as to have no practical significance. However, when the difference between a plant and all other plants is so well marked that it can be readily described and distinguished, that plant represents a new and distinct variety. The characteristics that distinguish a new variety may include among others those of everbearing qualities, resistance to cold, color and form of flower, fruit or leaf, perfume, freestone quality, and ease of asexual reproduction. A new variety comes into existence as a sport, a mutant or a hybrid. In a sport the new and distinct variety results from bud variations and not seed variations. This class was said to occur very rarely in nature. But in an article in *The National Geographic Magazine*, March, 1948, at p. 364, the author, Orville H. Kneen says (as to Plant Patents in the United States):

"More patents have been issued on peaches than on any other plant except the rose, and three out of every four are sports or chance seedlings"

and on p. 374,

"All the citrus patents to date originated as sports." In a mutant the new and distinct variety results from seedling variation by self-pollination of species. The new variety comes from a pure line of plants which has not been crossed with other varieties of the same or other species. It also was said to us to occur very rarely in nature. In hybrid the new and distinct variety results from seedlings or cross-pollination of two species, two varieties, or of a species and a variety. All such plants must be asexually reproduced in order to have their

identity preserved as seeds from such plants will not reproduce the same varieties no matter how the blossom is pollinated.

Asexual reproduction may be accomplished by cuttings, by layering, by grafting, or by budding. Among plants which are asexually reproduced are tubers, such as potatoes and Jerusalem artichokes.

In the legislation proposed, tuber-propagated plants were excluded. We were told that this exception was made because this group alone among asexually reproduced plants is propagated by the same part of the plant as that which is sold as food.

It was not proposed that cereal plants such as wheat, oats, barley and rye be included in the proposed legislation. They cannot be asexually reproduced, being only reproduced by seeds.

The plants likely to be affected by the proposed legislation would be mainly those producing fruits, those producing flowers, and ornamental shrubs and trees. We think it highly probable that if the proposed legislation were enacted the bulk of the applications would be for the production of plants producing flowers. We say this for the following reasons:

The proposed plant patent legislation was modelled on legislation passed in the United States in 1930. In 1934 a book by Robert S. Allyn entitled "The First Plant Patents" and in 1944 another book by the same author entitled "Plant Patents 1934 to 1943" were published. In the second book the author reports (p. 8) that in the fourteen years since the effective date of the legislation, May 23, 1930, 610 plant patents had been issued of which 299 were on plants producing roses, 151 on those producing other flowers, and 137 on those producing edible products with 23 classified as miscellaneous. The percentage in each class was: roses, 49%; other flowers 25%; edible products 22%; miscellaneous 4%. Of the fruits and nut bearing plants there were 15 apples, 4 apricots, 6 avocados, 21 berries, 8 cherries, 9 citrus, 5 grapes, 2 mangos, 7 nectarines, 38 peaches, 4 pears, 3 pecans, 9 plums, 1 pomegranate, 1 walnut. Apparently roses in the flower bearing plants and peaches in the fruit bearing plants are the favourite subjects of plant patents.

The author (p. 8) says:

"Of the plants producing edible nuts and fruits by far the greater number were merely found as sports or seedlings, the balance being claimed as hybrids of known or unnamed parentage, the ratio being 98 to 31,—Of the apples, the ratio is 14 to 1; Among the Peaches it is 30 to 8; Plums 10 to 0; Apricots 4 to 0; Nuts 4 to 0; Cherries 7 to 1; Grapes 4 to 1; Avocados 6 to 0; Pears 4 to 0; Of the citrus fruits, Orange, Lemon, Lime, Grapefruits, 9 were 'discovered' and none produced by deliberate crossing. On the other hand 10 of the berries were produced by crossing and only 5 were mere accidents. Of the Nectarines 4 were finds and 3 produced by crossing. 2 Barberries were 'finds' and 2 hybrids. 2 Mangos and 3 Sugar Cane and 1 Grape were the results of crossing. A Pomegranate was discovered as a Seedling. In several cases as in the Mushroom patent, no mention is made of the origin."

Figures obtained by us from official sources indicate that from 1944 to August 4, 1959, 1181 plant patents were issued by the United States Patent Office, of which 598 were on plants producing roses, and 260 on plants producing edible products of which 129 were peaches.

From the inception of the United States Plant Patent legislation in 1930 to August 1959, only 17 plant patents out of a total of 1792 were issued to residents of Canada.

Many arguments were advanced in support of the proposed legislation by those supporting it. These are summarized in the presentation on behalf of the Canadian Horticultural Council as follows:

“1. A nation wide desire and need for stimulation of new plant breeding and the incentive system known as the patent system has proven its worth in connection with manufactured goods.

2. Legislation is required to remove the existing discrimination between plant developers and industrial inventors.

3. Agriculture being unprotected by a patent system has no incentive and must depend on government subsidies to produce new plants.

4. Plant Patents exist in several foreign countries with apparent success.

5. Plant Patent legislation would afford a sound basis for investing capital in plant breeding and consequently stimulate plant development through private funds.

6. Plant Patent protection would encourage wide public distribution and enable the farmer and general public to obtain new improved plants immediately and at more moderate cost.

7. Agriculture being pressed northward by the absorption of the more arable land by cities and towns along the southern borders, requires hardier plants. The need for more plant breeders to develop these varieties is essential and of the greatest importance to Canada.

8. Plant Patent protection would enlist the genius of young agriculturists of Canada and encourage the adoption of plant breeding as a life work.”

It was recognized by certain of those who joined in the representations that Canadian producers of plants might be subjected in the short run to certain disadvantages as a result of this legislation as they now rely for their means of production of new varieties to a considerable extent on plants patented in the United States. If these could be patented in Canada as well, a flow of royalties from Canada to the United States would be set up at the expense of Canadian growers and their customers. Those favouring the proposed legislation, who recognized this disadvantage, felt that in the long run the increased production of new varieties in Canada would counterbalance it.

The proposed legislation was supported not only by the Horticultural Council but by some growers and by the Executive of the Prairie Association of Nurserymen which passed the following resolution:

“Whereas at present the plant breeder has no protection and thus no encouragement to originate and promote desirable new varieties

That we go on record as approving in principle the enactment of Plant Patent legislation, keeping in mind the protection of the interests of Canadian Nurserymen.”

On the other hand, the proposal has run into a great deal of opposition recently.

Opposition to it has been expressed by a committee called the Nurserymen's Committee for Free Plan Production, by the Ontario Horticultural Association and, finally, by the Canadian Association of Nurserymen at its 1959 Convention at Vineland, Ontario. Material was forwarded to us indicating the dissatisfaction of certain nurserymen in Holland where something of the nature of plant patent legislation exists.

A widely signed petition to the Canadian Horticultural Council, copy of which was sent to us, reads as follows:

“Whereas Plant Patent Laws would injure the economy of Canadian Nurseries and whereas they would be a hardship to consumers by increasing prices on nursery stock unnecessarily by royalties which would largely be sent to U.S.A. patent holders

and whereas they would lead to domination of Canadian nurseries by American patent holders

I (we) hereby petition the Canadian Horticultural Council to withdraw their recommendations to the Royal Commission and recommend no action be taken by the Dominion Government on plant patent legislation."

The signatures to this petition number over 225 and appear to be the signatures of nurserymen and florists most of them in Ontario and British Columbia, but some in Quebec and Manitoba. A few nurseries upon circulation of the petition wrote indicating that they were in favour of plant patents but the material before us would indicate that these were not more than ten in number.

Moreover, in the presentation made to us on behalf of the Canadian Pulp and Paper Association, opposition to the principle of plant patents was expressed. It is not clear that this Association feared that its members would be prejudiced by a system of plant patents if established, but one of its spokesmen thought that on principle there should be no provision for plants in the Patents Act. He apparently had in mind particularly the patents of new varieties of trees. He argued that development of new species of plants by well known techniques, such as hybridization, would not constitute invention, and that the principle should be preserved that a disclosure in a patent must be such that such disclosure be useful for and capable of enabling the performance of that which the patentee claims. It is apparent that a plant patentee does not teach the public how to create the new variety. He felt that plant patents so-called have no place whatever in a patent structure.

We agree that plant patents so-called would be lacking in certain characteristics of patents as we know them, and we think that no attempt should be made to incorporate a plant patent system into our present patent system.

Lord Dunedin in *Pope Alliance Corporation v. Spanish River Pulp and Paper Mills* (1929) A.C. 269 at p. 281 said, "a patent represents a quid pro quo. The quid to the patentee is the monopoly; the quo is that he presents to the public the *knowledge* which they have not got." (Emphasis supplied)

The applicant for a plant patent would not communicate knowledge to the public as to how to produce the new variety. Indeed, in a great many cases the applicant would not know how it was produced; it would have been found as a chance seedling, sport or mutant. The only way in which the public could avail itself of the new variety would be by procuring a reproducible portion of the original plant or its descendants. Robert S. Allyn in "Plant Patents 1934-1943", discussing the plant patent system of the United States (in a most friendly way), says at p. 12, "This is contrary to the 'contract' theory of patents".

Moreover, in a discovery of a new variety there appears to be nothing that may be called an inventive step. It is true that patentable inventions under our present law may be stumbled on by chance, but what is stumbled on and communicated to the public in the specification is the fact that, if certain things are done, certain useful results follow. No one could tell from reading a plant patent how to bring into existence the patented plant. The so-called invention does not advance any art and does not contribute anything to the common stock of useful knowledge as to how to do anything.

It has been argued that as asexual reproduction by the applicant is necessary before he can be said to have an invention, it is in substance this process which is patented and, therefore, it is in accordance with the principles of our patent system to make a repetition of this process an infringement. However, an old process

such as asexual reproduction surely is not an invention when no new result is attained. The same plant is reproduced. What the applicant for a plant patent is rewarded for essentially is his discovery of a new variety not his asexual reproduction of it.

We recommend against grafting a plant patent system upon our present patent system. The two are incongruous, and an attempted assimilation would merely result in confusion.

It does not follow, however, that some separate system of rewards for hybridizers whose efforts result in discovery of new varieties, or discoverers of new varieties even when there has been no hybridizing, should not be established. It seems to us that the most defensible system of this kind (apart from government grants) would be a registration system under which newly discovered varieties could be registered by the discoverer, and could even after registered be freely reproduced by any member of the public who lawfully came into possession of the new plant, and could be sold by any member of the public upon payment of a royalty to the registered discoverer.

One difficulty about making mere reproduction an infringement is that such infringements are bound to be widespread. An extreme example is that of strawberry plants and raspberry bushes. As one witness favourable to the establishment of a plant patent system said, it would be impossible, if mere asexual reproduction were to be an infringement, to prevent infringements by a grower of patented strawberry plants unless the patentee went along with a hoe and chopped off the runners as fast as they appeared.

As indicated above, plant patents are obtainable in the United States. We were told that similar protection—how similar we do not know—is available in Belgium, France, Italy, Morocco, Tunisia, South Africa and Germany. We have not been able to obtain any information as to whether any or all of these systems give general satisfaction. The number of patents granted on plants in the United States seems small compared with that on other inventions.

After carefully considering the advantages and disadvantages of setting up a plant patent system in Canada either in the form proposed to us or as a registration system with or without a provision for licences of right, we have come to the conclusion that the disadvantages outweigh the advantages for the following reasons:

1. It will be recalled that only about 5% of the patents now granted in Canada are granted on inventions by residents of Canada. We think that under a plant patent system the proportion of plant patents granted on inventions by Canadians would be even smaller.

It is of some significance that although Canadians have been free to patent plants in the United States since 1930, only seventeen United States Plant Patents were issued on plants claimed to have been invented by Canadians up to and including August 4, 1959. It was argued that if Canada had a plant patent system the development of hardy varieties of fruit-bearing plants suitable for northern regions would be encouraged. It is very doubtful, however, that if these were of special suitability only for such regions it would pay any person to spend much on developing them. It might be different if they have a special appeal for the United States market as well. But if they do, they can now be patented in the United States. The main beneficiaries would be foreign residents who would have obtained patents or rights to obtain patents in Canada, the majority of these beneficiaries being in the United States.

We think the price that Canada would pay for the advantages of a plant patent system would be intirely incommensurate with these advantages. It should not be forgotten that a plant patent system will give no impetus whatever to research dealing with the improvement of the greater number of food-producing plants, because these are not asexually reproduced. We do not think that we should recommend the extension of our present patent system into this new and different field.

2. So far as foods are concerned, it is substantially correct to say that only fruits will be affected. The development of better varieties of fruits is now the concern of Government departments and Experimental Stations. It may be that if breeders of fruit-bearing trees, bushes and plants were given a monopoly for a number of years on the reproduction or sale of new varieties produced by them by hybridization, their activities along this line would be increased, but the importance of the results that would be achieved is so incapable of measurement that we are quite unable to say that any resultant advantages would equal the economic disadvantage to the country as a whole of conferring the monopoly sought.

As to flowers, the case against a system of plant patents is even stronger. The importance of the production of new varieties of flowers and flower-bearing plants is completely incapable of assessment. Most of the plant patents on flower-bearing plants would be on rose bushes—at least this has been the experience in the United States—and if we institute a plant patent system in Canada, American discoverers of new varieties of roses will, of course, be able to obtain patents on them here. Just what the value to society of the discovery of a new variety of rose is could be the matter of long debate. It may be thought by some that no expense is too great to incur for the encouragement of the creation of new forms of beauty. Moreover, the new variety of rose may be an improvement over the old variety in other respects. However, we would expect that in most cases it would merely be different rather than more beautiful or better in other respects. A patent would enable the patentee to make expenditures on extensive advertising of the new variety without as much risk as he otherwise would run. He might thereby not only create a demand but a fashion and, to a certain extent, promote obsolescence of some existing varieties. The economic value to the nation of such activities may be questioned.

3. It will be recalled that in the early part of this report we expressed sympathy with the view that if we did not have a patent system in Canada at the present time it would be irresponsible on the basis of our present knowledge of the economic consequences of the patent system to recommend instituting one. It appears to us that the economic consequences to the country as a whole of a plant patent system are still more dubious than that of the traditional patent system.

4. It would appear from the representations that we have received that most growers of plants that may be asexually reproduced are opposed to the institution of a plant patent system. We think that this fact should be given some weight in deciding on the advisability of instituting such a system.

If the foregoing reasons are not considered to be compelling and, contrary to our recommendations, Parliament sees fit to pass legislation authorizing plant patents or something in the nature of the plant patents, we are of opinion that a registration system conferring protection for a relatively short period—certainly not



more than ten years—making sale but not reproduction an infringement, and providing for licences of right, would be as far as the legislation should go. We think, however, that if it is considered desirable to give a financial incentive to hybridizers, the most desirable means of giving this incentive would be by a system of Government grants, and that these should be available not only to hybridizers of asexually reproducible plants but to breeders of sexually reproducible plants such as grains, cereals and vegetables, and perhaps also to livestock breeders engaged in the development of new and improved varieties of livestock.

Such a plan would be difficult to administer and might in practice result in discrimination. The discrimination, however, would not in our judgment be as great as the discrimination which would be created by a plant patent system, particularly as between discoverers of new varieties of asexually reproducible plants on the one hand and those of other plant and animal breeders on the other.

## DIVISION XX—PATENT OFFICE AND ITS OPERATION

The Report of the Commissioner of Patents for the year ended March 31, 1959 states that applications for patents during that year totalled 22,912 (an increase of 655 or 2.9% from the year before) of which 16,688 claimed priority of filing date under The International Convention. During the year there were 21,920 allowances of applications and 18,293 patents issued, an all-time high for the number of patents issued in one year. During the year, 28 patent examiners were appointed, 13 examiners resigned their positions, and one retired on pension. The average number of examiners for the year was 101. The Commissioner referred in his Report to the shortage of qualified candidates for the position of examiner.

The following table is made from information obtained in the Reports of the Commissioner of Patents for the five years ending March 31, 1959:

TABLE				
Year Ended March 31	Applications	Convention Applications	Patents Granted	Average Number of Examiner
1959	22,912	16,668	18,293	101
1958	22,257	16,262	16,261	86
1957	21,762	15,391	15,513	85
1956	21,048	15,486	11,862	76
1955	19,448	14,742	10,282	65

The report for the year ended March 31, 1956 states that "the total number of pending applications in the office is 72,608". The Commissioner informs us that on March 31, 1959 the total number of pending applications in the Office was 70,860.

The table shows that the average amount of time devoted by an examiner to the processing of an application must be short indeed. It would appear from the information contained in the Commissioner's Report that in the year ended March 31, 1959 applications were allowed, on average, at the rate of approximately one allowance per examiner for each working day. In addition, a number of applications, unknown to us, were refused. In view of the large number of convention applications, it is reasonable to assume that the Patent Office relies heavily on the information it obtains as the result of information it receives under Rule 39. We have no reason to think it would be true to go so far as to state that in the case of convention applications the Patent Office merely rubber-stamps what has been done in Patent Offices abroad, but there can be no doubt that citations of prior art, objections to the form of claims and other particulars which come to light as a result of the application of Rule 39 facilitate the work of processing in the Canadian Patent Office in a large proportion of the Canadian applications.

In March, 1958 the Patent Office was moved from its former mid-city location to new premises in No. 8 Temporary Building on Carling Avenue, Ottawa. We understand that this building is not intended to be the permanent quarters of the Patent Office. The building is not a fireproof building and precautionary steps have been taken to duplicate the patents issued by the Patent Office. The duplicates are stored in other premises. The quarters on Carling Avenue, although temporary, constitute a substantial improvement over the former mid-city quarters, but the location is less convenient for the public.

The Commissioner in his Report for the year ended March 31, 1958 says that, in order to protect valuable files and in an effort to cope with the ever-increasing bulk of permanent records, a program of microfilming was started during the year, and that at the time of making the Report old patent specifications were being microfilmed and that the assignment records and patent exemplifications would also be done. The 1959 Report says that during the year ended March 31, 1959, 74,259 patents were microfilmed, that this includes patents No. 195,077 to 269,335 for the period of 1919 to 1927, and that the total number of patents microfilmed is 103,536, this being for the period 1916 to 1927. We have been advised by the Commissioner that it is his intention to microfilm the patents issued up to 1949, the year from which patents have been printed.

The number of pending applications given above indicates a substantial backlog. However, it is evident that in recent years the Patent Office has been issuing many more patents annually than in former years. The Office has, we understand, considerable difficulty in recruiting a sufficient number of persons suitably qualified to become examiners and in keeping its staff of examiners from undue shrinkage by rapidity of turnover in examining staff. The nature of the work of examining applications is such that it makes exacting demands upon examiners, and we received representations that their pay was too low and their number too small. The figures we have given indicating the load which each examiner is carrying would seem to indicate that the examining staff should be enlarged. As to the rates of pay of examiners, these have to be properly related to other parts of the Civil Service pay structure, a task which we have no facilities to discharge. We expect that if the new system we recommend is instituted, the search requirements will make less demand upon the time of examiners than does the present system. In particular, the early publication of specifications should result in invalidating factors coming to light after less search than is required under the present system. Moreover the time-consuming activities necessitated by conflicts will be eliminated.

A most informative memorandum was supplied to us on behalf of a committee of the examiners and several suggestions were made, all of which we have considered. The only ones we think we need specifically to deal with are the following:

(1) That the Patent Office library should contain as wide a range of publications as possible, including at least one leading textbook on each of as many technical subjects as is practicable and a selection of leading monthly and other periodical publications which deal with various arts and technical subjects. We wholly agree. The 1959 Report of the Commissioner which we have referred to contains interesting information as to the Patent Office library.

(2) That there should be set up in the Office a review and appeal board, the members to be appointed from the examining staff, in order to review patent applications referred to it and to perform other related duties (some of which will not arise if the system we recommend is adopted). We think that instead of, as we understand is now the case, the various divisions and to some extent the individual examiners pursuing their respective independent ways in the examination of applications, coordination and uniformity of treatment of applications should as far as possible be sought, and we recommend that consideration be given to the appointment in the Office of a Board of Review with a view to the attainment of these ends. We note, from the 1959 Report of the Commissioner, that special directives issued by the Commissioner during the year in connection with examination made the reports of examiners more effective, decreased their number and increased the number of allowances.

(3) That each examiner should have an individual office with as much natural lighting as possible which would be conveniently located with regard to the search files with which he is concerned and that the individual offices should be grouped according to examination groups so that all the examiners in each group may be conveniently located in relation to each other and to the clerical assistants. We think that these suggestions are reasonable and should be implemented to the extent practicable insofar as they are not presently implemented. It is our understanding that the present quarters on Carling Avenue have gone some distance toward meeting these suggestions.

(4) That there should be a public search room which would keep the public away from the examiners' offices, thereby avoiding frequent interruptions and giving the public a better service. We think that a public search room would undoubtedly have substantial advantages but whether its cost would be out of proportion to these advantages is a matter that should be considered. The only recommendation we are disposed to make is that the proposal be given careful consideration.

Several other of the suggestions by the examiners are met by our recommendations or are inapplicable to the proposed new system, and on the others we are not prepared to make any recommendation.

Helpful representations regarding the Patent Office and its operation were also made by the Patent Institute and others, some of these representations being similar to those made by the examiners.

We recommend that consideration be given to arranging that the Board of Review, if set up, or some other appropriate persons in the Patent Office, give more training to new examiners than they get at the present time. The Patent Institute in its submissions laid great stress on the importance of introducing a scheme for the systematic training of personnel in the Office, both in examination technique and in patent law and practice and the interpretation of statutes.

We expect that in time, if the system we recommend is adopted, the revenue of the Patent Office will be substantially increased as a result of the renewal fee system. This, however, will not make any difference in the revenues of the Office for some years. It may be that if the Government wishes to spend substantially increased amounts on the Office promptly, for example on new and improved quarters, on the library, on increasing the staff of examiners, or on increasing their salaries, the Government will be willing to incur larger deficits in the operation of the Office with the expectation that in a few years' time surpluses can be expected.

The backlog of patent applications is, we understand, not a Canadian problem alone, and exists in other countries—at least in the United Kingdom and the United States. The slowness of the examination system as compared with the registration system is very likely to result in backlog, unless large sums are spent on examining staff and extensive facilities are provided for them. As indicated elsewhere, we think the examination system under our recommendations would likely be operated more easily and with fewer delays than the present examination system. The transition to the modified examination system which we recommend may, however, cause some confusion in the Office. We venture to suggest that the outset of this transition period would be an appropriate time to employ some person thoroughly familiar with the type of system in the United Kingdom to advise the Commissioner of Patents, his Minister, and the Government on steps that could be appropriately taken for organizing the modified examination system recommended. We have no particular person or persons in mind but would think that

there must be available persons in the United Kingdom or elsewhere familiar with the United Kingdom type of system who could be of great assistance in advising on problems of examination, housing, library facilities, organization of staff within the Office, recruiting, service to the public, and so forth, and we recommend that the Government give consideration to the employment of such person in an advisory capacity.

\* \* \*

We should not like to conclude this, the third of the reports that we have made, without expressing our deep appreciation of the help we have received from those who have appeared before us or communicated with us in writing on the subject of patents, or orally discussed this subject with us. Without the assistance that we have received in this way, the performance of our task would have been impossible.

We desire to make reference also to the invaluable contribution made to our work on patents by Mr. Guy Favreau, Q.C., who, until the early part of 1959, was a member of the Commission, but who then found it necessary to resign because of pressure of other duties. While the undersigned take full responsibility for the recommendations made in this report, they are indebted to Mr. Favreau for many of the ideas from which these recommendations germinated.

We gratefully acknowledge the courteous and patient cooperation and assistance of Mr. J. W. T. Michel, Commissioner of Patents.

We also wish to express our indebtedness to Mr. A. M. Laidlaw, who, until the early part of 1959 was the Secretary of the Commission, but who also was obliged to resign because of other demands upon his time. A barrister and patent attorney, he added the benefit of his experience in the patent field to unflagging assiduity not only in the discharge of the conventional duties of a secretary but in research on behalf of the Commission.

All of which is respectfully submitted.

(Signed) J. L. ILSLEY,  
*(Chairman),*

W. W. BUCHANAN,  
*Commissioner.*

Dated at Halifax,  
this thirty-first day of December, 1959.

## APPENDIX A

### ROYAL COMMISSION ON PATENTS, COPYRIGHTS, TRADE MARKS AND INDUSTRIAL DESIGNS

#### PRELIMINARY QUESTIONNAIRE

##### *Patents*

1. In your opinion does the Patent Act lend itself to any practices which may unduly restrict competition?

2. Do you know of any instance in which Canadian patents have been or are presently being used to the detriment of the public interest, e.g., to prevent, retard or hinder free competitive development in industry,

- (a) by reason of the conditions upon which they are licensed, cross-licensed or "pooled";
- (b) by being suppressed;
- (c) by not being worked in Canada; or,
- (d) by being leased or sold under restrictive conditions?

If so, give examples and indicate how, in your opinion, any such misuse might be prevented or remedied.

3. Should there be a fundamental change of the present Canadian patent system to something of the nature of the "registration system" or "French system" so that applications would not be examined by the Patent Office for novelty, either with or without the establishment of a tribunal for determining speedily, and at minimum cost, the validity of challenged patents?

4. Do you consider that the following sections of the Patent Act (R.S. 1952):

- (a) Section 41 (Food or Medicines);
- (b) Sections 67 et seq. (Compulsory Licenses); require amendment?

If so, indicate the nature of the amendment you recommend.

5. Would, in your opinion, the present patent system in Canada be improved by

- (a) altering the definition of invention;
- (b) changing the period of the grant;
- (c) notifying the public of patent rights available for assignment or licensing;
- (d) reducing present fees and/or charging annual dues;
- (e) the introduction of an opposition or other procedure for the purpose of ensuring that a minimum number of invalid patents issue;
- (f) modifying the judicial process so as to lessen costs and delays in patent litigation;
- (g) providing for licenses of right, comparable to present British practice; and

(h) providing for voluntary and irrevocable dedication of patents to the public?

In your reply please give reasons for your answers.

6. Where an invention is patented both in Canada and in a foreign country, do you consider that an article manufactured abroad under such a patent should be permitted to be sold or used in Canada in competition with the article manufactured under the corresponding Canadian patent?

7. Should the Patent Act contain provisions directed against threats of litigation or other forms of harassment?

If so, what provisions would you suggest?

8. Have you any suggestions to make with respect to the maintenance in secrecy of inventions which might be useful in the defence of Canada?

9. Do you recommend the introduction of a system of protection respecting the development of new species of plants?

10. What, if anything, should be done by re-organization, additions to staff, or otherwise to enable the Patent Office better to carry out its purpose?

11. Are there other matters relating to sections of the present Patent Act or to the practice and procedure thereunder which you think should be altered?

12. Apart from the foregoing, how could the Canadian patent system be modified so as better to serve the public interest?

Ottawa, Canada,  
August 20th, 1954.

## APPENDIX B

1. Organizations which made representations in public to the Commission:—

Allied Florists and Growers of Canada, Inc.

Atomic Energy Control Board

Ayerst, McKenna and Harrison and several other firms or companies  
whose views were said by the representative of Ayerst, McKenna  
and Harrison to be those expressed by him

Board of Trade of the City of Toronto

British Drug Houses Canada Limited

Canadian Association of Nurserymen

Canadian Horticultural Council

Canadian Manufacturers' Association

Canadian Pulp and Paper Association

Canadian Radio Patents Limited

Chemical Institute of Canada

Ciba Company Limited

Fine Chemicals of Canada Limited

Charles F. Frosst & Company

Frank W. Horner Limited

International Association for the Protection of Industrial Property—

Canadian Group

Libby McNeill & Libby of Canada Limited

Monsanto Canada Limited

Patent Institute of Canada

Polymer Corporation

Regina Leader-Post and Saskatoon Star-Phoenix

Shawinigan Chemicals Limited

S. G. Waters Limited

2. Individuals who on their own behalf made representations in public to the Commission:

Cecil C. Kent

Leonard J. Robbins

3. In addition to the foregoing the Commission received many written and oral representations, not made in public.



## APPENDIX C

### PATENT ACT



#### CHAPTER 203.

#### An Act respecting Patents of Invention.

##### SHORT TITLE.

1. This Act may be cited as the *Patent Act*. 1935, c. 32, s. 1.      Short Title.

##### INTERPRETATION.

2. In this Act, and in any rule, regulation or order made under it, Definitions.
- (a) "applicant" includes an inventor and the legal representatives of an applicant or inventor; "Applicant."
- (b) "Commissioner" means the Commissioner of Patents; "Commissioner."
- (c) "Exchequer Court" means the Exchequer Court of Canada; "Exchequer Court."
- (d) "invention" means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter; "Invention."
- (e) "legal representatives" includes heirs, executors, administrators, guardians, curators, tutors, assigns and all other persons claiming through or under applicants for patents and patentees of inventions; "Legal representatives."
- (f) "Minister" means the Secretary of State of Canada or such other Minister of the Crown as may be appointed by the Governor in Council to administer this Act; "Minister."
- (g) "patent" means letters patent for an invention; "Patent."
- (h) "patentee" means the person for the time being entitled to the benefit of a patent for an invention; "Patentee."
- (i) "regulation" and "rule" include rule, regulation and form; "Regulation" and "rule."
- (j) "work on a commercial scale" means the manufacture of the article or the carrying on of the process described and claimed in the specification for a patent, in or by means of a definite and substantial establishment or organization and on a scale that is adequate and reasonable under the circumstances. "Work on a commercial scale."
- 1935, c. 32, s. 2.

PATENT OFFICE AND OFFICERS.

Patent Office.

3. There shall be attached to the Department of the Secretary of State of Canada or to such other department of the Government of Canada as may be determined by the Governor in Council an office called the Patent Office. 1935, c. 32, s. 3.

Commissioner of Patents.

4. (1) The Governor in Council may appoint a Commissioner of Patents who shall, under the direction of the Minister, exercise and perform the powers and duties conferred and imposed upon that officer by or pursuant to this Act.

Duties of Commissioner.

(2) The Commissioner shall receive all applications, fees, papers, documents and models for patents, shall perform and do all acts and things requisite for the granting and issuing of patents of invention, shall have the charge and custody of the books, records, papers, models, machines and other things belonging to the Patent Office, and shall have, for the purposes of this Act, all the powers that are or may be given by the *Inquiries Act* to a commissioner appointed under Part II thereof.

Tenure of office and salary.

(3) The Commissioner holds office during pleasure and shall be paid such annual salary as may be determined by the Governor in Council. 1935, c. 32, s. 4; 1947, c. 23, s. 2.

Assistant Commissioner.

5. (1) An Assistant Commissioner of Patents may be appointed in the manner authorized by law; he shall be a technical officer experienced in the administration of the Patent Office.

Absence or inability to act.

(2) When the Commissioner is absent or unable to act, the Assistant Commissioner, or, if he also is at the same time absent or unable to act, another officer designated by the Minister, may and shall exercise the powers and perform the duties of the Commissioner. 1935, c. 32, s. 5.

Staff.

6. There may be appointed in the manner authorized by law, such principal examiners, examiners, associate examiners and assistant examiners, clerks, stenographers and other assistants as are necessary for the administration of this Act. 1935, c. 32, s. 6.

Officers of Patent Office not to deal in patents.

7. No officers or employees of the Patent Office shall buy, sell, acquire or traffic in any invention, patent or right to a patent, or any interest in any thereof, and every purchase, sale, assignment, acquisition or transfer of any invention, patent or right to a patent, or any interest in any thereof, made by or to any such officer or employee is null and void, but this section does not apply to a sale by an original inventor or to an acquisition under the last will, or by the intestacy, of a deceased person. 1935, c. 32, s. 7.

Clerical errors.

8. Clerical errors in any instrument of record in the Patent Office shall not be construed as invalidating the same, but, when discovered, they may be corrected by certificate under the authority of the Commissioner. 1935, c. 32, s. 8.

9. If any patent is destroyed or lost a certified copy may be issued in lieu thereof upon payment of the prescribed fee. 1935, c. 32, s. 9. Destroyed or lost patents.

10. All specifications, drawings, models, disclaimers, judgments, returns, and other papers, except *caveats*, and except those filed in connection with applications for patents that are still pending or have been abandoned shall be open to the inspection of the public at the Patent Office, under such regulations as are adopted in that behalf. 1935, c. 32, s. 10. Inspection by the public.

11. Notwithstanding the exception in section 10, the Commissioner, upon the request of any person who states in writing the name of the inventor, if available, the title of the invention and the number and date of a patent said to have been granted in a named country other than Canada, and who pays or tenders the prescribed fee, shall inform such person whether an application for a patent of the same invention is or is not pending in Canada 1947, c. 23, s. 3. Patents issued out of Canada.

#### RULES AND REGULATIONS.

12. (1) The Governor in Council, on the recommendation of the Minister, may make, amend or repeal such rules and regulations as may be deemed expedient Rules and regulations.

- (a) for carrying into effect the objects of this Act, or for ensuring the due administration thereof by the Commissioner and other officers and employees of the Patent Office;
- (b) for carrying into effect the terms of any treaty, convention, arrangement or engagement that subsists between Canada and any other country; and
- (c) in particular, but without restricting the generality of the foregoing, with respect to the following matters
  - (i) the form and contents of applications for patents,
  - (ii) the form of the Register of Patents and of the indexes thereto,
  - (iii) the registration of assignments, transmissions, licences, disclaimers, judgments or other documents relating to any patent, and
  - (iv) the form and contents of any certificate issued pursuant to the terms of this Act.

(2) Any rule or regulation made by the Governor in Council is of the same force and effect as if it had been enacted herein. 1947, c. 23, s. 3. Effect.

#### SEAL.

13. (1) The Commissioner shall cause a seal to be made for the purposes of this Act and may cause to be sealed therewith every patent and other instrument and copy thereof issuing from the Patent Office. Seal of office.

(2) Every court, judge and person whosoever shall take notice of the seal of the Patent Office, and shall receive the impressions thereof in evidence in like manner as the impressions of the Great Seal to be evidence.

Seal are received in evidence, and shall also take notice of and receive in evidence, without further proof and without production of the originals, all copies or extracts certified under the seal of the Patent Office to be copies of or extracts from documents deposited in such office. 1935, c. 32, s. 13.

#### PROOF OF PATENTS.

Certified copies of patents as evidence.

**14.** In any action or proceeding respecting a patent of invention authorized to be had or taken in Canada under the provisions of this Act a copy of any patent granted in any other country, or any official document connected therewith, purporting to be certified under the hand of the proper officer of the government of the country in which such patent has been obtained, may be produced before the court or a judge thereof, and the copy of such patent or document purporting to be so certified may be received in evidence without production of the original and without proof of the signature or of the official character of the person appearing to have signed the same. 1935, c. 32, s. 14.

#### PATENT ATTORNEYS.

Register of attorneys.

**15.** (1) A register of attorneys shall be kept in the Patent Office on which shall be entered the names of all persons entitled to represent applicants in presentation and prosecution of applications for patents or in other business before the Patent Office.

Entries.

(2) Entry on such register shall be made in accordance with regulations to be made by the Commissioner with the approval of the Governor in Council. 1935, c. 32, s. 15.

Misconduct.

**16.** For gross misconduct or any other cause that he may deem sufficient, the Commissioner may refuse to recognize any person as a patent agent or attorney either generally or in any particular case. 1935, c. 32, s. 16.

#### APPEALS.

Practice on appeals.

**17.** In all cases where an appeal is provided from the decision of the Commissioner to the Exchequer Court under this Act, such appeal shall be had and taken pursuant to the provisions of the *Exchequer Court Act* and the rules and practice of that Court. 1935, c. 32, s. 17.

Notice of appeal.

**18.** Whenever an appeal to the Exchequer Court from the decision of the Commissioner is permitted under this Act notice of his decision shall be mailed by the Commissioner by registered letter addressed to the interested parties or their respective agents and the appeal shall be taken within three months after the date of mailing of such notice, unless otherwise extended by the Commissioner with the approval of the Minister and unless herein otherwise expressly provided. 1935, c. 32, s. 18.

USE OF PATENTS BY GOVERNMENT.

19. The Government of Canada may, at any time, use any patented invention, paying to the patentee such sum as the Commissioner reports to be a reasonable compensation for the use thereof, and any decision of the Commissioner under this section is subject to appeal to the Exchequer Court. 1935, c. 32, s. 19.

20. (1) Any officer, servant or employee of the Crown or of a corporation that is an agent or servant of the Crown, who, acting within the scope of his duties and employment as such, invents any invention in instruments or munitions of war, shall, if so required by the Minister of National Defence, assign to such Minister on behalf of Her Majesty all the benefits of the invention and of any patent obtained or to be obtained for the invention; and any other person who invents any such invention may so assign to such Minister on behalf of Her Majesty all the benefits of the invention and of any patent obtained or to be obtained for the invention.

(2) An inventor, other than an officer, servant or employee of the Crown or of a corporation that is an agent or servant of the Crown, acting within the scope of his duties and employment as such, is entitled to compensation for an assignment to the Minister of National Defence under this Act; in the event that the consideration to be paid for such assignment is not agreed upon it is the duty of the Commissioner to determine the amount of such consideration, but his decision is subject to appeal to the Exchequer Court; proceedings before the Exchequer Court under this subsection shall be held in camera upon request made to the court by any party to the proceedings.

(3) The assignment effectually vests the benefit of the invention and patent in the Minister of National Defence on behalf of Her Majesty, and all covenants and agreements therein contained for keeping the invention secret and otherwise are valid and effectual, notwithstanding any want of valuable consideration, and may be enforced accordingly by the Minister of National Defence.

(4) Any person who, as aforesaid, has made an assignment under this section to the Minister of National Defence, in respect of any covenants and agreements contained in such assignment for keeping the invention secret and otherwise in respect of all matters relating to the said invention, and any other person who has knowledge of such assignment and of such covenants and agreements, shall be, for the purposes of the *Official Secrets Act*, deemed to be persons having in their possession or control information respecting the said matters that has been entrusted to them in confidence by any person holding office under Her Majesty; and the communication of any of the said information by such first mentioned persons to any person other than one to whom they are authorized to communicate with, by or on behalf of the Minister of National Defence, is an offence under section 4 of the *Official Secrets Act*.

(5) Where any agreement for such assignment has been made the Minister of National Defence may submit an application for patent for the invention to the Commissioner, with the request that

it be examined for patentability, and if such application is found allowable may, before the grant of any patent thereon, certify to the Commissioner that, in the public interest, the particulars of the invention and of the manner in which it is to be worked are to be kept secret.

Manner in which Commissioner to keep secret application.

(6) If the Minister of National Defence so certifies, the application and specification, with the drawing, if any, and any amendment of the application, and any copies of such documents and drawing and the patent granted thereon, shall be placed in a packet sealed by the Commissioner under authority of the Minister of National Defence.

Custody by Commissioner of secret application.

(7) The packet shall, until the expiration of the term during which a patent for the invention may be in force, be kept sealed by the Commissioner, and shall not be opened save under the authority of an order of the Minister of National Defence.

Delivery of secret application to authorized person.

(8) The sealed packet shall be delivered at any time during the continuance of the patent to any person authorized by the Minister of National Defence to receive it, and shall if returned to the Commissioner be kept sealed by him.

Delivery to Minister on expiry of patent.

(9) On the expiration of the term of the patent, the sealed packet shall be delivered to the Minister of National Defence.

Revocation.

(10) No proceeding by petition or otherwise lies to have declared invalid or void a patent granted for an invention in relation to which a certificate has been given by the Minister of National Defence as aforesaid, except by permission of the said Minister.

Prohibition of publication and inspection.

(11) No copy of any specification or other document or drawing, by this section required to be placed in a sealed packet, shall in any manner whatever be published or open to the inspection of the public, but, save as in this section otherwise directed, the provisions of this Act shall apply in respect of any such invention and patent as aforesaid.

Waiver by Minister.

(12) The Minister of National Defence may at any time waive the benefit of this section with respect to any particular invention, and the specification, documents and drawing shall be thenceforth kept and dealt within the regular way.

Rights protected.

(13) No claim shall be allowed in respect of any infringement of a patent that occurred in good faith during the time that such patent was kept secret under the provisions of this section; and any person who, before the publication of such patent, had in good faith done any act that, but for the provisions of this subsection would have given rise to any such claim, is entitled, after such publication, to obtain a licence to manufacture, use and sell the patented invention on such terms as may, in the absence of agreement between the parties, be settled by the Commissioner or by the Exchequer Court on appeal from the Commissioner.

Communication to Minister not deemed to be publication.

(14) The communication of any invention for any improvement in munitions of war to the Minister of National Defence or to any person or persons authorized by the Minister of National Defence to investigate the same or the merits thereof, shall not, nor shall anything done for the purposes of the investigation, be deemed use or

publication of such invention so as to prejudice the grant or validity of any patent for the same.

(15) The Governor in Council, if satisfied that an invention relating to any instrument or munition of war, described in any specified application for patent not assigned to the Minister of National Defence, is vital to the defence of Canada and that the publication of a patent therefor should be prevented in order to preserve the safety of the State, may order that such invention and application and all the documents relating thereto shall be treated for all purposes of this section as if the invention had been assigned or agreed to be assigned to the Minister of National Defence.

Order in Council to keep non-assigned application secret.

(16) The Governor in Council may make rules under this section for the purpose of ensuring secrecy with respect to applications and patents to which this section applies and generally to give effect to the purpose and intent thereof. 1947, c. 23, s. 4.

Rules.

21. Where by any agreement between the Government of Canada and any other government it is provided that the Government of Canada will apply the provisions of section 20 to inventions disclosed in any application for a patent assigned or agreed to be assigned by the inventor to such other government, and the Commissioner is notified by any minister of the Crown that such agreement extends to the invention in a specified application, such application and all the documents relating thereto shall be dealt with as provided in section 20, except subsection (2), as if the said invention had been assigned or agreed to be assigned to the Minister of National Defence. 1947, c. 23, s. 4.

In case of agreement between Government of Canada and any other government.

#### PATENTS RELATING TO ATOMIC ENERGY.

22. Any patent application for an invention that, in the opinion of the Commissioner, relates to the production, application or use of atomic energy shall, before it is dealt with by an examiner appointed pursuant to section 6, be communicated by the Commissioner to the Atomic Energy Control Board. 1947, c. 23, s. 4.

Communication of application to Atomic Energy Control Board.

#### GENERAL.

23. No patent shall extend to prevent the use of any invention in any ship, vessel, aircraft or land vehicle of any other country, entering Canada temporarily or accidentally, if such invention is employed exclusively for the needs of the ship, vessel, aircraft or land vehicle, and not so used for the manufacture of any goods to be vended within or exported from Canada. 1935, c. 32, s. 20.

Patented invention in vessels, aircraft, etc., of any other country.

24. (1) Every patentee under this Act shall, if possible, stamp or engrave on each patented article sold or offered for sale by him notice of the year of the date of the patent applying to such article, thus—Patented, 1935, or as the case may be.

Patented article to be stamped or marked.

(2) When, from the nature of any patented article it cannot be so stamped or engraved the patentee shall, if possible, affix to it,

Package to be marked.

or to every package wherein one or more of such articles is or are enclosed, a label marked with the like notice.

Impossibility of compliance.

(3) When any patented article or material is, from its nature or character, such that it cannot be so stamped or engraved and cannot, reasonably, be packaged or labelled the patentee shall, in all descriptive or advertising matter published by him and relating to such patented article or material, insert the like notice. 1935, c. 32, s. 21.

Cost of proceedings before the court.

25. In all proceedings before any court under this Act the costs of the Commissioner are in the discretion of the court, but the Commissioner shall not be ordered to pay the costs of any other of the parties. 1935, c. 32, s. 22.

Status not affected.

26. No relief, right or privilege granted to or acquired by any patentee or other person in respect of any patent or application for any patent under chapter 44 of the statutes of 1921 is affected by the repeal of that Act, but such relief, right or privilege continues as if that Act had remained in force. 1935, c. 32, s. 24.

Annual report.

27. The Commissioner shall, in each year, cause to be prepared and laid before Parliament a report of the proceedings under this Act, and shall, from time to time and at least once in each year, publish a list of all patents granted, and may, with the approval of the Governor in Council, cause such specifications and drawings as are deemed of interest or essential parts thereof, to be printed, from time to time for distribution or sale. 1935, c. 32, s. 25.

#### APPLICATION FOR PATENTS.

Who may obtain patents.

28. (1) Subject to the subsequent provisions of this section, any inventor or legal representative of an inventor of an invention that was

- (a) not known or used by any other person before he invented it,
- (b) not described in any patent or in any publication printed in Canada or in any other country more than two years before presentation of the petition hereunder mentioned, and
- (c) not in public use or on sale in Canada for more than two years prior to his application in Canada,

may, on presentation to the Commissioner of a petition setting forth the facts (in this Act termed the filing of the application) and on compliance with all other requirements of this Act, obtain a patent granting to him an exclusive property in such invention.

Applications for patents out of Canada.

(2) Any inventor or legal representative of an inventor who applies in Canada for a patent for an invention for which application for patent has been made in any other country by such inventor or his legal representative before the filing of the application in Canada is not entitled to obtain in Canada a patent for that invention unless his application in Canada is filed, either

- (a) before issue of any patent to such inventor or his legal representative for the same invention in any other country, or



(b) if a patent has issued in any other country, within twelve months after the filing of the first application by such inventor or his legal representative for patent for such invention in any other country.

(3) No patent shall issue for an invention that has an illicit object in view, or for any mere scientific principle or abstract theorem. 1947, c. 23, s. 6. What may not be patented.

29. (1) An application for a patent for an invention filed in Canada by any person entitled to protection under the terms of any treaty or convention relating to patents to which Canada is a party who has, or whose agent or other legal representative has, previously regularly filed an application for a patent for the same invention in any other country which by treaty, convention or law affords similar privilege to citizens of Canada, has the same force and effect as the same application would have if filed in Canada on the date on which the application for patent for the same invention was first filed in such other country, if the application in this country is filed within twelve months from the earliest date on which any such application was filed in such other country or from the 13th day of June, 1923. Treaty or convention rights of applicants.

(2) No patent shall be granted on an application for a patent for an invention that had been patented or described in a patent or publication printed in Canada or any other country more than two years before the date of the actual filing of the application in Canada, or had been in public use or on sale in Canada for more than two years prior to such filing. 1935, c. 32, s. 27. Limitation of two years after publication or public use or sale.

30. No patent granted by virtue of *The Patent Act*, chapter 23 of the statutes of 1923, or by virtue of this Act, on an application filed prior to the 1st day of August, 1935, or within six months thereafter and within two years of the date of the grant of the first patent granted in any country other than Canada for the same invention, is void by reason of the date of filing of such application having been more than twelve months after the date of filing in such other country of the first application for the same invention or by reason of a patent having been granted in such other country prior to application in Canada. 1935, c. 32, s. 28. Rights reserved.

31. (1) Any applicant for patent who does not appear to reside or carry on business at a specified address in Canada shall, at the time of filing his application or within such period thereafter as the Commissioner may allow, nominate as his representative a person or firm residing or carrying on business at a specified address in Canada. Non-resident applicants to nominate representative.

(2) Subject as hereinafter provided, such nominee shall be deemed to be the representative for all purposes of this Act, including the service of any proceedings taken thereunder, of any such applicant and of any patentee of a patent issued on his application who does not appear to reside or carry on business at a specified address in Canada, and shall be recorded as such by the Commissioner. Nominee deemed representative for all purposes of the Act.

New representative or change in address.

(3) An applicant for patent or a patentee may by written advice to the Commissioner appoint another representative in place of the last recorded representative, or may advise the Commissioner in writing of a change in the address of the last recorded representative, and shall so appoint a new representative or supply a new and correct address of the last recorded representative on the despatch by the Commissioner to him of a notice in writing by registered mail that the last recorded representative has died or that a letter addressed to him at the last recorded address and sent by ordinary mail has been returned undelivered.

Where no new appointment is made or no new address supplied.

(4) Where, after the despatch of a notice as aforesaid by the Commissioner, no new appointment is made or no new and correct address is supplied by the applicant or patentee within three months or such further period as the Commissioner may allow, the Exchequer Court or the Commissioner may dispose of any proceedings under this Act without requiring service on the applicant or patentee of any process therein.

When fee payable.

(5) No fee is payable on the appointment of a new representative or the supply of a new and correct address, unless such appointment or supply follows the despatch of a notice in writing by the Commissioner as aforesaid, in which case a fee as prescribed shall be payable. 1947, c. 23, s. 9.

Applications to be completed within twelve months.

**32.** Each application for a patent shall be completed within twelve months after the filing of the application, and in default thereof, or upon failure of the applicant to prosecute the same within six months after any examiner, appointed pursuant to section 6, has taken action thereon of which notice has been given to the applicant, such application shall be deemed to have been abandoned, but it may be reinstated on petition presented to the Commissioner within twelve months after the date on which it was deemed to have been abandoned, and on payment of the prescribed fee, if the petitioner satisfies the Commissioner that the failure to complete or prosecute the application within the time specified was not reasonably avoidable; an application so reinstated shall retain its original filing date. 1947, c. 23, s. 10.

Abandonment and reinstatement.

#### JOINT APPLICATIONS.

Effect of refusal of a joint inventor to proceed.

**33.** (1) Where an invention is made by two or more inventors, and one of them refuses to make application for a patent or his whereabouts cannot be ascertained after diligent enquiry, the other inventor or his legal representative may make application, and a patent may be granted in the name of the inventor who makes the application, on satisfying the Commissioner that the joint inventor has refused to make application or that his whereabouts cannot be ascertained after diligent enquiry.

(2) In any case where

Refusal of assignee to proceed.

(a) an applicant has agreed in writing to assign a patent, when granted, to another person or to a joint applicant and refuses to proceed with the application, or

(b) disputes arise between joint applicants as to proceeding with an application, Disputes between joint applicants. the Commissioner, on proof of such agreement to his satisfaction, or if satisfied that one or more of such joint applicants ought to be allowed to proceed alone, may allow such other person or joint applicant to proceed with the application, and may grant a patent to him, so, however, that all persons interested are entitled to be heard Powers of Commissioner. before the Commissioner after such notice as he may deem requisite and sufficient.

(3) Where an application is filed by joint applicants, and it subsequently appears that one or more of them has had no part in the invention, the prosecution of such application may be carried on by the remaining applicant or applicants on satisfying the Commissioner by affidavit that the remaining applicant or applicants is or are the sole inventor or inventors. Procedure when one joint applicant retires.

(4) Where an application is filed by one or more applicants and it subsequently appears that one or more further applicants should have been joined, such further applicant or applicants may be joined on satisfying the Commissioner that he or they should be so joined, and that the omission of such further applicant or applicants had been by inadvertence of *bona fide* mistake and was not for the purpose of delay. When patent to be granted to joint applicants.

(5) Subject to the provisions of this section, in cases of joint applications the patent shall be granted in the names of all the applicants.

(6) An appeal lies to the Exchequer Court from the decision of the Commissioner under this section. 1947, c. 23, s. 11. Appeal.

#### IMPROVEMENTS.

34. Any person who has invented any improvement on any patented invention may obtain a patent for such improvement, but he does not thereby obtain the right of making, vending or using the original invention, nor does the patent for the original invention confer the right of making, vending or using the patented improvement. 1935, c. 32, s. 33. Improvements may be patented.

#### SPECIFICATIONS AND CLAIMS.

35. The applicant shall, in his application for a patent, insert the title or name of the invention, and shall, with the application, send in a specification in duplicate of the invention and an additional or third copy of the claim or claims. 1935, c. 32, s. 34. Particulars required.

36. (1) The applicant shall in the specification correctly and fully describe the invention and its operation or use as contemplated by the inventor, and set forth clearly the various steps in a process, or the method of constructing, making, compounding or using a machine, manufacture or composition of matter, in such full, clear, concise and exact terms as to enable any person skilled in the art or science to which it appertains, or with which it is most closely connected, to make, construct, compound or use it; in the case of a machine he shall explain the principle thereof and the best mode in Specification. Description and operation. Various steps and methods.

which he has contemplated the application of that principle; in the case of a process he shall explain the necessary sequence, if any, of the various steps, so as to distinguish the invention from other inventions; he shall particularly indicate and distinctly claim the part, improvement or combination which he claims as his invention.

Claims to be stated distinctly.

(2) The specification shall end with a claim or claims stating distinctly and in explicit terms the things or combinations that the applicant regards as new and in which he claims an exclusive property or privilege.

Additional claims.

(3) When the number of claims in an application exceeds twenty a prescribed fee shall be imposed for each claim in excess of that number; but when the number of claims in an application for reissue exceeds the number of claims granted in the original patent an additional fee shall be imposed only for each claim over and above twenty in excess of the number of claims granted in the original patent. 1935, c. 32, s. 35; 1947, c. 23, s. 12.

#### EXAMINATION.

Examination.

37. On each application for a patent a careful examination shall be made by competent examiners to be employed in the Patent Office for that purpose. 1935, c. 32, s. 36.

#### DIVISIONAL APPLICATIONS.

Patent for one invention only.

38. (1) A patent shall be granted for one invention only but in an action or other proceeding a patent shall not be deemed to be invalid by reason only that it has been granted for more than one invention.

Divisional applications where more than one invention claimed.

(2) Where an application describes and claims more than one invention the applicant may, and on the direction of the Commissioner to that effect shall, limit his claims to one invention only, and the invention or inventions defined in the other claims may be made the subject of one or more divisional applications, if such divisional applications are filed before the issue of a patent on the original application; but if the original application becomes abandoned or forfeited, the time for filing divisional applications terminates with the expiration of the time for reinstating or restoring and reviving the original application under this Act or the rules made thereunder.

Separate applications bearing same date.

(3) Such divisional applications shall be deemed to be separate and distinct applications under this Act, to which the provisions thereof shall apply as fully as may be; separate fees shall be paid on each of such applications and they shall bear the filing date of the original application. 1935, c. 32, s. 37; 1947, c. 23, s. 13.

#### DRAWINGS AND MODELS.

Drawings.

39. (1) In the case of a machine, or in any other case in which the invention admits of illustration by means of drawings, the applicant shall also with his application, send in drawings in duplicate, showing

clearly all parts of the invention; each drawing shall bear the signature of the inventor, or of the applicant, or of the attorney of such inventor or applicant, and shall have written references corresponding with the specification, but the Commissioner may require further drawings or dispense with any of them as he sees fit.

(2) One duplicate of the specification and of the drawings, if there are drawings, shall be annexed to the patent, of which it shall form an essential part, and the other duplicate shall remain deposited in the Patent Office. Duplicates.

(3) The Commissioner may, in his discretion, dispense with the duplicate specification and drawing and the third copy of the claim or claims, and in lieu thereof cause copies of the specification and drawing, in print or otherwise, to be attached to the patent, of which they shall form an essential part. 1935, c. 32, s. 38; 1947, c. 23, s. 14. Copies in place of duplicates.

**40.** (1) In all cases in which the invention admits of representation by the model, the applicant, if required by the Commissioner, shall furnish a model of convenient size exhibiting its several parts in due proportion; and when the invention is a composition of matter, the applicant, if required by the Commissioner, shall furnish specimens of the ingredients, and of the composition, sufficient in quantity for the purpose of experiment. Models and specimens.

(2) If such ingredients or composition are of an explosive or dangerous character, they shall be furnished with such precautions as are prescribed in the requisition therefor. 1935, c. 32, s. 39. Dangerous substances.

#### CHEMICAL PRODUCTS AND SUBSTANCES.

**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. Chemical products and substances intended for food or medicine.

(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. Action for infringement.

(3) In the case of any patent for an invention intended for or capable of being used for the preparation or production of food or medicine, the Commissioner shall, unless he sees good reason to the contrary, grant to any person applying for the same, a licence limited to the use of the invention for the purposes of the preparation or production of food or medicine but not otherwise; and, in settling the terms of such licence and fixing the amount of royalty or other consideration payable the Commissioner shall have regard to the desirability of making the food or medicine available to the public at the lowest possible price consistent with giving to the inventor due reward for the research leading to the invention. No patent to preclude free manufacture or free sale or use of article for human food or medical purpose.

Appeals. (4) Any decision of the Commissioner under this section is subject to appeal to the Exchequer Court.

Application. (5) This section applies only to patents granted after the 13th day of June, 1923. 1935, c. 32, s. 40.

#### REFUSAL OF PATENTS.

Refusal by Commissioner. **42.** Whenever the Commissioner is satisfied that the applicant is not by law entitled to be granted a patent he shall refuse the application and, by registered letter addressed to the applicant or his registered agent, notify such applicant of such refusal and of the ground or reason therefor. 1935, c. 32, s. 41.

Objection by Commissioner. **43.** Whenever it appears to the Commissioner that the invention to which an application relates has been, before the filing of the application, described in a patent granted in Canada or any other country, and such application was filed within two years after the date on which such patent was so granted and the Commissioner entertains doubts whether the patentee of such invention is, as between him and the applicant, the first inventor, the Commissioner shall, by registered letter addressed to the applicant or his registered agent, object to grant a patent on such application and state, with sufficient detail to enable the applicant, if he can, to answer, the ground or reason for such objection; the applicant has the right, within such period or extended period of time as the Commissioner may allow, to answer such objection and if it is not in due course answered to the satisfaction of the Commissioner he shall refuse the application. 1935, c. 32, s. 42.

Appeal to Exchequer Court. **44.** Every person who has failed to obtain a patent by reason of a refusal or objection of the Commissioner to grant it may, at any time within six months after notice as provided for in sections 42 and 43 has been mailed, appeal from the decision of the Commissioner to the Exchequer Court and that Court has exclusive jurisdiction to hear and determine such appeal. 1935, c. 32, s. 43.

#### CONFLICTING APPLICATIONS.

When conflict exists. **45.** (1) Conflict between two or more pending applications exists (a) when each of them contains one or more claims defining substantially the same invention, or (b) when one or more claims of one application describe the invention disclosed in the other application.

Procedure to be followed before conflict is declared. (2) When the Commissioner has before him two or more such applications he shall notify each of the applicants of the apparent conflict and transmit to each of them a copy of the conflicting claims, together with a copy of this section; the Commissioner shall give to each applicant the opportunity of inserting the same or similar claims in his application within a specified time.

(3) Where each of two or more of such completed applications contains one or more claims describing as new, and claims an exclusive property or privilege in, things or combinations so nearly identical that, in the opinion of the Commissioner, separate patents to different patentees should not be granted, the Commissioner shall forthwith notify each of the applicants to that effect. Preliminary notice of conflict.

(4) Each of the applicants, within a time to be fixed by the Commissioner, shall either avoid the conflict by the amendment or cancellation of the conflicting claim or claims, or, if unable to make such claims owing to knowledge of prior art, may submit to the Commissioner such prior art alleged to anticipate the claims; thereupon each application shall be re-examined with reference to such prior art, and the Commissioner shall decide if the subject matter of such claims is patentable. Response.

(5) Where the subject matter is found to be patentable and the conflicting claims are retained in the applications, the Commissioner shall require each applicant to file in the Patent Office, in a sealed envelope duly endorsed, within a time specified by him, an affidavit of the record of the invention; the affidavit shall declare: Formal declaration of conflict.

- (a) the date at which the idea of the invention described in the conflicting claims was conceived;
- (b) the date upon which the first drawing of the invention was made;
- (c) the date when and the mode in which the first written or verbal disclosure of the invention was made; and
- (d) the dates and nature of the successive steps subsequently taken by the inventor to develop and perfect the said invention from time to time up to the date of the filing of the application for patent.

(6) No envelope containing any such affidavit as aforesaid shall be opened, nor shall the affidavit be permitted to be inspected, unless there continues to be a conflict between two or more applicants, in which event all the envelopes shall be opened at the same time by the Commissioner in the presence of the Assistant Commissioner or an examiner as witness thereto, and the date of such opening shall be endorsed upon the affidavits. Opening envelopes containing record of invention.

(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. Decision of Commissioner.

(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 Disposition of applications unless proceedings taken in Exchequer Court.

- (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.

Sending files to Court.

(9) The Commissioner shall, upon the request of any of the parties to a proceeding under this section, transmit to the Exchequer Court the papers on file in the Patent Office relating to the applications in conflict. 1935, c. 32, s. 44.

#### GRANT OF PATENTS.

What patent shall contain and confer.

46. Every patent granted under this Act shall contain the title or name of the invention, with a reference to the specification, and shall, subject to the conditions in this Act prescribed, grant to the patentee and his legal representatives for the term therein mentioned, from the granting of the same, the exclusive right, privilege and liberty of making, constructing, using and vending to others to be used the said invention, subject to adjudication in respect thereof before any court of competent jurisdiction. 1935, c. 32, s. 45.

47. Repealed by the *Public Servants Inventions Act*, 1953-54, c. 40, s. 15.

#### FORM AND TERM OF PATENTS.

Form of issue.

48. Every patent granted under this Act shall be issued under the signature of the Commissioner and the seal of the Patent Office; the patent shall bear on its face the date on which it is granted and issued and it shall thereafter be *prima facie* valid and avail the grantee and his legal representatives for the term mentioned therein, which term shall be as provided in and by section 49. 1935, c. 32, s. 47.

Term of patent.

49. (1) The term limited for the duration of every patent of invention issued by the Patent Office under this Act the application for which patent is filed after the 1st day of August, 1935, shall be seventeen years from the date on which the patent is granted and issued.

Patents pending.

(2) The term limited for the duration of every patent of invention issued by the Patent Office under this Act the application for which patent was filed prior to the 1st day of August, 1935, shall be eighteen years from the date on which the patent is granted and issued. 1935, c. 32, s. 48.

#### REISSUE OF PATENTS.

Issue of new or amended patents.

50. (1) Whenever any patent is deemed defective or inoperative by reason of insufficient description or specification, or by reason of the patentee claiming more or less than he had a right to claim as



new, but at the same time it appears that the error arose from inadvertence, accident or mistake, without any fraudulent or deceptive intention, the Commissioner may, upon the surrender of such patent within four years from its date and the payment of the further fee hereinafter provided, cause a new patent, in accordance with an amended description and specification made by such patentee, to be issued to him for the same invention for the then unexpired term for which the original patent was granted.

(2) Such surrender takes effect only upon the issue of the new patent, and such new patent and the amended description and specification have the same effect in law, on the trial of any action thereafter commenced for any cause subsequently accruing, as if such amended description and specification had been originally filed in their corrected form before the issue of the original patent, but in so far as the claims of the original and reissued patents are identical such surrender does not affect any action pending at the time of reissue nor abate any cause of action then existing, and the reissued patent to the extent that its claims are identical with the original patent constitutes a continuation thereof and has effect continuously from the date of the original patent.

(3) The Commissioner may entertain separate applications and cause patents to be issued for distinct and separate parts of the invention patented, upon payment of the fee for a reissue for each of such reissued patents. 1935, c. 32, s. 49.

#### DISCLAIMERS.

51. (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 affects any action pending at the time when it is made, except as to unreasonable neglect or delay in making it.

Death of  
patentee.

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

Effect of  
disclaimer.

(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. 1935, c. 32, s. 50.

#### ASSIGNMENTS AND DEVOLUTIONS.

Assignee  
or personal  
representatives  
may obtain  
patent.

52. (1) A patent may be granted to any person to whom an inventor, entitled under this Act to obtain a patent, has assigned in writing or bequeathed by his last will his right to obtain it; in the absence of such assignment or bequest the patent may be granted to the personal representatives of the estate of a deceased inventor.

Assignees  
may object  
to with-  
drawal of  
application.

(2) Where the applicant for a patent has, after filing his application, assigned his right to obtain the patent, or where he has either before or after filing his application assigned in writing the whole or part of his property or interest in the invention, the assignee may register such assignment in the Patent Office in the manner from time to time prescribed by the Commissioner, and no application for a patent shall be withdrawn without the consent in writing of every such registered assignee.

Attestation.

(3) No such assignment shall be registered in the Patent Office unless it is accompanied by the affidavit of a subscribing witness or established by other proof to the satisfaction of the Commissioner that such assignment has been signed and executed by the assignor. 1935, c. 32, s. 51.

Patents  
to be  
assignable.

53. (1) Every patent issued for an invention is assignable in law, either as to the whole interest or as to any part thereof, by an instrument in writing.

Registra-  
tion.

(2) Such assignment, and every grant and conveyance of any exclusive right to make and use and to grant to others the right to make and use the invention patented, within and throughout Canada or any part thereof, shall be registered in the Patent Office in the manner from time to time prescribed by the Commissioner.

Attestation.

(3) No such assignment, grant or conveyance shall be registered in the Patent Office unless it is accompanied by the affidavit of a subscribing witness or established by other proof to the satisfaction of the Commissioner that such assignment, grant or conveyance has been signed and executed by the assignor and also by every other party thereto.

Assignment  
null if not  
registered.

(4) Every assignment affecting a patent for invention, whether it be referable to this section or section 52, is null and void against any subsequent assignee, unless such instrument is registered as hereinbefore prescribed, before the registration of the instrument under which such subsequent assignee claims. 1935, c. 32, s. 52.

54. The Exchequer Court has jurisdiction, on the application of the Commissioner or of any person interested, to order that any entry in the records of the Patent Office relating to the title to a patent be varied or expunged. 1947, c. 23, s. 15.

Jurisdiction of Exchequer Court.

#### LEGAL PROCEEDINGS IN RESPECT OF PATENTS.

55. (1) A patent is void if any material allegation in the petition of the applicant in respect of such patent is untrue, or if the specification 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.

Patent to be void in certain cases, or valid only for parts.

(2) Where it appears to the court that such omission or addition was an involuntary error, and 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.

Exception in case of involuntary error.

(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. 1935, c. 32, s. 53; 1947, c. 23, s. 16.

Copies of judgment to be sent to Patent Office.

#### INFRINGEMENT.

56. (1) An action for the infringement of a patent may be brought in that court of record that, in the province wherein the infringement is said to have occurred, has jurisdiction, pecuniarily, to the amount of the damages claimed and that, with relation to the other courts of the province holds its sittings nearest to the place of residence or of business of the defendant; such court shall decide the case and determine as to costs, and assumption of jurisdiction by the court is of itself sufficient proof of jurisdiction.

Jurisdiction of courts.

(2) Nothing in this section impairs the jurisdiction of the Exchequer Court under section 21 of the *Exchequer Court Act* or otherwise. 1935, c. 32, s. 54.

Jurisdiction of Exchequer Court preserved.

57. (1) Any person who infringes a patent is liable to the patentee and to all persons claiming under him for all damages sustained by the patentee or by any such person, by reason of such infringement.

Infringement and remedy provided by action for damages.

(2) Unless otherwise expressly provided, the patentee shall be or be made a party to any action for the recovery of such damages. 1935, c. 32, s. 55.

Patentee to be a party.

58. Every person who, before the issuing of a patent has purchased, constructed or acquired any invention for which a patent is afterwards obtained under this Act, has the right of using and vending to others the specific article, machine, manufacture or composition of matter patented and so purchased, constructed or acquired before

Patent not to affect a previous purchaser.

Proviso as to other persons.

the issue of the patent therefor, without being liable to the patentee or his legal representatives for so doing; but the patent shall not, as regards other persons, be held invalid by reason of such purchase, construction or acquisition or use of the invention by the person first mentioned, or by those to whom he has sold it, unless it was purchased, constructed, acquired or used for a longer period than two years before the application for a patent therefor, in consequence whereof the invention became public and available to public use. 1935, c. 32, s. 56.

Injunction may issue.

**59.**(1) In any action for infringement of a patent the court, or any judge thereof, may, on the application of the plaintiff or defendant make such order as the court or judge sees fit,

(a) restraining or enjoining the opposite party from further use, manufacture or sale of the subject matter of the patent, and for his punishment in the event of disobedience of such order, or

(b) for and respecting inspection or account, and

(c) generally, respecting the proceedings in the action.

Appeal.

(2) An appeal lies from any such order under the same circumstances and to the same court as from other judgments or orders of the court in which the order is made. 1935, c. 32, s. 57.

Invalid claims not to affect valid claims.

**60.** When in any action or proceeding respecting a patent that contains two or more claims, one or more such claims is or are held to be valid, but another or others is or are held to be invalid or void, effect shall be given to the patent as if it contained only the valid claim or claims. 1935, c. 32, s. 58.

Defence.

**61.** The defendant, in any action for infringement of a patent may plead as matter of defence any fact or default which by this Act or by law renders the patent void, and the court shall take cognizance of such pleading and of the relevant facts and decide accordingly. 1935, c. 32, s. 59.

#### IMPEACHMENT.

Impeachment of patents or patent claims.

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

Declaration as to infringement.

(2) Where 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 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 the infringement of a patent is entitled to obtain a declaration under this section without being required to furnish any security. 1935, c. 32, s. 60.

#### PRIORITY OF INVENTIONS.

63. (1) No patent or claim in a patent shall be declared invalid or void on the ground that, before the invention therein defined was made by the inventor by whom the patent was applied for, it had already been known or used by some other person, unless it is established either that,

Establishing  
priority of  
invention.

- (a) before the date of the application for the patent such other person had disclosed or used the invention in such manner that it had become available to the public, or that
- (b) such other person had, before the issue of the patent, made an application for patent in Canada upon which conflict proceedings should have been directed, or that
- (c) such other person had at any time made an application in Canada which, by virtue of section 29, had the same force and effect as if it had been filed in Canada before the issue of the patent and upon which conflict proceedings should properly have been directed had it been so filed.

(2) Notwithstanding the provisions of section 43, an application for a patent for an invention for which a patent has already issued under this Act shall be rejected unless the applicant, within a time to be fixed by the Commissioner, commences an action to set aside the prior patent, so far as it covers the invention in question, but if such action is so commenced and diligently prosecuted, the application shall not be deemed to have been abandoned unless the applicant fails to proceed upon it within a reasonable time after the action has been finally disposed of.

A second  
patent can-  
not issue  
unless on  
adjudication  
the first  
patent is set  
aside.  
Action to  
set aside  
prior  
patent.

(3) Where the application was filed within one year from the date of the filing of the application for the prior patent, the provisions of subsection (1) do not apply to the determination of the respective rights of the parties to such action. 1935, c. 32, s. 61; 1947, c. 23, s. 17.

When  
provisions  
of subsec-  
tion (1) do  
not apply.

#### JUDGMENTS.

64. A certificate of the judgment voiding in whole or in part any patent shall, at the request of any person filing it to make it of record in the Patent Office, be entered on the margin of the enrolment of the patent in the Patent Office, and the patent or such part thereof as is so voided shall thereupon be and be held to have been void and of no effect, unless the judgment is reversed on appeal as hereinafter provided. 1935, c. 32, s. 62.

Judgment  
voiding  
patent to  
be filed.

Appeal.

**65.** Every judgment voiding in whole or in part or refusing to void in whole or in part any patent is subject to appeal to any court having appellate jurisdiction in other cases decided by the court by which such judgment was rendered. 1935, c. 32, s. 63.

CONDITIONS.

Information relating to patents.

**66.** (1) The Commissioner may, at any time, by notice in writing addressed to the patentee of any patent specified by him, or to his registered representative in Canada, and to every person who has a registered interest in such patent, require the patentee and such persons in respect of such specified patent to transmit and deliver to the Commissioner within sixty days from the date of such notice, or within such further time as the Commissioner may allow, a return stating

- (a) whether the patented invention is being worked on a commercial scale in Canada, and the place where and the name and address of the person by whom the patented invention is being so worked, and
- (b) the reasons, if any, why such patented invention is not being worked on a commercial scale in Canada.

Effect of failure to comply.

(2) The failure of the patentee or his registered representative in Canada or that of any such person having a registered interest to comply with the terms of the notice mentioned in subsection (1) shall be deemed to be an admission on the part of the patentee or the person, as the case may be, so failing, that the patented invention is not being worked on a commercial scale in Canada. 1935, c. 32, s. 64.

Abuse of rights under patents.

**67.** (1) The Attorney General of Canada or any person interested may at any time after the expiration of three years from the date of the grant of a patent apply to the Commissioner alleging in the case of that patent that there has been an abuse of the exclusive rights thereunder and asking for relief under this Act.

What amounts to such abuse.

(2) The exclusive rights under a patent shall be deemed to have been abused in any of the following circumstances:

Not working patented invention.

- (a) if the patented invention (being one capable of being worked within Canada) is not being worked within Canada on a commercial scale, and no satisfactory reason can be given for such non-working, but if an application is presented to the Commissioner on this ground, and the Commissioner is of opinion that the time that has elapsed since the grant of the patent has by reason of the nature of the invention or for any other cause been insufficient to enable the invention to be worked within Canada on a commercial scale, the Commissioner may make an order adjourning the application for such period as will in his opinion be sufficient for that purpose;
- (b) if the working of the invention within Canada on a commercial scale is being prevented or hindered by the importation from abroad of the patented article by the patentee or persons claiming under him, or by persons directly or

Prevention of working by importation.

indirectly purchasing from him, or by other persons against whom the patentee is not taking or has not taken any proceedings for infringement;

- (c) if the demand for the patented article in Canada is not being met to an adequate extent and on reasonable terms; Not meeting demand.
- (d) if, by reason of the refusal of the patentee to grant a licence or licences upon reasonable terms, the trade or industry of Canada or the trade of any person or class of persons trading in Canada, or the establishment of any new trade or industry in Canada, is prejudiced, and it is in the public interest that a licence or licences should be granted; Prejudice to trade by refusal to licence.
- (e) if any trade or industry in Canada, or any person or class of persons engaged therein, is unfairly prejudiced by the conditions attached by the patentee, whether before or after the passing of this Act, to the purchase, hire, licence, or use of the patented article, or to the using or working of the patented process; Prejudice by reason of conditions attached.
- (f) if it is shown that the existence of the patent, being a patent for an invention relating to a process involving the use of materials not protected by the patent or for an invention relating to a substance produced by such a process, has been utilized by the patentee so as unfairly to prejudice in Canada the manufacture, use or sale of any such materials. Prejudice in other respects.

(3) It is declared with relation to every paragraph of subsection (2) that, for the purpose of determining whether there has been any abuse of the exclusive rights under a patent, it shall be taken that patents for new inventions are granted not only to encourage invention but to secure that new inventions shall so far as possible be worked on a commercial scale in Canada without undue delay. 1935, c. 32, s. 65. Declaration of basis of grants of patents.

68. On being satisfied that a case of abuse of the exclusive rights under a patent has been established, the Commissioner may exercise any of the following powers as he may deem expedient in the circumstances: Powers of Commissioner in cases of abuse.

- (a) he may order the grant to the applicant of a licence on such terms as the Commissioner may think expedient, including a term precluding the licensee from importing into Canada any goods the importation of which, if made by persons other than the patentee or persons claiming under him would be an infringement of the patent, and in such case the patentee and all licensees for the time being shall be deemed to have mutually covenanted against such importation; a licensee under this paragraph is entitled to call upon the patentee to take proceedings to prevent infringement of the patent, and if the patentee refuses, or neglects to do so within two months after being so called upon, the licensee may institute proceedings for infringement in his own name as though he were the patentee, making the patentee a defendant; a patentee so added as defendant is not liable for any costs unless he enters an appearance and takes part in the proceedings; Compulsory licences.

service on the patentee may be effected by leaving the writ at his address or at the address of his representative for service as appearing in the records of the Patent Office; in settling the terms of a licence under this paragraph the Commissioners shall be guided as far as may be by the following considerations:

- (i) he shall, on the one hand, endeavour to secure the widest possible user of the invention in Canada consistent with the patentee deriving a reasonable advantage from his patent rights,
- (ii) he shall, on the other hand, endeavour to secure to the patentee the maximum advantage consistent with the invention being worked by the licensee at a reasonable profit in Canada, and
- (iii) he shall also endeavour to secure equality of advantage among the several licensees, and for this purpose may, on due cause being shown, reduce the royalties or other payments accruing to the patentee under any licence previously granted, and in considering the question of equality of advantage, the Commissioner shall take into account any work done or outlay incurred by any previous licensee with a view to testing the commercial value of the invention or to securing the working thereof on a commercial scale in Canada;

Exclusive compulsory licences.

- (b) if the Commissioner is satisfied that the invention is not being worked on a commercial scale within Canada, and is such that it cannot be so worked without the expenditure of capital for the raising of which it will be necessary to rely on the exclusive rights under the patent, he may, unless the patentee or those claiming under him will undertake to find such capital, order the grant to the applicant, or any other person, or to the applicant and any other person or persons jointly, if able and willing to provide such capital, of an exclusive licence on such terms as the Commissioner may think just, but subject as hereafter in this Act provided;

Order for a licence.

- (c) if the Commissioner is satisfied that the exclusive rights have been abused in the circumstances specified in paragraph (f) of subsection (2) of section 67, he may order the grant of licences to the applicant and to such of his customers, and containing such terms, as the Commissioner may think expedient;

Revocation of patent.

- (d) if the Commissioner is satisfied that the objects of this section and section 67 cannot be attained by the exercise of any of the foregoing powers, he shall order the patent to be revoked, either forthwith or after such reasonable interval as may be specified in the order, unless in the meantime such conditions as may be prescribed in the order with a view to attaining the objects of this section and section 67 are fulfilled, and the Commissioner may, on reasonable cause shown



in any case, by subsequent order extend the interval so specified; but the Commissioner shall make no order for revocation which is at variance with any treaty, convention, arrangement, or engagement with any other country to which Canada is a party;

- (e) if the Commissioner is of opinion that the objects of this section and section 67 will be best attained by making no order under the above provisions of this section, he may make an order refusing the application and dispose of any question as to costs thereon as he thinks just. 1935, c. 32, s. 66; 1947, c. 23, s. 18.

**69.** (1) In settling the terms of any such exclusive licence as is provided in paragraph (b) of section 68, due regard shall be had to the risks undertaken by the licensee in providing the capital and working the invention, but, subject thereto, the licence shall be so framed as

- (a) to secure to the patentee the maximum royalty compatible with the licensee working the invention within Canada on a commercial scale and at a reasonable profit, and  
(b) to guarantee to the patentee a minimum yearly sum by way of royalty, if and so far as it is reasonable so to do, having regard to the capital requisite for the proper working of the invention and all the circumstances of the case;

and, in addition to any other powers expressed in the licence or order, the licence and the order granting the licence shall be made revocable at the discretion of the Commissioner if the licensee fails to expend the amount specified in the licence as being the amount that he is able and willing to provide for the purpose of working the invention on a commercial scale within Canada, or if he fails so to work the invention within the time specified in the order.

(2) In deciding to whom such an exclusive licence is to be granted the Commissioner shall, unless good reason is shown to the contrary, prefer an existing licensee to a person having no registered interest in the patent.

(3) The order granting an exclusive licence under section 68 operates to take away from the patentee any right that he may have as patentee to work or use the invention and to revoke all existing licences, unless otherwise provided in the order, but on granting an exclusive licence the Commissioner may, if he thinks it fair and equitable, make it a condition that the licensee shall give proper compensation to be fixed by the Commissioner for any money or labour expended by the patentee or any existing licensee in developing or exploiting the invention. 1935, c. 32, s. 67.

**70.** (1) Every application presented to the Commissioner under section 67 or 68 shall set out fully the nature of the applicant's interest and the facts upon which the applicant bases his case and the

relief which he seeks; the application shall be accompanied by statutory declarations verifying the applicant's interest and the facts set out in the application.

Service on patentee and others interested.

(2) The Commissioner shall consider the matters alleged in the application and declarations, and, if satisfied that the applicant has a *bona fide* interest and that a *prima facie* case for relief has been made out, he shall direct the applicant to serve copies of the application and declarations upon the patentee or his representative for service and upon any other persons appearing from the records of the Patent Office to be interested in the patent, and the applicant shall advertise the application in the *Canada Gazette* and the Canadian Patent Office Record. 1935, c. 32, s. 68.

Advertising.

Opposition and counter statement.

71. (1) If the patentee or any person is desirous of opposing the granting of any relief under sections 67 to 72, he shall, within such time as may be prescribed or within such extended time as the Commissioner may on application further allow, deliver to the Commissioner a counter statement verified by a statutory declaration fully setting out the grounds on which the application is to be opposed.

Attendance for cross-examination.

(2) The Commissioner shall consider the counter statement and declarations in support thereof and may thereupon dismiss the application if satisfied that the allegations in the application have been adequately answered, unless any of the parties demands a hearing or unless the Commissioner himself appoints a hearing; in any case the Commissioner may require the attendance before him of any of the declarants to be cross-examined or further examined upon matters relevant to the issues raised in the application and counter statement, and he may, subject to due precautions against disclosure of information to rivals in trade, require the production before him of books and documents relating to the matter in issue.

Reference to Exchequer Court.

(3) In any case where the Commissioner does not dismiss an application as hereinbefore provided, and

(a) if the parties interested consent, or

(b) if the proceedings require any prolonged examination of documents or any scientific or local investigation that cannot in the opinion of the Commissioner conveniently be made before him,

the Commissioner with the approval in writing of the Minister may order the whole proceedings or any issue of fact arising thereunder to be referred to the Exchequer Court, which has jurisdiction in the premises, and where the whole proceedings are so referred, the judgment, decision or order of said Court is final; and where a question or issue of fact is so referred, the said Court shall report its findings to the Commissioner. 1935, c. 32, s. 69.

Licence deemed to be by deed.

72. (1) Any order for the grant of a licence under this Act, without prejudice to any other method of enforcement, operates as if it were embodied in a deed granting a licence executed by the patentee and all other necessary parties.

(2) The provisions of sections 67 to 72 do not apply to patents Exception. granted subject to the provisions of section 47.

(3) For the purposes of sections 67 to 72, the expression "Patented "patented article" includes articles made by a patented process. article." 1935, c. 32, s. 70.

73. All orders and decisions of the Commissioner under sections Appeal to Exchequer Court. 67 to 72 are subject to appeal to the Exchequer Court, and on any such appeal the Attorney General of Canada or such counsel as he may appoint is entitled to appear and be heard. 1935, c. 32, s. 71.

#### CAVEATS.

74. (1) Any intending applicant for a patent who has not yet Intending applicant for patent may file a caveat. perfected his invention and is in fear of being despoiled of his idea, may file in the Patent Office a document setting forth a description of his invention so far as it has proceeded, with or without plans, at his own will; and the Commissioner, on payment of the prescribed fee shall cause that document, which shall be called a *caveat*, to be preserved in secrecy with the exception that he shall deliver copies thereof whenever required by the applicant or by any judicial tribunal; the secrecy of the document ceases when the applicant obtains a patent for his invention.

(2) Where application is made by any other person for a patent Notice of application by another to be sent to person filing caveat. for any invention with which such *caveat* may in any respect interfere the Commissioner shall forthwith give notice of such application by mail to the person who has filed such *caveat*, and such person shall, within three months after the date of mailing the notice, if he wishes to avail himself of the *caveat*, file his petition and take the other steps necessary on an application for a patent, and if, in the opinion of the Commissioner, the applications are conflicting, like proceedings may be had in all respects as are by this Act provided in the case of conflicting applications.

(3) Unless the person filing a *caveat* makes application within Duration of caveat. one year from such filing the Commissioner is relieved from the obligation of giving notice and the *caveat* thereafter remains as a simple matter of proof as to novelty or priority of invention, if required. 1935, c. 32, s. 72.

#### PATENT FEES.

\*75. (1) The following fees are payable before an application Tariff of fees. for any of the purposes herein mentioned shall be received by the Commissioner, that is to say:

On filing an application for patent .....\$30.00 Rep. and New. 1953-54, c. 19, s. 1.

\*NOTE: 1953-54, c. 19, s. 2 provides as follows:

"Where the fee prescribed for any matter by the *Patent Act* as amended by this Act (in this section called the new fee) is greater than the fee prescribed for that matter under the *Patent Act* as in force immediately prior to the coming into force of this Act (in this section called the old fee) and a person, on any day within six months after the coming into force of this Act, pays the old fee in respect of such matter, he shall be deemed to have paid the new fee on that day if he pays the difference between the new fee and the old fee within a time fixed by the Commissioner."

On grant of patent, payable on pain of forfeiture within six months from the date of notice of the allowance of patent ....	30.00
On asking reinstatement on an abandoned application under section 32 .....	25.00
On filing an amendment after allowance of an application for patent .....	10.00
On lodging a caveat .....	10.00
On asking to register a judgment pro tanto .....	4.00
On asking information re a pending application under section 11	10.00
On asking to register an assignment or any other document affecting or relating to a patent .....	5.00
On asking to attach a disclaimer to a patent .....	5.00
On asking entry of appointment of representative under section 31, subsection (3) .....	5.00
On each claim exceeding twenty in number: under section 36, subsection (3) .....	1.00
On petition to reissue a patent after surrender .....	50.00
On filing an application or petition under sections 41, 47 or 67 or 68 .....	
For each patent mentioned therein .....	10.00
On asking for a certified typewritten or photostat copy of patent with specification, not exceeding twenty pages, exclusive of drawings .....	4.00
For every copy of drawings, per sheet .....	0.25
For uncertified photostat or blue print copy of any paper or drawing, per sheet .....	0.25
On office copies of documents, not abovementioned the following charges shall be made, the minimum charge being \$1.00:	
For every single or first folio of one hundred words certified copy .....	0.25
For every such subsequent folio, fractions of or under one-half not being counted, and of one-half or more being counted as a folio .....	0.10

Forfeited applications. Rep. and New. 1953-54, c. 19, s.1.

(2) A forfeited application may be restored and a patent granted thereon on application to the Commissioner within six months from the incurrance of the forfeiture, on pyament with the application for restoration, in addition to the fee payable on the grant of the patent, of a further fee of thirty dollars and the restored application is subject to amendment and re-examination.

Cancellation of claims excepted.

(3) The mere cancellation of claims after allowance of an application does not involve the payment of an additional fee.

Unprovided fees.

(4) On any proceedings not herein provided for, the fees shall be such as may be fixed by the Commissioner with the approval of the Governor in Council. 1947, c. 23, s. 19.

Fees in full for all services.

**76.** The fees set forth in section 75 are in full of all services performed under this Act, in any such case, by the Commissioner or any person employed in the Patent Office. 1935, c. 32, s. 74.

77. All fees or charges for which payment is received under this Application Act, except such sums as are paid for copies of drawings when made of fees. by persons not receiving salaries in the Patent Office, shall be paid over to the Minister of Finance, and shall form part of the Consolidated Revenue Fund of Canada. 1935, c. 32, s. 75.

78. No person is exempt from the payment of any fee or charge payable in respect of any services performed for such person under this Act; and, except as otherwise specifically provided in this Act, no fee, when paid, shall be returned to the person who paid it. 1935, c. 32, s. 76. No exemptions.

#### NEWFOUNDLAND PATENTS.

79. (1) Patents issued under the laws of Newfoundland prior to the 1st day of April, 1949, shall be deemed to have been issued under the laws of Canada, as of the date and for the term thereof. Patents issued in Newfoundland.

(2) In the event of conflict between patents issued under the laws of Newfoundland prior to the 1st day of April, 1949, and patents issued under the laws of Canada prior to that date Conflicting patents.

(a) the patents issued under the laws of Newfoundland shall have the same force and effect in the Province of Newfoundland as if Newfoundland had not become part of Canada, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in the Province of Newfoundland as if Newfoundland had not become part of Canada; and

(b) the patents issued under the laws of Canada shall have the same force and effect in any part of Canada other than the Province of Newfoundland as if Newfoundland had not become part of Canada, and all rights and privileges acquired under or by virtue thereof may continue to be exercised or enjoyed in any part of Canada other than the Province of Newfoundland as if Newfoundland had not become part of Canada.

(3) The laws of Newfoundland as they existed immediately prior to the expiration of the 31st day of March, 1949, shall continue to apply in respect of applications for patents under the laws of Newfoundland pending at that time, and any patents issued upon such applications shall, for the purposes of this section, be deemed to have been issued under the laws of Newfoundland prior to the 1st day of April, 1949; and patents issued under the laws of Canada upon applications pending immediately prior to the expiration of the said 31st day of March shall, for the purposes of this section, be deemed to have been issued under the laws of Canada prior to the said 1st day of April. Application of Newfoundland laws.

(4) No claims for infringement of a patent issued in Canada prior to the 1st day of April, 1949, shall be entertained by any court against any person for anything done in Newfoundland prior to that date in respect of the invention protected by such patent, and no claims for infringement of a patent issued in Newfoundland prior to Claims for infringement.

that date shall be entertained by any court against any person for anything done in Canada prior to that date in respect of the invention protected by such patent. 1949, c. 6, s. 35.

#### OFFENCES AND PENALTIES.

Patented articles to be stamped or marked.

**80.** Any patentee under this Act or any one claiming under him who, in contravention of any requirement of section 24, sells or offers for sale any articles patented under this Act, is liable to a fine not exceeding one hundred dollars, and in default of the payment of such fine, to imprisonment for a term not exceeding two months. 1935, c. 32, s. 78.

Falsely marking articles as patented.

**81.** Every person who

(a) without the consent of the patentee, writes, paints, prints, moulds, casts, carves, engraves, stamps or otherwise marks upon anything made or sold by him, and for the sole marking or selling of which he is not the patentee, the name or any imitation of the name of any patentee for the sole making or selling of such thing;

Counterfeiting the patentee's marking.

(b) without the consent of the patentee, writes, paints, prints, moulds, casts, carves, engraves, stamps or otherwise marks upon anything not purchased from the patentee, the words *Patent*, *Letters Patent*, *Queen's or King's Patent*, *Patented*, or any word or words of like import, with the intent of counterfeiting or imitating the stamp, mark or device of the patentee, or of deceiving the public and inducing them to believe that the thing in question was made or sold by or with the consent of the patentee; or

Offering unpatented article for sale as patented. An indictable offence.

(c) with intent to deceive the public offers for sale as patented in Canada any article not patented in Canada is guilty of an indictable offence, and liable to a fine not exceeding two hundred dollars, or to imprisonment for a term not exceeding three months, or to both such fine and such imprisonment. 1935 c. 32, s. 79.

False representations, false entries, etc., an indictable offence.

**82.** Every person who in relation to the purposes of this Act and knowing it to be false

(a) makes any false representation;

(b) makes or causes to be made any false entry in any register or book;

(c) makes or causes to be made any false document or alters the form of a copy of any document; or

(d) produces or tenders any document containing false information

is guilty of an indictable offence and is liable upon conviction to a fine not exceeding five hundred dollars or to imprisonment for a term not exceeding six months, or to both fine and imprisonment. 1947, c. 23, s. 21.

83. Every patent heretofore or hereafter issued shall be deemed to have been properly issued if all the conditions of the issue of a valid patent that may have been or shall be in force, either at the date of the application therefor or at the date of the issue thereof, have been satisfied; but any provisions in force from time to time relating to the continued validity of patents after issue apply to all patents whenever granted. 1935, c. 32, s. 81.

Validity of  
patents.  
Application  
of Act.

## APPENDIX D

Extracts from the Convention of Paris as revised. (Matter deleted by Lisbon Conference enclosed in brackets; matter added by Lisbon Conference in *italic*.)

(*Translation*)

### ARTICLE 1

(1) The Countries to which the present Convention applies constitute themselves into a Union for the protection of industrial property.

(2) The protection of industrial property is concerned with patents, utility models, industrial designs, trademarks, *service marks*, trade names, and indications of source or appellations of origin, and the repression of unfair competition.

(3) Industrial property shall be understood in the broadest sense and shall apply not only to industry and commerce proper, but likewise to agricultural and extractive industries and to all manufactured or natural products; for example, wines, grain, tobacco leaf, fruit, cattle, minerals, mineral waters, beer, flowers and flour.

(4) The term "patents" shall include the various kinds of industrial patents recognized by the laws of the countries of the Union, such as patents of importation, patents of improvement, patents and certificates of addition, etc.

### ARTICLE 2

(1) Nationals of each of the countries of the Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union the advantages that their respective laws now grant, or may hereafter grant, to their own nationals, without prejudice to the rights specially provided by the present Convention. Consequently, they shall have the same protection as the latter, and the same legal remedy against any infringement of their rights, provided they observe the conditions and formalities imposed upon nationals.

(2) However, no condition as to the possession of a domicile or establishment in the country where protection is claimed may be required of persons entitled to the benefits of the Union for the enjoyment of any industrial property rights.

(3) The provisions of the laws of each of the countries of the Union relating to judicial and administrative procedure and competence, and to the choice of domicile or the designation of an agent, which may be required by the laws on industrial property are expressly reserved.

### ARTICLE 3

Nationals of countries not forming part of the Union, who are domiciled or who have real and effective industrial or commercial establishments in the territory of one of the countries of the Union, are treated in the same manner as nationals of the countries of the Union.



#### ARTICLE 4

A.—(1) A person who has duly filed an application for a patent, or for the registration of a utility model, or of an industrial design, or of a trademark, in one of the countries of the Union, or his successors in title, shall enjoy, for the purpose of filing in the other countries, a right of priority during the periods hereinafter stated.

(2) Every filing that is equivalent to a regular national filing under the domestic law of any country of the Union or under [international] *bilateral or multilateral* treaties concluded between [several] countries of the Union shall be recognized as giving rise to a right of priority.

(3) *By a regular national filing is meant any filing that is adequate to establish the date on which the application was filed in the country concerned, whatever may be the outcome of the application.*

B.—Consequently, the subsequent filing in any of the other countries of the Union before the expiration of those periods shall not be invalidated through any acts accomplished in the interval, as, for instance, by another filing, by publication or exploitation of the invention, by the putting on sale of the design or model, or by use of the mark, and these acts cannot give rise to any right of third parties, or of any personal possession. Rights acquired by third parties before the date of the first application which serves as the basis for the right of priority are reserved under the domestic legislation of each country of the Union.

C.—(1) The above-mentioned periods of priority shall be twelve months for patents and utility models, and six months for industrial designs and for trademarks.

(2) These periods shall start from the date of filing of the first application; the day of filing shall not be included in the period.

(3) If the last day of the period is an official holiday, or a day when the Office is not open for the filing of applications in the country where protection is claimed, the period shall be extended until the first following working day.

(4) *A subsequent application for the same subject as a previous application filed in the same country of the Union shall be considered as a first application within the meaning of paragraph (2), the filing date of which shall be the starting point of the period of priority, provided that, at the time of filing the subsequent application, the previous application has been withdrawn, abandoned or refused, without being open to public inspection and without leaving any rights outstanding, and has not served as a basis for claiming a right of priority. The previous application may not thereafter serve as a basis for claiming a right of priority.*

D.—(1) Any person desiring to take advantage of the priority of a previous filing shall be required to make a declaration indicating the date of such filing and the country in which it was made. Each country will determine the latest permissible date for making such declaration.

(2) These particulars shall be mentioned in the publications issued by the competent authority, and in particular in the patents and the specifications relating thereto.

(3) The countries of the Union may require any person making a declaration of priority to produce a copy of the application (specification, drawings, etc.) previously filed. The copy, certified as correct by the authority which received the application, shall not require any authentication, and may in any case be filed, without fee, at any time within three months of the filing of the subsequent application. They may require it to be accompanied by a certificate from the same authority showing the date of filing, and by a translation.

(4) No other formalities may be required for the declaration of priority at the time of filing the application. Each of the countries of the Union shall decide what consequences shall follow the omission of the formalities prescribed by the present Article, but such consequences shall in no case go beyond the loss of the right of priority.

(5) Subsequently, further proof may be required.

*A person who avails himself of the priority of a previously filed application shall be required to specify the number of that application, which shall be published under the conditions provided for by paragraph (2) above.*

E.—(1) Where an industrial design is filed in a country by virtue of a right of priority based on the filing of a utility model, the period of priority shall be only that fixed for industrial designs.

(2) Furthermore, it is permissible to file a utility model in a country by virtue of a right of priority based on the filing of a patent application, and vice versa.

F.—No country of the Union may refuse a priority or an application for a patent on the ground that [it contains multiple priority claims] *the applicant claims multiple priorities, even originating in different countries, or on the ground that an application claiming one or more priorities contains one or more elements that were not included in the original application or applications whose priority is claimed, provided that, in both cases, there is unity of invention within the meaning of the law of the country.*

*With respect to the elements not included in the original application or applications whose priority is claimed, the filing of the later application shall give rise to a right of priority under the usual conditions.*

G.—(1) If examination reveals that an application for a patent contains more than one invention, the applicant may divide the application into a certain number of divisional applications and preserve as the date of each the date of the initial application, and the benefit of the right of priority, if any.

(2) *The applicant may also, on his own initiative, divide a patent application while preserving as the date of each divisional application the date of the initial application and the benefit of the right of priority, if any. Each country of the Union shall have the right to determine the conditions under which such division shall be authorized.*

H.—Priority may not be refused on the ground that certain elements of the invention for which priority is claimed do not appear among the claims formulated in the application in the country of origin, provided that the application documents as a whole specifically disclose such elements.

#### ARTICLE 4 bis

(1) Patents applied for in the various countries of the Union by persons entitled to the benefits of the Union shall be independent of patents obtained for the same invention in other countries, whether members of the Union or not.

(2) This provision is not to be understood in a restricted sense; in particular, it is to be understood to mean that patents applied for during the period of priority are independent, both as regards the grounds for invalidation and for revocation and as regards their normal duration.

(3) The provision shall apply to all patents existing at the time when it comes into effect.

(4) Similarly, it shall apply, in the case of the accession of new countries, to patents in existence on either side at the time of accession.

(5) Patents obtained with the benefit of priority shall have in the various countries of the Union a duration equal to that which they would have had if they had been applied for or granted without the benefit of priority.

#### ARTICLE 4 ter

The inventor shall have the right to be mentioned as such in the patent.

#### ARTICLE 4 quater

*The grant of a patent shall not be refused and a patent shall not be invalidated on the ground that the sale of the patented product or of a product obtained by means of the patented process is subject to restrictions or limitations resulting from the domestic law.*

#### ARTICLE 5

A.—(1) The importation by the patentee into the country where the patent has been granted of articles manufactured in any of the countries of the Union shall not entail revocation of the patent.

(2) [Nevertheless,] Each country of the Union shall have the right to take [the necessary] legislative measures *providing for the granting of compulsory licences* to prevent the abuses which might result from the exercise of the exclusive rights conferred by the patent, for example failure to work.

(3) [These measures shall not provide for revocation of the patent unless the grant of compulsory licences is insufficient to prevent such abuses.]

*Revocation of the patent shall not be provided for except in cases where the granting of compulsory licences would not have been sufficient to prevent such abuses. No proceeding for the cancellation or revocation of a patent may be instituted before the expiration of two years from the granting of the first compulsory licence.*

(4) [In any case, an application for the grant of a compulsory licence may not be made before the expiration of three years from the date of the grant of the patent, and this licence may be granted only if the patentee fails to justify himself by legitimate reasons. No proceedings for the cancellation or revocation of a patent may be instituted before the expiration of two years from the granting of the first compulsory licence.]

*An application for a compulsory licence may not be made on the ground of failure to work or insufficient working before the expiration of a period of four years from the date of filing of the patent application or three years from the date of the grant of the patent, whichever period last expires; it shall be refused if the patentee justifies his inaction by legitimate reasons. Such a compulsory licence shall be non-exclusive and shall not be transferable, even in the form of the grant of a sub-licence, except with that part of the enterprise or good-will using such licence.*

(5) The foregoing provisions shall be applicable, *mutatis mutandis*, to utility models.

B.—The protection of industrial designs shall not, under any circumstances, be liable to revocation either by reason of failure to work or by reason of the importation of articles corresponding to those which are protected.

C.—(1) If, in any country, the use of a registered trademark is compulsory, the registration shall not be cancelled until after a reasonable period, and then only if the person concerned cannot justify his inaction.

(2) The use of a trademark by the proprietor in a form differing in features which do not alter the distinctive character of the mark in the form in which it was registered in one of the countries of the Union, shall not entail invalidation of the registration and shall not diminish the protection granted to the mark.

(3) The concurrent use of the same mark on identical or similar goods by industrial or commercial establishments considered as co-proprietors of the mark according to the provisions of the national law of the country where protection is claimed shall not prevent the registration or diminish in any way the protection granted to the mark in any country of the Union, provided the use does not result in misleading the public and is not contrary to the public interest.

D.—No indication or mention of the patent, of the utility model, of the registration of the trademark, or of the deposit of the industrial design shall be required upon the product as a condition of recognition of the right to protection.

#### ARTICLE 5 bis

(1) A period of grace of not less than [three] *six* months shall be allowed for the payment of the prescribed fees for the maintenance of industrial property rights, subject to the payment of a surcharge, if the domestic law so provides.

(2) [In the case of patents, the countries of the Union further undertake, either to increase the period of grace to not less than six months, or to provide for the restoration of a patent which has lapsed by reason of the nonpayment of fees, such measures being subject to the conditions prescribed by the domestic legislation.]

*The countries of the Union shall have the right to provide for the restoration of patents which have lapsed by reason of non-payment of fees.*

#### ARTICLE 5 ter

In each of the countries of the Union the following shall not be considered as infringements of the rights of a patentee:

1. The use on board vessels of other countries of the Union of devices forming the subject of his patent in the body of the vessel, in the machinery,

tackle, gear and other accessories, when such vessels temporarily or accidentally enter the waters of a country, provided that such devices are used there exclusively for the needs of the vessel.

2. The use of devices forming the subject of the patent in the construction or operation of aircraft or land vehicles of other countries of the Union, or of accessories to such aircraft or land vehicles, when those aircraft or land vehicles temporarily or accidentally enter the country.

#### ARTICLE 5 quater

*When a product is imported into a country of the Union where there exists a patent protecting a process of manufacture of the said product, the patentee shall have all the rights, with regard to the imported product, as are accorded to him by the domestic law of the country of importation, on the basis of the process patent, with respect to products manufactured in that country.*

#### ARTICLE 5 quinquies

*Industrial designs shall be protected in all the countries of the Union.*

#### ARTICLE 11

(1) The countries of the Union shall in conformity with their domestic law, grant temporary protection to patentable inventions, utility models, industrial designs, and trademarks, in respect of goods exhibited at official, or officially recognized international exhibitions held in the territory of one of them.

(2) This temporary protection shall not extend the periods provided by Article 4. If later the right of priority is invoked, each country may provide that the period shall start from the date of introduction of the goods into the exhibition.

(3) Each country may require, as proof of the identity of the article exhibited and of the date of its introduction, such evidence as it considers necessary.

APPENDIX E

THE ATOMIC ENERGY CONTROL ACT

R.S.C. 1952 c. 11

. . . .  
2. In this Act,

. . . .  
(b) "Board" means the Atomic Energy Control Board established by section 3;

. . . .  
8. The Board may,

. . . .  
(h) with the approval of the Governor in Council, license or otherwise make available or sell or otherwise dispose of discoveries, inventions and improvements in processes, apparatus or machines, patent rights and letters patent of Canada or foreign countries acquired under this Act and collect royalties and fees thereon and payments therefor; and . . .

ATOMIC ENERGY REGULATIONS OF CANADA

Order in Council P.C. 1643

October 28, 1954.

PART V

Patent Rights

*Inventions and Designs*

500. (1) Where, either before or after the coming into force of these regulations, an application has been made to the Commissioner of Patents for the grant of a patent or the registration of a design which, in the opinion of the Commisisoner of Patents, relates to the production, application or use of atomic energy, or to any prescribed substances or prescribed equipment, and the application is communicated by the Commissioner to the Board, the Commissioner, if satisfied on the advice of the Board that it is expedient in the public interest so to do, may omit or delay the doing of anything that he would otherwise be required to do in relation to the application, and give directions for prohibiting or restricting the publication of information with respect to the subject matter of the application, or the communication of such information to particular persons or classes of persons.

(2) The advice of the Board in relation to any application of which the Board is informed by the Commissioner of Patents hereunder shall be given within six months after such information has been received, and all proceedings in the Patent Office in respect of such application shall be stayed until such advice is given.

### *Compensation*

501. Where, on the advice of the Board, the Commissioner of Patents omits or delays the doing of anything that he would otherwise be required to do in relation to the application, and the Commissioner informs the Board that there is no other application in the Patent Office with which the first-mentioned application would be involved in conflict proceedings and that the first-mentioned application contains patentable subject matter, the Board may, with the approval of the Governor in Council, pay to the applicant under the first-mentioned application, such compensation in respect of expense incurred or work done in connection with the discovery or development of the invention concerned, as may be agreed upon between the applicant and the Board or if not so agreed upon, as may be determined by the Exchequer Court.

### *Applications for Foreign Patents*

502. No person shall, except under the authority of a written permit granted by or on behalf of the Commissioner of Patents, make any application for the grant of a patent, or the registration of a design, which relates to the production, application or use of atomic energy or to any prescribed substance or prescribed equipment, in any foreign country.

### *Non-Prejudice by Communication or Use Under Regulations*

503. The right of any person to apply for or obtain a patent in respect of an invention or registration in respect of a design shall not be prejudiced by reason only of the fact that the invention or design has previously been communicated to the Board under these regulations or used by any person in consequence of such communication, and a patent in respect of an invention, or the registration of a design shall not be held to be invalid by reason only that the invention or design has been so communicated or used.

## APPENDIX F

### THE BILLS OF EXCHANGE ACT

R.S.C. 1952 C. 16

14. (1) Every bill or note the consideration of which consists, in whole or in part, of the purchase money of a patent right, or of a partial interest, limited geographically or otherwise, in a patent right, shall have written or printed prominently and legibly across the face thereof, before the same is issued, the words *Given for a patent right*.

(2) Without such words thereon, such instrument and any renewal thereof is void, except in the hands of a holder in due course without notice of such consideration.

15. The endorsee or other transferee of any such instrument having the words *Given for a patent right* so printed or written thereon, takes the instrument subject to any defence or set-off in respect of the whole or any part thereof that would have existed between the original parties.

16. Every one who issues, sells or transfers, by endorsement or delivery, any such instrument not having the words *Given for a patent right* printed or written across the face thereof in the manner prescribed by section 14, knowing the consideration of such instrument to have consisted, in whole or in part, of the purchase money of a patent right, or of a partial interest, limited geographically or otherwise, in a patent right, is guilty of an indictable offence and liable to imprisonment for any term not exceeding one year, or to such fine, not exceeding two hundred dollars, as the court thinks fit.



## APPENDIX G

### THE DEFENCE PRODUCTION ACT

R.S.C. 1952, c. 62

20. (1) The Minister may, on behalf of Her Majesty, contract with any person that Her Majesty will relieve that person from any claims, actions or proceedings for the payment of royalties for the use or infringement of any patent or registered industrial design by that person in, or for the furnishing of any engineering or technical assistance or services to that person for, the performance of a defence contract.

(2) A person with whom the Minister has contracted under subsection (1) is not liable to pay royalties under any contract, statute or otherwise by reason of the infringement or use of a patent or registered industrial design in, or in respect of engineering or technical assistance or services furnished for the performance of a defence contract and to which the contract under subsection (1) applies.

(3) A person who, but for subsection (2), would have been entitled to a royalty from another person for the infringement or use of a patent or registered industrial design or in respect of engineering or technical services for which a royalty would be payable but who by reason of subsection (2) is not so entitled, is entitled to reasonable compensation from Her Majesty for the infringement, use or services and if the Minister and that person cannot agree as to the amount of the compensation, it shall be fixed by the Commissioner of Patents and any decision of the Commissioner under this section is subject to appeal to the Exchequer Court of Canada under the provisions of the Patent Act.

## APPENDIX H

### THE EXCHEQUER COURT ACT

R.S.C. 1952, c. 98

21. The Exchequer Court has jurisdiction as well between subject and subject as otherwise,

- (a) in all cases of conflicting application for any patent of invention, or for the registration of any copyright, trade mark or industrial design;
- (b) in all cases in which it is sought to impeach or annul any patent of invention, or to have any entry in any register of copyright, trade marks or industrial designs made, expunged, varied or rectified; and
- (c) in all other cases in which a remedy is sought under the authority of any Act of the Parliament of Canada or at common law or in equity, respecting any patent of invention, copyright, trade mark, or industrial design.

22. (1) Every applicant for a patent under the Patent Act who has failed to obtain a patent by reason of the objection of the Commissioner of Patents as in the said Act provided may, at any time within six months after notice thereof has been mailed, by registered letter, addressed to him or his agent, appeal from the decision of the said Commissioner to the Exchequer Court.

(2) The Exchequer Court has exclusive jurisdiction to hear and determine any such appeal.

23. (1) The Commissioner of Patents is entitled to appear on behalf of the Crown and as representing the interests of the public and be heard by counsel on the hearing of an appeal made under section 22.

(2) The Commissioner of Patents acting in the said capacity is entitled to appeal to the Supreme Court of Canada from the judgment of the Exchequer Court of Canada in any such appeal by filing within thirty days from the day upon which such judgment was given, with the Registrar of the Supreme Court of Canada, a notice stating that the Commissioner of Patents is dissatisfied with such judgment, and such notice shall be in lieu of a deposit by way of security for costs.

(3) The further proceedings in the said appeal shall be governed by the existing practice relating to appeals from judgments of the Exchequer Court.

29. The Exchequer Court has and possesses concurrent original jurisdiction in Canada

- (a) in all cases relating to the revenue in which it is sought to enforce any law of Canada, including actions, suits and proceedings by way of information to enforce penalties and proceedings by way of information in rem, and as well in qui tam suits for penalties or forfeiture as where the suit is on behalf of the Crown alone;

- (b) in all cases in which it is sought at the instance of the Attorney General of Canada, to impeach or annul any patent of invention, or any patent, lease or other instrument respecting lands;
- (c) in all cases in which demand is made or relief sought against any officer of the Crown for anything done or omitted to be done in the performance of his duty as such officer; and
- (d) in all other actions and suits of a civil nature at common law or equity in which the Crown is plaintiff or petitioner.

## APPENDIX I

### THE FINANCIAL ADMINISTRATION ACT

R.S.C. 1952 c. 116

2. In this Act . . .

(f) "department" means

- (i) any of the departments named in Schedule A,
- (ii) any other division or branch of the public service of Canada, including a commission appointed under the *Inquiries Act*, designated by the Governor in Council as a department for the purposes of this Act,
- (iii) the staffs of the Senate, the House of Commons and the Library of Parliament, and
- (iv) any corporation named in Schedule B.

. . .

7. The Treasury Board may make regulations . . .

(d) notwithstanding the *Civil Service Act*,

- (i) authorizing the payment to persons in the public service of compensation or other rewards for inventions or practical suggestions for improvements, and . . .

## APPENDIX J

### THE PUBLIC SERVANTS INVENTIONS ACT

Statutes of Canada 1953-54, c. 40 as amended to and including 1959.

1. This Act may be cited as the Public Servants Inventions Act.
2. In this Act,
  - (a) "appropriate Minister" in relation to a public servant means the Minister who under the *Financial Administration Act* is the appropriate Minister with respect to the department in which the public servant is employed;
  - (b) "department" means a department as defined in the *Financial Administration Act*, and includes a Crown Corporation named in Schedule C to that Act;
  - (c) "public servant" means any person employed in a department, and includes a member of the Canadian Forces or the Royal Canadian Mounted Police Force; and
  - (d) "invention" means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter.

#### INVENTIONS VESTED IN THE CROWN

3. The following inventions, and all rights with respect thereto in Canada or elsewhere, are vested in Her Majesty in right of Canada, namely,
  - (a) an invention made by a public servant
    - (i) while acting within the scope of his duties or employment, or
    - (ii) with facilities, equipment or financial aid provided by or on behalf of Her Majesty, and
  - (b) an invention made by a public servant that resulted from or is connected with his duties or employment.
4. (1) Every public servant who invents an invention
  - (a) shall inform the appropriate Minister of the invention and shall furnish to him such information and documents with respect thereto as he requires;
  - (b) shall not file outside Canada an application for a patent in respect of the invention without the written consent of the appropriate Minister; and
  - (c) shall, in any application in Canada for a patent in respect of the invention, disclose in his application that he is a public servant.
- (2) If it appears to the Commissioner of Patents that an application for a patent relates to an invention made by a public servant, the Commissioner shall inform the appropriate Minister of the application and give the Minister such information with respect thereto as the Minister requires.

5. (1) Whenever any question arises as to whether an invention is vested in Her Majesty by this Act, the appropriate Minister shall, within three months after the question is referred to him, determine the question.

(2) If the appropriate Minister determines that an invention is by this Act vested in Her Majesty, the inventor or other person claiming an interest in the invention may, within thirty days from the date the determination is notified to him or such longer period as the appropriate Minister may allow, appeal to the Exchequer Court.

5. (3) If no determination is made by the appropriate Minister within the time specified in subsection (1) the inventor or any person claiming an interest in the invention may, within thirty days after the expiration of the time so specified, apply to the Exchequer Court to have the question determined.

(4) Whenever the appropriate Minister has made a determination under this section he shall forthwith in writing notify the inventor thereof.

6. Notwithstanding anything in the *Patent Act*, the appropriate Minister may file an application, naming the inventor, for a patent for an invention vested in Her Majesty by this Act, and any patent issued on such an application shall be issued in the name of Her Majesty or otherwise as directed by the appropriate Minister.

7. A public servant who has made an invention vested in Her Majesty by this Act shall execute all documents required by the appropriate Minister in connection with the filing of an application for a patent therefor in Canada or elsewhere.

8. (1) The appropriate Minister may on behalf of Her Majesty waive, abandon or transfer all or any of the rights in respect of any invention vested in Her Majesty by this Act or in respect of any invention made or to be made by any public servant, and may execute any instrument to give effect thereto.

(2) No interest in an invention coming within section 20 or 21 of the *Patent Act* shall be waived, abandoned or transferred under this section without the approval of the Minister of National Defence, and no interest in an invention coming within section 22 of that Act shall be waived, abandoned or transferred under this section without the approval of the Atomic Energy Control Board.

9. (1) The administration and control of any invention vested in Her Majesty by this Act and any patent issued with respect thereto are vested in the appropriate Minister, and the appropriate Minister may transfer such administration and control to any other Minister or to any corporate agency of Her Majesty.

(2) The appropriate Minister or other Minister or agency referred to in subsection (1) may develop and exploit any invention under the administration and control of such Minister or agency, as the case may be, and may on behalf of Her Majesty enter into any agreement with any person for such purpose.

(3) Notwithstanding anything in its charter or Act of incorporation, an agency to which the administration and control of any invention or patent is transferred under this section has the capacity and power to receive, hold, administer, control, develop and exploit the invention or patent and generally to carry out the provisions of this Act with respect thereto.

(4) Where pursuant to this section the administration and control of any invention or patent has been transferred to a corporate agency of Her Majesty, any money received by the corporate agency in the course of the administration and control of the invention or patent may be retained by that corporate agency, and shall be used for the purposes of this Act and the objects and purposes for which the agency was established.

#### AWARDS

10. Subject to the regulations, the appropriate Minister may authorize the payment of an award to a public servant who makes an invention that is vested in Her Majesty by this Act, in such amount as the appropriate Minister and the public servant may agree upon or as the appropriate Minister determines.

#### PENALTIES

11. Every person who violates subsection (1) of section 4 or section 7 is guilty of an offence and liable on summary conviction to a fine of five hundred dollars or to imprisonment for a term of six months, or to both fine and imprisonment.

#### REGULATIONS

12. The Governor in Council may make regulations for carrying out the purposes and provisions of this Act, and without restricting the generality of the foregoing, may make regulations:

- (a) prescribing rules of practice and procedure respecting
  - (i) applications for patents pursuant to this Act,
  - (ii) the determination of questions whether an invention is vested in Her Majesty by this Act, and
  - (iii) any appeal or application under this Act to the Exchequer Court:
- (b) prescribing the information to be furnished in any application for a patent in respect of an invention made by a public servant: and
- (c) prescribing the amount of and the method of calculating and determining the awards to be paid under this Act and the manner and time of payment.

#### GENERAL

13. (1) Where there are two or more appropriate Ministers with respect to any invention, any one of such appropriate Ministers may in relation to that invention act as the appropriate Minister under this Act.

(2) This Act applies to the interest of a public servant in an invention made jointly by him and another person who is not a public servant.

14. This Act applies to

- (a) all inventions made after the 1st day of June, 1954, and
- (b) all inventions, whenever made, in respect of which an application for a patent is made in Canada after the 1st day of June, 1954.

15. Section 13 of the *Atomic Energy Control Act*, chapter 11 of the Revised Statutes of Canada, 1952, section 12 of the *National Defence Act*, chapter 184 of the Revised Statutes of Canada, 1952, section 47 of the *Patent Act*, chapter 203 of the Revised Statutes of Canada, 1952, and section 14 of the *Research Council Act*, chapter 239 of the Revised Statutes of Canada, 1952, are repealed.

16. This Act shall come into force on a day to be fixed by proclamation of the Governor in Council.

APPENDIX K

THE RESEARCH COUNCIL ACT

R.S.C. 1952 c. 239

. . .  
13. Without thereby limiting the general powers of the Council conferred upon or vested in it by this Act, it is hereby declared that the Council may exercise the following powers, namely:

- . . .  
(i) to license, sell or otherwise grant or make available to others, Canadian or other patent rights or any other rights, vested in or owned or controlled by the Council, to or in respect of any discovery, invention or improvement in any art, process, apparatus, machine, manufacture or composition of matter, and to receive royalties, fees and payments therefor.

- . . .  
17. (1) The Council may, with the approval of the Governor in Council,  
(a) procure the incorporation of any one or more companies under the provisions of Part I of the *Companies Act*, for the objects and purposes of exercising and performing on behalf of the Council such of the powers conferred upon the Council by paragraphs (c), (d) (h) and (i) of section 13 of this Act as the Council may from time to time direct and all the issued shares of the capital stock of each such company shall be owned or held in trust by the Council for Her Majesty in right of Canada except shares necessary to qualify other persons as directors; or
- . . .



**APPENDIX L**

**THE BANKRUPTCY ACT**

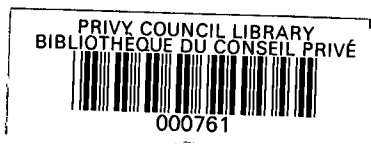
**R.S.C. 1952, c. 14**

. . .

51. (1) Where any property of the bankrupt vesting in a trustee consists of patented articles that were sold to the bankrupt subject to any restrictions or limitations, the trustee is not bound by such restrictions or limitations but may sell and dispose of the patented articles free and clear of such restrictions or limitations.

(2) Where the manufacturer or vendor of such patented articles objects to the disposition of them by the trustee as provided by this section and gives to the trustee notice in writing of such objection before the sale or disposition thereof, such manufacturer or vendor has the right to purchase such patented articles at the invoice prices thereof, subject to any reasonable deduction for depreciation or deterioration.

. . .



## APPENDIX M

### THE INCOME TAX ACT

R.S.C. 1952, c. 148 as amended to 1959

32. (1) The tax payable by an individual under this Part upon his taxable income or taxable income earned in Canada, as the case may be (in this section referred to as the "amount taxable") for a taxation year is . . .

(5) For the purpose of this section, "earned income" means the aggregate of

(a) salary or wages, superannuation or pension benefits, retiring allowances, death benefits, royalties in respect of a work or invention of which the taxpayer was the author or inventor, amounts included in computing the income of the taxpayer by virtue of paragraph (d), (da) or (db) of section 6, amounts allocated to the taxpayer by a trustee under an employees profit sharing plan, amounts received by the taxpayer from a trustee under a supplementary unemployment benefit plan and amounts included in computing the income of the taxpayer by virtue of section 79B, . . .

106. (1) Every non-resident person shall pay an income tax of 15% on every amount that a person resident in Canada pays or credits, or is deemed by Part I to pay or credit, to him as, on account or in lieu of payment of, or in satisfaction of, . . .

(d) rent, royalty, or a similar payment, including, but not so as to restrict the generality of the foregoing, any such a payment

(i) for the use in Canada of property,

(ii) in respect of an invention used in Canada, or

(iii) for any property, trade name, design or other thing whatsoever used or sold in Canada, but not including

(A) a royalty or similar payment on or in respect of a copyright, or

(B) a payment in respect of the use by a railway company of rolling stock as defined by paragraph (25) of section 2 of the Railway Act; . . .