1938

Dec. 1.

Dec. 14.

BETWEEN:

AIR REDUCTION COMPANY, INCORPORATED ..... APPELLANT;

AND

THE COMMISSIONER OF PATENTS... RESPONDENT.

Patents—Practice—Patent Act Rules—Notice to applicant of official action taken by Patent Office—Applicant required to proceed within six months after notification of official action by Patent Office.

Held: That every official action taken in the Patent Office must be communicated to the applicant for a patent, and if the applicant takes no further action within six months after being notified of such official action his application shall be held to be abandoned.

2. That the judgment of the Exchequer Court deciding upon the claims in a conflict action is not to be construed as official action taken by the Patent Office.

APPEAL from the decision of the Commissioner of Patents.

The appeal was heard before the Honourable Mr. Justice Maclean, President of the Court, at Ottawa.

E. G. Gowling and *Gordon F. Henderson* for appellant.

W. L. Scott, K.C. for respondent.

THE PRESIDENT, now (December 14, 1938) delivered the following judgment:

This is an appeal from the decision of the Commissioner of Patents holding that an application for a patent for an invention, made by one Joshua and others in January, 1932, later assigned to The Distillers Company Ld., hereafter to be referred to as "Distillers Company," had been abandoned. The grounds for the appeal are that Distillers Company had not taken further time in the prosecution of the application assigned to it, than was permitted by the Patent Act, Chap. 32, Statutes of Canada, 1932, and the Rules, Regulations and Forms provided under the said Act. The point in issue is entirely one relating to Patent Office procedure.

In January, 1932, Joshua et al. filed an application for a patent of an invention alleged to have been made by them, which invention was given the title "Conversion of Olefines into Alcohols." This application, as already stated, was assigned to Distillers Company. In June, 1932, an application for letters patent of invention was filed by one

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Metzger, which alleged invention was given the title of "Manufacture of Alcohols," and which apparently had close relation to the subject-matter in the application of Joshua. The application of Metzger was later assigned to Air Reduction Co. Inc., hereafter to be referred to as "Air Reduction," the appellant in this matter.

The filing of affidavits of the record of the respective inventions claimed by those two applicants, as provided by the Patent Act, was required by the Commissioner, for the reason that the claims seemed to him to be in conflict. In August, 1934, the Commissioner informed the applicants, that upon a consideration of the facts appearing in the affidavits which were in due course filed, he would allow the claims in conflict to Metzger, unless within two months proceedings be commenced in the Exchequer Court as provided by the Patent Act, which proceedings, after several extensions of the period named, were duly instituted in the Exchequer Court, in February, 1935. In such conflict proceedings Distillers Company appeared upon the record as plaintiff, and Air Reduction as defendant.

On October 30, 1936, on motion for judgment made on behalf of Air Reduction, and upon the written consent of counsel for both parties, it was ordered that Air Reduction was entitled to the claims in conflict, the claims of Distillers Company then being five in number. The important clauses of the Order for Judgment are as follows:

> This Court Doth Order and Adjudge that as between the parties hereto, the defendant is entitled to the issue of a patent on its application, serial number 390,541, containing claims directed to the subject-matter of the invention therein described.
>
> This Court Doth Further Order and Adjudge that the plaintiff is not entitled to the issue of a patent on its application, serial number 385,527, containing claims directed to the subject-matter in conflict with the subject-matter claimed in defendant's application for patent serial number 390,541.

The last quoted paragraph of this Order for Judgment is inaptly expressed because it is open to the construction that in no circumstance was Distillers Company entitled to a patent, or even to file new claims, and I think the Patent Office so construed the Order. What the Order really does say is that Distillers Company was not entitled to a patent for invention based on the claims contained in its application, or as existing at the time of the conflict proceedings, and that Air Reduction was entitled to a patent

on its claims as then appearing. It does not mean that the application of Distillers Company was to be entirely dismissed or ignored because its claims were all disallowed.

In due course a copy of the Order for Judgment in this Court was transmitted to and filed in the Patent Office, and thereafter a patent issued to Air Reduction, but no further official action was taken by the Patent Office upon the application of Distillers Company, that is to say, no notice was given this applicant that all its claims had been disallowed by the Exchequer Court, and it was not officially informed that it should take further steps in the matter. It now appears that Distillers Company had assigned its invention to Air Reduction before, or about the time, the Order for Judgment was made in the Exchequer Court, but the Patent Office was not aware of this until July, 1938.

On July 13, 1938, Air Reduction forwarded the assignment made to it by Distillers Company to the Patent Office for registration, and concurrently it forwarded to the Patent Office certain new claims applicable to the application of Distillers Company, at the same time requesting that the outstanding claims, which had been awarded to Air Reduction in the conflict proceedings, be cancelled. Evidently, Air Reduction, now the assignee of any invention claimed in the application of Joshua, was of the opinion, whether rightly or wrongly we need not pause to consider, that the specification of that application contained disclosures for which valid claims to invention might be made, and which were not embodied in the claims which were disallowed in the conflict proceedings. The new claim was refused by the Commissioner on the ground that the original application by Joshua had been abandoned. The Commissioner in his letter of August 6, 1938, states:

> The Judgment of the Exchequer Court . . . ordered and adjudged that the plaintiff, The Distillers Company Limited, was not entitled to the issue of a patent in its application Serial No. 385,527 . . . As all the claims were found in conflict there remained no claims of record in the present case, and the applicants in application Serial No. 385,527 did not present any amendment following the Judgment which was made of record in the case of the 25th of November, 1936.

In a later communication the Commissioner wrote the appellant's counsel:

> The Judgment of the Court confirmed the award of the Office which was communicated to the then attorney of record on the 23rd of August,

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1934, and the judgment becomes, therefore, equivalent to an action by the Office. The Office holds that action may be taken in such case at any time within six months from the date of the Order of the Court and that application Serial No. 385,527 became abandoned at the end of six months from the 30th of October, 1936, that is on the 30th of April, 1937, and absolutely abandoned at the expiry of one year from that date. As the conflicting application matured to patent on the 16th of March, 1937, your clients had ample time after knowledge of the issued patent was open to the public to file an amendment in the above application.

The Commissioner evidently took the position that the Order for Judgment of the Exchequer Court was tantamount to official action by the Patent Office, and the application of Distillers Company was held to be abandoned because it did not file any amended claims, or take any step or action within six months following that judgment. The applicant, Joshua, or his assignee, had no official notice that the judgment had been made of record in his application. Air Reduction, the appellant, and the assignee of Distillers Company, now claims that after the judgment rendered in the conflict proceedings, its assignor should have been notified of the status of the application in question in the light of that judgment, and that until default after such notification the application must be considered as being still in good standing.

Under certain provisions of the Patent Act as in force in 1932, and presently, there seems to run the principle that whenever, by official action of the Patent Office, an application for a patent is refused, the applicant must have notice of the same, and he is given the right of appeal from any decision of the Commissioner at any time within six months after such notification. The Rules under the Patent Act provide that if an applicant fails to prosecute his application for a patent within six months "from a report of an examiner or other subsequent official action of which notice has been duly given to the applicant, such application shall be held to be abandoned." That means that every official action taken in the Patent Office must be communicated to the applicant, and if the applicant takes no further action within six months after being notified of such official action his application shall be held to be abandoned. Now, all that was decided in the conflict proceedings by the Court was that the claims of Distillers Company were refused and those of Air Reduction were allowed. The application of Distillers Company was not

disallowed or voided, and conceivably its specification might contain such disclosures as would warrant the grant of claims to invention which had not been hitherto claimed, and which might be distinguishable from the claims awarded to Metzger in the conflict proceedings. The conflict proceedings took the applications out of the Patent Office temporarily, for the Court to decide to whom belonged the claims said to be in conflict. They were then remitted back to the Patent Office for action in accordance with the Order of the Court. And the Commissioner was advised of the judgment rendered in the Exchequer Court. It appears to me that Distillers Company was entitled to notification of the effect of the judgment of the Court in the conflict proceedings, and until that notice was received the six months could not commence to run against that applicant. It may be that Distillers Company became aware of the result of the conflict proceedings, and it may be that the recent filing of new claims by Distillers Company was purely an afterthought, yet, I think, I must disregard these possibilities and adhere to a strict construction of the statute and the rules, and in so doing I have concluded that the appeal must be allowed. It would, I think, be desirable practice that the Patent Office notify applicants of the result of the judgment of the Court in conflict proceedings, in patent cases. In most instances I have no doubt this is done because it does not always happen that all the claims of one applicant are awarded to a rival applicant, or that the Order for Judgment in such cases is so unhappily expressed as it was here. I have no doubt the Patent Office was misled by the unfortunate language of the Order for Judgment referred to. I cannot think that the judgment of a Court can be construed as official action taken by the Patent Office.

I am, of course, deciding only the question of practice which has arisen here. Whether valid claims may yet be made by the assignee of the application made by Joshua, having in mind the patent issued to the assignee of the application of Metzger, is a matter for the decision of the Patent Office. The appeal is therefore allowed but there will be no order as to costs.

Judgment accordingly.