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BETWEEN:

1956  
 Apr. 3  
 Apr. 9

ROHM & HAAS COMPANY OF }  
 CANADA LIMITED ..... } PLAINTIFF;

AND

THE SHERWIN-WILLIAMS COM- }  
 PANY OF CANADA LIMITED } DEFENDANTS.  
 and JOCK FRASER ..... }

*Practice—Patent—Rules 139 and 143 General Rules and Orders of Exchequer Court—Application for further and better affidavits on production—Refusal to direct determination of question of law before trial.*

In an action for infringement of a patent which is denied by defendants who also allege plaintiff's patent to be invalid plaintiff moved for an order directing defendants to file further and better affidavits on production and that defendants be required to produce certain documents for which privilege had been claimed. Defendants submitted that the motion is premature and that before directing production the Court should order that an issue be first determined on a question of law, namely, whether or not certain allegations in the Particulars of Breaches would, if established, constitute infringement.

*Held:* That as none of the acts of defendants specified in the Particulars of Breaches are admitted by the defendants no question of law should be submitted for determination since it would still be open to the defendants to contend at the trial that the facts were otherwise than as stated in the Particulars.

2. That the issue suggested by counsel for the defendants cannot be satisfactorily determined without evidence as to all of the facts, including, possibly, many or all the facts set out in the documents, the production of which is now said to be premature.
3. That all the issues including that of the validity of plaintiff's patent should be tried together.

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MOTION for further and better affidavits on production.

The motion was heard before the Honourable Mr. Justice Cameron in Chambers at Ottawa.

*D. Watson* for the motion.

*M. B. K. Gordon, Q.C. contra.*

CAMERON J. now (April 9, 1956) delivered the following judgment:

The plaintiff in these proceedings is the owner of Canadian Letters Patent dated October 6, 1953, for an invention relating to a fungicidal agent entitled "Polyvalent Metal Salts of Alkylene Bisdithiocarbamic Acids". It is alleged that the defendants have infringed the plaintiff's rights under the said patent as set out in the Particulars of Breaches. The defendants deny infringement and allege that the claims of the patent relied on by the plaintiff are invalid for the reasons set forth in the Particulars of Objection.

Pursuant to Rule 139 of the General Rules and Orders of this Court, each defendant has filed an affidavit on production of documents. In each case objection is taken to the production of certain documents set out in the Second Part of the First Schedule to the affidavit on the ground that "the said documents are privileged". The privilege is claimed by the corporate defendant in respect of the following documents:

1. Correspondence between the Defendant, The Sherwin-Williams Co. of Canada Limited, and its Solicitors and Patent Attorneys respecting matters at issue in the present action.
2. Inter-departmental correspondence of The Sherwin-Williams Co. of Canada Limited.
3. Correspondence between The Sherwin-Williams Co. of Canada Limited and one of its suppliers.
4. Purchase Orders from The Sherwin-Williams Co. of Canada Limited to one of its suppliers.
5. Invoices of sales between the Defendant, The Sherwin-Williams Co. of Canada Limited, and its customers.

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Those for which privilege is claimed by the individual defendant are as follows:

- (a) Correspondence between the Defendant, Jock Fraser, and The Sherwin-Williams Company of Canada Limited.
- (b) Correspondence between the Defendant, Jock Fraser, and his Solicitors.
- (c) Telegrams to the Defendant, Jock Fraser, from his agent, J. Arsenault.
- (d) Invoices of sales by the Defendant, Jock Fraser, to his customers since October 6, 1953.

Counsel for the plaintiff now moves for an order that the defendants file further and better affidavits on production and that the defendants be required to produce all those documents for which privilege has been claimed, except those relating to correspondence between the defendants and their respective solicitors.

Counsel for the defendants opposes the motion, mainly on the ground that the motion is premature. His main submission is based on Rule 143, which is as follows:

If the party from whom discovery of any kind or inspection is sought objects to the same, or any part thereof, the Court or a Judge, if satisfied that the right to the discovery or inspection sought depends on the determination of any issue or question in dispute in the action, or that for any other reason it is desirable that any issue or question in dispute should be determined before deciding upon the right to the discovery or inspection, may order that such issue or question be determined first, and reserve the question as to the discovery or inspection.

The submission is that the Court, before directing the production of such documents, should order that an issue be first determined on a question of law, namely, whether or not certain allegations in the Particulars of Breaches would, if established, constitute infringement. In order to appreciate this submission, it becomes necessary to set out in some detail the Particulars of Breaches. In para. 1 it is alleged that the corporate defendant sold a fungicide under the trade name of Thiogreen, comprising a new chemical compound included in the plaintiff's patent. Para. 2 alleges that the defendant sold Thiogreen comprising one of the constituents of the plaintiff's new chemical compounds with instructions to combine it with another chemical under conditions which would produce the plaintiff's patented compound. In para. 3 it is alleged that the two constituent elements of the plaintiff's patented chemical compound were sold together by the corporate defendant, accompanied by similar instructions. Paragraphs 4

and 5 are similar to paragraphs 2 and 3 except that they relate to another of the plaintiff's new chemical compounds protected in its patent. Paragraphs 6 and 7 contain similar allegations as to the distribution and sale by the individual defendant as those in paragraphs 1 to 5. Para. 8 alleges that this defendant has also made and used two of the plaintiff's patented chemical compounds. Finally, para. 9 alleges that the acts recited in paragraphs 1 to 8 constitute a joint and several infringement by the defendants of the plaintiff's patent.

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It is clear, therefore, that the plaintiff's claim is based on two separate allegations of infringement. The first is said to be a direct infringement of one or other of its patented compounds which it is alleged was sold by the corporate defendant and were distributed or sold and in some cases made or used by the individual defendant.

The second allegation relates to the sale, distribution or use by the defendants of one or both of the constituent elements of the plaintiff's compounds, together with instructions as to the manner in which the plaintiff's compounds should be produced either by adding the necessary additional ingredient or by combining the two ingredients so sold or distributed. It is submitted on behalf of the defendants that this is a case in which the Court should exercise the power conferred on it by Rule 143 and order that an issue be first determined on a question of law, namely, whether or not these sales, together with the accompanying directions, would, if established, constitute infringement; and that in the meantime the Court should reserve the question as to the discovery or inspection of the documents for which privilege is claimed.

In support of this submission, counsel for the defendants referred to the following cases: *Fennessy v. Clark* (1); *Carver v. Pinto Leite* (2); *Dunlop v. Mosley* (3). Reference was also made to 12 Halsbury (Third Edition) 22; Fox on Canadian Patent Law and Practice (Third Edition), page 715; and to Terrell on Patents (Seventh Edition),

(1) (1887) 37 Ch. Div. 184. (2) (1871) 7 Ch. Appeals 90.  
 (3) (1904) 21 R.P.C. 274.

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page 160 ff. Counsel for the plaintiff referred me to *Benno Jaffe et al v. Richardson* (1); *Dunlop v. Mosley* (*supra*); *Copeland-Chatterson Co. v. Hatton* (2); *Innes v. Short* (3); and to *Codling v. John Mowlen & Co. Ltd.* (4).

After examining these cases, and those referred to in the 1956 Annual Practice, under similar rules in Order 31 of the Rules of the Supreme Court, I have come to the conclusion that this is not a case in which the Court should direct an issue under Rule 143. There may be patent cases in which the pleadings raise a single issue of law such as the validity of the patent or infringement in which it would be proper to first direct an issue to determine the question of law, all essential facts being admitted; in such a case the production of documents relating solely to the question of damages might not be required until the question of liability was first determined, particularly if such documents would disclose trade secrets to a competitor, in which case the production at the earlier stage might be considered oppressive.

This, however, is not such a case. None of the acts of the defendants specified in Particulars of Breaches are admitted by the defendants. Unless and until such acts are admitted, it would be idle to submit a question of law for determination for it would still be open to the defendants to contend at the main trial that the facts were otherwise than as stated in the Particulars. It is now the settled practice of this Court not to grant an application for the hearing and determination, prior to the trial, of a question of law apart from the facts, other than in exceptional cases; otherwise, a multiplicity of appeals and excessive costs would follow. On this point reference may be made to the judgment of Kennedy L.J. in *Codling v. Mowlen* (*supra*), where at page 1063 he said:

I come to this conclusion with some regret that time has been taken up both in this Court and in the Court below upon a point which may have very little purpose so far as the ultimate rights of the parties are concerned. It is one more instance of the difficulty of trying to eliminate from a case everything except the law. It shows what extraordinary care should be taken before this is attempted. There are very few cases which

(1) (1893) 10 R.P.C. 136.

(3) (1898) 15 R.P.C. 449.

(2) (1906) 10 Can. Ex. C.R. 224.

(4) [1914] K.B.D. 1063.

do not depend upon the facts. To admit statements in pleadings may, in certain cases, be both advisable and a saving of expense. But it is very rare that it is possible, with success as regards saving expense to the parties, to have the issues so settled.

In my opinion, the issue suggested by counsel for the defendants cannot be satisfactorily determined without evidence as to all the facts, including, possibly, many or all the facts set out in the documents, the production of which is now said to be premature. To determine that issue, it is necessary to know the precise relationship between the two defendants. Similarly, the issues raised in the pleadings involve the question of what was bought, sold, distributed or used by the defendants, from whom the purchases were made, and, to some extent, to whom they were sold.

The question of infringement involves such further matters as the instructions accompanying the sales made by the defendants and the nature of the chemical reaction upon combining the compounds mentioned.

Moreover, it is clear that any decision made on the issue suggested would not be determinative of the plaintiff's claim. There would still remain the other issue of infringement referred to in para. 1 of the Particulars of Breaches, and the question of the validity of the plaintiff's patent. The result would be unnecessary delay and expense. I am of the opinion that in this case all the issues should be tried together.

The relevancy of the documents in question to the issues raised is admitted. I therefore grant the orders requested in the Notice of Motion, subject to the following limitations:

(a) The corporate defendant will not be required to produce its interdepartmental correspondence dated after the inception of the plaintiff's action, if such correspondence was for the purpose of preparation for trial of this action;

(b) As the invoices of the defendants' sales to their customers are not before me, I have no knowledge as to their number or contents. The order for their production, therefore, will be subject to any further application to be made on behalf of the defendants within three weeks of this date that one or more of them should not be produced on the

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ground that they contain information not relevant to the issues to be determined at the trial, or are otherwise privileged.

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The costs of the Motion will be to the plaintiff in the cause.

*Order accordingly.*

Cameron J.  
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