

BETWEEN:

TEXACO DEVELOPMENT CORPO-
RATION }

PLAINTIFF;

Ottawa
1966
June 2, 13
June 24

AND

SCHLUMBERGER LIMITED DEFENDANT.

*Patents—Conflict proceedings—Appeal from Commissioner of Patents—
Motion to strike out part of statement of claim—Jurisdiction of court
—Purpose of proceedings—Construction of Patent Act, s. 45.*

Plaintiff commenced proceedings in this court under s. 45(8) of the *Patent Act* following a decision by the Commissioner of Patents awarding two claims in conflict to defendant on the ground that S, defendant's assignor, was the prior inventor. In its statement of claim plaintiff alleged *inter alia* that defendant was not entitled to a patent which included the two claims in question on the grounds that at the time of S's alleged invention it was obvious having regard to common general knowledge in the art, prior publication, and prior knowledge by plaintiff's inventor. Defendant moved to strike out the above allegations in the statement of claim and alternatively to strike out the whole statement of claim as being filed out of time. The court granted the motion on the latter ground for reasons stated in *Philco Corp. v. R.C.A. Victor Corp.*, ante p. 450 but also dealt with defendant's alternative application to strike out certain allegations.

Held, the court has no jurisdiction under s. 45(8) to consider the allegations in question and they must be struck out. The object of s. 45 of the *Patent Act* is to permit the ordinary processing of a patent application to be interrupted for the sole purpose of determining which of two applicants is the first inventor and although s. 45(8)(b) is widely enough expressed to permit consideration of such questions as subject matter and as to whether there is a statutory bar under s. 28(1)(b) to the grant of a patent it must be construed as restricted to cases in which the evidence reveals that none of the applicants is the real inventor.

MOTION to strike out statement of claim.

R. G. Gray, Q.C. for plaintiff.

Russel S. Smart, Q.C. and *Donald A. Hill* for defendant.

JACKETT P.:—This application, which has been argued before me today, is an application to strike out the whole of the Statement of Claim on the ground that the proceedings were not commenced by the plaintiffs within the time prescribed by the Commissioner of Patents under subsection (8) of section 45 of the *Patent Act*. There is a further

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branch of the application, in the alternative, to strike out certain parts of the Statement of Claim. Hearing of that part of the application has been adjourned to Monday, June 13.

I have indicated that, after I have disposed of the second branch of the application, I propose to make an order striking out the Statement of Claim for the same reasons as those that I have expressed earlier today on a similar application in *Philco Corporation v. Radio Corporation of America*, No. B-835.

It is to be noted that on the facts of this case there was only one extension, which was granted by the Commissioner before the expiration of the period originally fixed by him, and the second ground for my decision to strike out the whole of the Statement of Claim in the *Philco Corporation* case does not therefore exist in this case.

When I come to make the order striking out the Statement of Claim I anticipate that costs on that part of the Motion will follow the event.

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This is further to the Reasons that I delivered orally on June 2, 1966 with reference to the defendant's application bearing date May 2, 1966.

On June 13, 1966, the second branch of the application came on for argument. That branch of the application was an application

1. For an Order striking out paragraphs 8 and 12 of the Amended Statement of Claim herein on the ground that they do not allege any fact relevant to the action but on the contrary are purely argumentative and will accordingly tend to prejudice, embarrass or delay a fair trial of the action; and
2. For an Order striking out paragraphs 9, 10, 11, 13, 14 and 15 on the ground that they are irrelevant to the issue of priority as between the inventors Schwede and Herzog, but on the contrary could only relate to the validity of any patent containing the conflict claims which may be granted to one of the parties hereto, a matter which is outside the jurisdiction of the Court in these proceedings.

The action is under subsection (8) of section 45 of the *Patent Act*. Section 45 reads as follows:

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.

(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.

(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.

(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:

- (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.

(7) The Commissioner, after examining the facts stated in the affidavits, shall determine which of the applicants is the prior inventor to whom

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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.

(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

- (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.

(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.

To understand what was involved in that application, it is essential to have in mind the Statement of Claim, the body of which reads as follows:

1. The plaintiff is a corporation incorporated under the laws of the State of Delaware, one of the United States of America, and having its principal place of business in the City of New York, in the State of New York.

2. The defendant is a corporation incorporated under the laws of Netherlands Antilles, and having its principal office in the City of Houston, in the State of Texas.

3. The plaintiff is the owner of an invention made by Gerhard Herzog entitled "Well Logging" for which an application for patent was filed in the Canadian Patent Office on May 22, 1952, under serial No. 631,472.

4. The plaintiff has been advised by the Commissioner of Patents that its aforesaid application is in conflict with an application serial No. 681,901 assigned to the defendant and naming H. F. Schwede as inventor, such conflict arising by reason of the presence of claims identified as claims C1 and C2 in each of the said applications.

5. The Commissioner of Patents, by an official letter dated June 20, 1963, advised the plaintiff of his determination that H. F. Schwede was the prior inventor of the subject matter of claims C1 and C2.

6. As between Gerhard Herzog and H. F. Schwede, the first inventor of the invention defined in claims C1 and C2 was Gerhard Herzog.

7. For the purpose of this action the plaintiff relies upon July 26, 1951 as the earliest date of invention by Gerhard Herzog of the subject matter

of claims C1 and C2, that being the filing date of his U.S. patent application Serial No. 238,754.

8. Claim C1 is to be construed as if it read as follows:

"Apparatus for well logging comprising means for producing a unidirectional magnetic field in a region of the earth in situ adjacent the well, means for simultaneously producing in the same region an alternating magnetic field having a component of its vector transverse to that of the unidirectional magnetic field, means for producing the alternating magnetic field being tuned to the resonance frequency for nuclei of atoms of a predetermined type, and means for detecting the intensity of the nuclear resonance which results in said region, the apparatus further including means for periodically varying the frequency of the alternating magnetic field."

9. If claim C1 includes within its scope apparatus as defined in claim C1 except that the "region" is inside the apparatus, which the plaintiff denies, the defendant is not entitled to the issue of a patent including such claim for the following reasons:

(a) at the time of H. F. Schwede's alleged invention it was obvious having regard for:

- (i) the common general knowledge in the art; and
- (ii) the following publications:

F. Bloch, Nuclear Induction, Physical Review 70, 460-474, October 1 and 15, 1946;

F. Bloch et al, The Nuclear Induction Experiment, Physical Review 70, 474-485, October 1 and 15, 1946;

Bloembergen et al, Relaxation Effects in Nuclear Magnetic Resonance Absorption, Physical Review 73, 679-712, April 1, 1948;

U.S. Patent No. 2,561,489, July 24, 1951, F. Bloch, et al.

(b) prior to the time of H. F. Schwede's alleged invention it was known to:

- (i) Dr. Felix Bloch whose knowledge was disclosed in F. Bloch, Nuclear Induction, Physical Review 70, 460-474, October 1 and 15, 1946; F. Bloch et al, The Nuclear Induction Experiment, Physical Review 70, 474-485, October 1 and 15, 1946, and in U.S. patent application Serial No. 718,092, filed December 23, 1946, which application subsequently matured to U.S. Patent No. 2,561,489 dated July 24, 1951;
- (ii) T. M. Shaw whose knowledge was disclosed in U.S. patent application Serial No. 171,483 filed June 30, 1950, which application subsequently matured to U.S. Patent No. 2,799,823 dated July 16, 1957;

(c) the alleged invention was described in the following printed publications published more than two years before the filing date of the defendant's patent application Serial No. 681,901:

F. Bloch, Nuclear Induction, Physical Review 70, 460-474, October 1 and 15, 1946;

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F. Bloch et al, The Nuclear Induction Experiment, Physical Review 70, 474-485, October 1 and 15, 1946;
 U.S. Patent No. 2,561,489, July 24, 1951, F. Bloch et al;
 Bloembergen et al, Relaxation Effects in Nuclear Magnetic Resonance Absorption, Physical Review 73, 679-712, April 1, 1948.

10. Claim C1 includes within its scope the apparatus defined in paragraph 8 hereof which apparatus was known by Gerhard Herzog as early as July 26, 1951, which was before it was known by H. F. Schwede, and the defendant is not entitled to the issue of a patent including such claim.

11. In the alternative claim C1 does not define an invention in distinct and explicit terms.

12. Claim C2 is to be construed as if it read as follows:

"In a method of exploring for minerals in the earth, the steps of subjecting nuclei having magnetic properties and being constituents of minerals in situ in the earth to a polarizing magnetic field, simultaneously subjecting said nuclei to an alternating magnetic field at an angle to said constant magnetic field, varying one of two quantities including the amplitude of said polarizing field and the frequency of said alternating field through a range including a value for which Larmor precession of selected nuclei will be sustained, providing a signal representative of said Larmor precession of the nuclei, and obtaining indications of said signal."

13. If claim C2 includes within its scope a method in which the minerals containing the nuclei are not located in situ in the earth, which the plaintiff denies, the defendant is not entitled to the issue of a patent including such claim for the reasons indicated in subparagraphs (a), (b) and (c) of paragraph 9 hereof.

14. Claim C2 includes within its scope the method defined in paragraph 10 hereof which method was known by Gerhard Herzog as early as July 26, 1951 which was before it was known by H. F. Schwede and the defendant is not entitled to the issue of a patent including such claim.

15. In the alternative claim C2 does not define an invention in distinct and explicit terms.

16. THE PLAINTIFF THEREFORE CLAIMS:

- (a) A declaration that as between Gerhard Herzog and H. F. Schwede the first inventor of the invention defined in claims C1 and C2 was Gerhard Herzog;
- (b) A declaration that as between the parties hereto the plaintiff is entitled to the issue of a patent including claims C1 and C2;
- (c) A declaration that as between the parties hereto the plaintiff is entitled to the issue of a patent including the claims defined in paragraphs 8 and 12 hereof;
- (d) A declaration that the defendant is not entitled to the issue of a patent including claims C1 and C2 or either of them;
- (e) Such further or other relief as the justice of the case requires;
- (f) Costs.

At the conclusion of the argument I disposed of the application orally as follows:

An Order will go striking out paragraphs 8 and 12 of the Amended Statement of Claim on the ground that they do not allege facts constituting elements in the Plaintiff's cause of action and are accordingly embarrassing. Paragraph (c) of the Prayer which depends on paragraphs 8 and 12 will be struck out as well.

Paragraphs 11 and 15 which allege that the conflict claims "do not define an invention in distinct and explicit terms" will not be struck out.

I find difficulty in dealing with paragraphs 9, 10, 13 and 14. If one goes back to Section 45(7) of the *Patent Act* it is clear that the decision of the Commissioner of Patents is a decision as to which of the applicants is the prior inventor to whom he will allow the claims in conflict. When one proceeds to sub-section (8) where the jurisdiction of the Court in these proceedings is defined, it is clear that the Court must decide first under (a) as to whether or not a conflict exists. Then the Court proceeds to deal under (d) with the question as to whether one of the applicants is entitled as against the other to the claims in conflict, i.e., which is the first inventor. In the course of this adjudication the Court may conclude that the evidence shows that none of the applicants is an inventor in which event a declaration under (b) must be made. While I readily see that if (b) is read by itself it is wide enough to permit the questions raised by paragraphs 9, 10, 13 and 14 to be considered by the Court, I nevertheless decide with a great deal of hesitation that the Court has no jurisdiction to consider such questions and that accordingly paragraphs 9, 10, 13 and 14 of the Amended Statement of Claim will also be struck out.

The foregoing relates to the first Order to be made pursuant to the Defendant's Notice of Motion dated May 2, 1966. Following it a second Order will go striking out the whole of the Amended Statement of Claim and dismissing the action with costs in accordance with the reasons I delivered herein on June 2, 1966.

It might be of some assistance, in the event that there is an appeal from my Order striking out paragraphs 9, 10, 13 and 14, if I indicate, very briefly, that, reading section 45 as a whole, it is my view that it provides for an interruption in an ordinary processing of an application for a patent for the sole purpose of deciding which of two applicants is the inventor (sometimes described as the first inventor) of an invention which is claimed by each of two applications pending in the Patent Office. This interruption in the ordinary processing of applications for patents is extraordinary and should, in my view, be restricted to the determination of the conflict which it is designed to resolve. It is for this reason that, while I recognize that the words of paragraph (b) of subsection (8) read literally and by themselves are wide enough to include a consideration of such questions as

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whether the particular claim put in conflict by the Commissioner is an "invention" within the appropriate sense of that word and whether there is a statutory bar under paragraph (b) of subsection (1) of section 28 of the *Patent Act* to a grant of a patent to him, nevertheless, having regard to the scheme of section 45, it seems clear to me that paragraph (b) of subsection (8) thereof is referring only to the case where "none of the applicants is entitled to the issue of a patent containing the claims in conflict as applied for by him" because the evidence has revealed that the real inventor of the invention described in the claims in conflict is some person other than the applicants who are before the Court.

All other objections to the granting of a patent to one of the applicants should be dealt with in the ordinary course of events as they would be dealt with if there had been no conflict proceedings under section 45. To construe subsection (8) of section 45 as permitting such questions to be raised in the conflict proceedings converts those proceedings into a full scale impeachment action resulting in a protracted trial and, in my view, something quite different from the relatively simple proceedings contemplated by subsection (8) of section 45.