BETWEEN:

SETTER BROS. INC. .....APPELLANT;

AND

MORRIS LIGHT .....RESPONDENT.

1953
Dec. 22
1954
Feb. 9

Patents—Motion to dismiss an appeal from order of Commissioner of Patents or in the alternative to stay same—Order of Commissioner of Patents granting a licence without settling terms thereof—The Patent Act, 1935, 25-26 Geo. V, c. 32, ss. 67(2)(a)(d), 66, 70 and 71—Words "all orders and decisions" in s. 71 of the Patent Act of very wide meaning —Licence granted without terms of no practical usefulness to applicant—Appeal from order of Commissioner of Patents premature.

On an application made by respondent the Commissioner of Patents ordered the grant of a non-exclusive licence to it to manufacture under certain Canadian patents. The terms of the licence were to be settled by the parties within three months from the date of the order or by the Commissioner should they fail to agree. From this order appellant appealed to the Court and respondent moved that the appeal be dismissed on the ground that it is premature in that the Commissioner is still seized with the application for the licence or in the alternative that it be stayed until he has settled the terms of the licence.

Held: That the words "all orders and decisions" in s. 71 of the Patent Act, 1935, 25-26 Geo. V, c. 32, have a very wide meaning. To say that an order of the Commissioner granting a licence has to include the terms thereof to become subject to an appeal would have the effect of depriving interested parties of a right clearly stated in the section. In the absence of any restriction or proviso in the Act the right of appeal is available from orders or decisions granting a licence though the terms thereof are not embodied in same.

2. That without terms and conditions the licence granted by the Commissioner has no practical usefulness. The proceedings before the Commissioner will have to be completed to meet the respondent's demand and the requirements of s. 70 of the Act.

3. That to allow the appeal to proceed while the Commissioner is considering the terms of the licence would give rise to a multiplicity of proceedings and result in delays and increased costs and would be dealing piecemeal with matters in controversy between the parties. *In the Goods of Tharp* (1877-8) Law Rep. 3 P.D. 76; *Byrne* v. *Brown* (1889) 22 Q.B.D. 657 at 666; *Williams* v. *Hunt* [1905] 1 K.B. 512 referred to and followed.

4. That the appeal is premature and should be stayed until the Commissioner of Patents has settled the terms of the licence.

MOTION to dismiss an appeal from an order of the Commissioner of Patents or in the alternative to stay same.

The motion was heard before the Honourable Mr. Justice Fournier at Ottawa.

1953

SETTER BROS. INC. v. MORRIS LIGHT

G. F. Henderson, Q.C. for the motion.

G. E. Maybee, Q.C. contra.

The facts and questions of law raised are stated in the reasons for judgment.

FOURNIER J. now (February 9, 1954) delivered the following judgment:

This is a motion for an order to dismiss an appeal from an order of the Commissioner of Patents granting a compulsory non-exclusive licence without settling its terms on the ground that it is premature in that the Commissioner is still seized with the application for the licence or in the alternative to stay the appeal until he has settled the terms of the licence.

The order was issued pursuant to section 67, par. 2, subsections (*a*) and (*d*) of the Patent Act 1935, which reads as follows:

67. 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.

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

(*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 . . .

(*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;

The Commissioner having arrived at the conclusion that there had been an abuse of the exclusive rights of the patents, proceeded to make his order in accordance with his powers under section 68 of the Act.

This section provides that the Commissioner:

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

(*a*) He may order the grant to the applicant of a licence on such terms as he may think expedient,

1953

SETTER BROS. INC. v. MORRIS LIGHT

Fournier J.

His order reads: "I order that a non-exclusive licence be granted to the applicant to manufacture under Canadian Patents No. 417,873 issued January 18, 1944, and No. 422,669 issued September 12, 1944; the form of the licence to be settled by agreement between the parties within three months from the date hereof and the royalties to be such that the price of the product to the Canadian candy manufacturers will not be unduly increased. All importation of paper sticks under the above mentioned patents shall stop on the date the above licence takes effect.

Should the parties fail to come to an agreement within the time fixed above, I shall set a date for a hearing to deal with the terms and conditions of the licence and thereafter issue an order fixing the said terms."

This order is dated October 31, 1952. From this order the (respondent) appellant has appealed and the (petitioner) respondent has moved that the appeal be dismissed or stayed.

The application for a licence contains the following words: "That an exclusive licence be granted to him set on terms which will enable such sticks to be sold, etc." The Commissioner decided that as a matter of principle the licence should be granted, but he did not settle its terms. All through the relevant sections of the Act it will be found that the Commissioner may grant a licence on such terms as he may think expedient or on such terms settled by him.

It would seem that the fixing of the terms of the licence is of the essence of the granting of the licence itself. The Commissioner, though bound by certain principles, is the officer designated to exercise this power of fixing the terms. This is not contested. It is illustrated by the decision of *Irving Air Chute Inc.* v. *The King* (1).

The Commissioner thought expedient to refer the matter of the form of the licence to the interested parties to be settled by them within three months. Failing agreement, he would deal with the terms and conditions and issue an order fixing the said terms. The parties did not settle the terms and conditions.

The questions to be determined are:

(1) Is the Commissioner's order subject to appeal under section 71 of the Patent Act, 1935?

(1) [1949] S.C.R. 613.

1953

SETTER BROS. INC. v. MORRIS LIGHT

Fournier J.

(2) Is the appeal premature?

(3) In the affirmative, should it be dismissed or stayed?

The section dealing with the first question reads as follows:

> 73. All orders and decisions of the Commisisoner under sections sixty-seven to seventy-two, shall be subject to appeal to the Exchequer Court, and on such appeal the Attorney General of Canada or such counsel as he may appoint shall be entitled to appear and be heard.

The words "All orders and decisions" have a very wide meaning. To say that an order of the Commisisoner granting a licence has to include the terms of the licence to become subject to appeal would, in my view, have the effect of depriving interested parties of a right clearly stated in the section. If the legislator had intended giving a right of appeal only from certain orders or decisions he could have easily indicated that intention. In the absence of any restriction or proviso, I believe the appeal should be available from orders or decisions granting a licence though the terms of the licence are not embodied in same.

To deny the right of appeal in this instance would be a denial of even the existence of an order which would be contrary to the facts. He did order the granting of a licence. The effect of this order is another matter which may have a bearing on the answer to be given to the other questions.

I will deal now with the two following questions: (2) Is the appeal premature? and (3) In the affirmative, should it be dismissed or stayed?

The order as drafted is not a final order. To meet the request of the applicant for a licence set on terms which will enable (*to operate*) etc., and to complete the duties required by section 66 of the Act by settling the terms of the licence the Commisisoner shall issue a second order. Failing agreement by the parties, this was contemplated in the first order. The mere lapse of time and the lodging of this appeal would indicate that the parties have not settled the terms. He is now requested to fix the terms and conditions of the licence.

At this stage, the licence is not effective. Section 70 of the Act provides that any order for the grant of a licence

1953

SETTER BROS. INC. v. MORRIS LIGHT

Fournier J.

under the Act shall operate as if it were embodied in a deed granting a licence executed by the patentee and all other parties.

Without terms and conditions the licence has no practicable usefulness. The proceedings before the Commissioner will have to be completed to meet the applicant's demand and the requirements of the Statute.

There is no doubt in my mind that the Commissioner is still seized with the application for a compulsory licence. What is before the Court is an order granting a licence, the terms of which are to be fixed if the licence is to become effective. The respondent is entitled to a complete decision on his application.

To allow the appeal to proceed while the Commissioner is considering the terms of the licence would give rise to a multiplicity of proceedings and result in delays and increased costs. Furthermore, it would be dealing piecemeal with matters in controversy between the parties. In this case, the petitioner (respondent) had to make a second request for the complete disposal of his application for the granting to him of a licence on such terms, etc., for the reason that the Commissioner referred the fixing of the terms to the parties instead of settling the conditions himself. Under these circumstances, I believe that it would be, at this time, unreasonable and prejudicial to the respondent if the appeal were proceeded with, keeping in mind that he was entitled to relief on one proceeding, to wit, his application for a licence.

The decision held *In the Goods of Tharp* (1), *Byrne* v. *Brown* (2) and especially in *Williams* v. *Hunt* (3) "that all matters before the Court should be settled in one action in which all interested parties should be represented" in my view is pertinent.

For these reasons, I have come to the conclusion that the appeal is premature and that the respondent is entitled to an order staying the appeal until the Commisisoner of Patents has settled the terms of the licence and the Court so orders. The order will be without costs.

Judgment accordingly.

(1) (1877-8) Law Rep. 3 P.D. 76. (2) (1889) 22 Q.B.D. 657 at 666.
(3) [1905] 1 K.B. 512.