
BETWEEN:

HOFFMANN-LA ROCHE LIMITED .....APPELLANT;

AND

DELMAR CHEMICALS LIMITED .....RESPONDENT.

Ottawa
1966
Feb. 1
Feb. 4

Patents—Compulsory licence—Decision of Commissioner of Patents—Appeal from—Rejection of request to make further submission—Grant of licence on terms to be agreed—Whether appealable "decision"—Patent Act R.S.C. 1952, s. 41(3)(4).

On April 17th 1964 respondent applied to the Commissioner of Patents under section 41 of the *Patent Act* for a licence under appellant's patent. Appellant filed a counterstatement opposing the application and subsequently requested leave to make further submissions but the Commissioner rejected the request and decided to grant a licence on terms to be agreed upon by the parties within one month or, if the parties failed so to agree, upon terms that he would then settle. Appellant appealed from the Commissioner's decision rejecting the request to make further submissions and from the Commissioner's

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decision to grant respondent a licence on terms to be agreed or subsequently settled.

Held, the appeal was a nullity and must be quashed. Section 41(4) contemplates one appeal only in respect of an application for a licence and the appeal must be from the decision to grant the licence as ultimately settled. *J. K. Smit & Sons International Ltd. v. Packsack Diamond Drills Ltd.* [1964] Ex. C.R. 226, referred to.

APPLICATION.

R. G. McClenahan for appellant.

Donald J. Wright for respondent.

JACKETT P.:—This is an application for an order dismissing the appellant's appeal and all proceedings therein on the ground that the same are premature and, in the alternative, for an order staying the appeal and all proceedings therein until the Commissioner of Patents has settled the terms of a licence under subsection (3) of section 41 of the *Patent Act*.

On April 17, 1964 the respondent applied to the Commissioner of Patents under section 41(3) of the *Patent Act* for the grant of a licence under Canadian patent No. 671,044 dated September 24, 1963, of which the appellant is the patentee. On May 7, 1965, the Commissioner wrote a letter to the appellant's solicitors referring to a request by the appellant for an opportunity to amend a "counterstatement" that it had filed "with a view to submitting further evidence and submissions" and saying that he had come to the conclusion that no good purpose could be served by the submission of additional material.

On May 14, 1965, the Commissioner signed a document in relation to the matter, the last four paragraphs of which read as follows:

> Upon reading the counterstatement of the patentee in the present case I find very much the same objections and there are no new ones of any significance which would lead me to the finding of good reasons to refuse the application.
>
> I am here dealing with the same type of chemicals, the same arguments; the applicant that I have judged capable of operating processes of this type is the same.
>
> I have concluded that an oral hearing is not necessary and that the application should be granted and the grant of a licence ordered.
>
> The parties will have one month to settle between themselves the conditions of the licence including the royalty. Upon failure to do so I shall finalize the licence on my own terms or set a short period of time within which the parties will have the opportunity to make submissions.

On the same date, the Commissioner sent a copy of the document to the appellant's solicitors under cover of a letter in which he referred to it as his "decision" in respect of the respondent's application.

On May 20, 1965, the appellant filed in this Court a "Notice on Appeal" by which it purports to appeal

(*a*) from the "decision" of the Commissioner made on May 7, 1965, refusing the appellant the opportunity of submitting further evidence and submissions, and

(*b*) from the "decision" of the Commissioner made on May 14, 1965 "ordering the grant of a licence to the Respondent".

The respondent's application to the Commissioner was made under subsection (3) of section 41 of the *Patent Act*, which reads as follows:

> 41 (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.

The only provision upon which the appellant relies for authority for its appeal is subsection (4) of section 41, which reads as follows:

> 41. (4) Any decision of the Commissioner under this section is subject to appeal to the Exchequer Court.

Having regard to section 17 of the *Patent Act*, which provides that whenever an appeal to this Court from "the decision" of the Commissioner is permitted under that Act, notice of his decision shall be mailed by registered letter and "the appeal shall be taken within three months from the date of mailing", and to the characterization by the Commissioner of the document that he issued on May 14, 1965 as a "decision", it is not surprising that the appellant concluded that it was necessary to appeal from the "decision" contained in that document to avoid the risk of losing its right to appeal from that "decision". This risk is appar-

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ently enhanced by the fact that the practice under section 41(3) has been, in some cases at least, for the Commissioner to purport to grant the licence, when its terms are ultimately settled, with effect retroactive to the date when he announced that he had concluded that the grant of a licence should be ordered. Nevertheless, I have come to the conclusion that there is no "decision" in this case from which there can be an appeal under subsection (4) of section 41.

Subsection (4) of section 41 provides for an appeal from a "decision of the Commissioner under this section". The only authority conferred on the Commissioner by section 41 to make a decision is that impliedly conferred by that part of subsection (3) thereof which requires him "unless he sees good reason to the contrary" to "grant" a "licence" to any person applying for one. The balance of this subsection makes it clear that he will ordinarily include various terms in a licence including a provision for royalty or other consideration. What is contemplated by that subsection, therefore, is

(*a*) an application by an applicant for licence, and

(*b*) a decision by the Commissioner

(i) refusing the application, or

(ii) granting a licence containing appropriate terms and providing for royalty or other consideration.

In my view, it is that "decision" that is subject to an appeal to this Court. It is of course true that, before the Commissioner reaches the point of making a decision disposing of an application by refusing it or granting a licence, the application will have given rise to the necessity of his making many decisions, which are impliedly authorized by subsection (3) of section 41. He must decide on the procedure to be followed in processing the application; he must decide whether there will be an oral hearing; he must decide the disposition of applications to hear further evidence or argument; and, indeed, he must decide each of the preliminary questions that arise in the course of formulating his decision as to the disposition of the application[1].

[1] Compare *J. K. Smit & Sons International Limited v. Packsack Diamond Drills Ltd.* [1964] Ex. C.R. 226, per Thurlow J. at pages 230-1, where he discusses a similar problem as to the meaning of "decision" in section 56(2) of the *Trade Marks Act*, chapter 49 of 1952-3.

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In my view, however, Parliament did not contemplate a whole series of appeals in the course of the hearing of the rather simple application contemplated by subsection (3) of section 41. Parliament did not, therefore, contemplate that there should be an appeal either from the Commissioner's refusal to hear further evidence and submissions or from his conclusion on the question whether a licence should be granted. (The formulation of such conclusion is, of course, only a part of the process of deciding what disposition to make of the appeal.) Both these matters can be brought under review in an appeal from the ultimate decision disposing of the application.

It follows, therefore, that, in my view, the appeal is a nullity and should be quashed.

The application is allowed with costs and the appeal to this Court from the Commissioner's decisions of May 7, 1965 and May 14, 1965 is ordered to be struck out.