

5, 1939

No. 21 of 1938.

In the Privy Council.

ON APPEAL
FROM THE SUPREME COURT OF CANADA.

BETWEEN—

CANADIAN CELANESE LIMITED

(Defendants) *Appellants*

— AND —

THE B. V. D. COMPANY LIMITED

(Plaintiffs) *Respondents*.

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CASE FOR THE RESPONDENTS.

RECORD.

1. This is an appeal by special leave from a judgment of the Supreme Court of Canada, reversing a judgment of the Exchequer Court delivered on March 26th, 1936, whereby it had been held that the Appellants' Patent No. 265,960 was valid and had been infringed by the manufacture and sale of certain collars by the Respondents. p. 374.

2. The action was brought by the Respondents under a special provision of the Patent Act (1935, c. 32, s. 60 (1) (2)), for a declaration that the patent was invalid, or alternatively that it was not infringed by the Respondents' collars. The validity of the patent was attacked on the grounds of anticipation, ambiguity, misleading disclosure, excessive claims and lack of invention. These issues, as well as the issue of infringement, were decided by the Exchequer Court in favour of the patentee.

3. In the Supreme Court judgment was given on March 19th, 1937, reversing the judgment below on the point of anticipation p. 375.

alone. Subsequently to the delivery of this Judgment, but before it had been entered, the Appellants filed a disclaimer narrowing the scope of the claims so as to exclude the anticipating references upon which the judgment was founded, and applied for a rehearing of the appeal. The Supreme Court on June 1st, 1937, refused this application, for reasons given in writing. In the course of this judgment the Court stated in terms that, in the judgment allowing the appeal, it had not intended to express any opinion on any issue other than that of anticipation.

4. The patent contains twenty-five claims, of which twenty-four are directed to a process and one (Claim 25) to the product. Of these the Supreme Court found it necessary to examine only two, namely Claims 1 and 4. On the point of anticipation there is no difference between any of the twenty-five claims, and it is consequently sufficient to quote Claim 1 of the patent. That claim is in the following terms:—

“1. A process for the manufacture of composite sheet material which comprises subjecting a plurality of associated fabrics, at least one of which contains a thermoplastic derivative of cellulose, to heat and pressure, thereby softening the said derivative and uniting said fabrics.”

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5. This claim, in common with all the others, omits to refer to what the Appellants' Counsel described as the “new and” “all important feature of the invention”, namely that the cellulose derivative by means of which the fabric layers were to be united was not to be in solution or in powder form, but in the form of yarns woven into the fabric. What the Appellants contended was that, having regard to the specification, the claims should nevertheless be read as if this limitation appeared in them, and that the claim above quoted be interpreted as if words having the effect of those italicized below were inserted in it, thus making it read as follows:—

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“1. A process for the manufacture of composite sheet material which comprises subjecting a plurality of associated fabrics, at least one of which contains *yarns composed of* a thermoplastic derivative of cellulose, to heat and pressure, thereby softening the said cellulose derivative *yarns* and uniting said fabric.”

6. By the disclaimer filed after judgment the Appellants purported to disclaim the use in the composite fabric of a derivative of cellulose otherwise than in the form of yarns, filaments or fibres.

7. The Appellants cannot, and indeed do not, seriously contest the correctness of the view of the Supreme Court that without the

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insertion of the limitation indicated the claims are anticipated by certain prior patents, particularly Van Heusen, U.S. No. 1,479,565. The patents thus failed to comply with the statutory provision (1923, c. 23, s. 14) in force when the patent was applied for and issued, that the specification should

“end with a claim or claims stating distinctly the things or combinations which the applicant regards as new and in which he claims an exclusive property or privilege.”

In these circumstances, the Respondents submit that the Supreme Court was right in holding that the claims could not be interpreted as if they included a limitation which they in fact did not contain.

8. The Respondents also submit that the Supreme Court was right in refusing the application for re-hearing based upon the filing of a disclaimer after the judgment declaring the patent to be invalid had been delivered, and that in any event the Court's refusal to rehear the appeal was an exercise of its discretion which should not be disturbed.

9. In the judgment refusing to rehear the appeal the Court points out that to grant it would compel not only a reargument of the numerous points referred to below which it had left undetermined in the judgment, declaring the patent to be invalid, but also the taking of fresh evidence in order to permit a decision of the question whether or not the Appellants could satisfy the statutory prerequisite to disclaiming by establishing that the claims as framed had been made too wide by “mistake, accident or inadvertence, and without any wilful intent to defraud or mislead the public” (1935, c. 32, s. 50 (1)). If on the present appeal the case were considered in the light of the disclaimer, no final judgment could be given, since it would be necessary to refer it back in order that fresh evidence might be taken.

10. Moreover, as the Supreme Court pointed out, the disclaimer constitutes a complete change of position by the Appellants. On this point the judgment, after referring to the present Appellants' contention on the appeal as to the way in which the claims should be interpreted, proceeds as follows:—

“The Respondents nevertheless insisted on maintaining the judgment of the trial Judge declaring these claims as framed to be valid claims. Now having lost on that issue of validity and judgment having been pronounced against them, the Respondents seek a re-hearing in order to take up a position

“never before even suggested by them with all the attendant delay and inconvenience already indicated. We think that by their conduct they have definitely elected against taking the position which they are now endeavouring to take; and however that may be, we are satisfied that, on grounds both of justice and convenience, the application should fail.”

11. It is also to be observed that by the filing of the disclaimer under the Canadian Patent Act (1935, c. 32, s. 50 (5)), there is created a new right which did not previously exist. In this respect the provisions of the Canadian Statute with respect to disclaimers differ from those of the British Patents and Designs Act as to amendment. 10 A disclaimer does not entitle a patentee to any remedy in respect of an infringement which occurred before it was filed.

12. The Respondents, moreover, submit that even if the claims were read as varied by the disclaimer the patent would still be invalid by reason of its being anticipated by the British Patents to Green, No. 9,879 of 1889, and Millar, No. 17,549 of 1898, each of which in the Respondents' submission, discloses a composite fabric which would fall within the claims as read in the light of the disclaimer. These patents are not referred to in the judgment of the learned trial Judge, and only one of them is mentioned in the 20 judgment of the Supreme Court on the appeal.

13. Apart altogether from the question of anticipation, the Respondents submit that unless the claims are given an interpretation extending them far beyond the invention disclosed, they cannot be read as extending to collars such as those made by the Respondents. In the Respondents' submission the only invention disclosed is one directed to a method of producing a composite fabric which is substantially impermeable by water or gas, and one in which the fabric layers are associated as a result of reliance upon the thermoplastic character of the cellulose derivative used. The 30 Respondents' collars, on the other hand, are substantially as permeable as they would be if they contained no cellulose derivative yarns, and in them the layers are not associated by reason of any thermoplastic characteristic possessed by the yarns they contain.

14. On the point of impermeability the learned trial Judge says:—

“I can find nothing in the specification which would on any fair or just construction indicate that the patentee intended to limit his territory to relatively impermeable fabrics or to limit the uses to which the invention might be applied.”

In appeal the point remained undetermined, but in the judgment of the Supreme Court it is said that :

“The first impression one gathers from a reading of the patent is that
 “what the inventor was really aiming at was the making of new fabrics or
 “sheet materials having waterproof or even gas-proof properties—the extent
 “of the impermeability depending upon the amount of the cellulose acetate
 “used and the appropriate application of heat and pressure. To obtain this
 “degree of impermeability according to the different requirements—a very
 “slight waterproof condition or a complete waterproof condition or even such
 10 “a condition of impermeability that gas could not penetrate—appears at first
 “glance to be the purpose and object sought to be attained by the inventor.”

and that :

“The Appellants” (the present Respondents) “did not desire a water- p. 377, ll. 38-46.
 “proof, much less a gas-proof, material for its shirt collars. That was a
 “condition that the Appellant says in fact had to be avoided if the collar were
 “to be comfortable for personal wear and capable of being laundered in the
 “ordinary course. What was desired by the Appellant was a collar of the
 “same material as the shirt itself, made semi-stiff and yet sufficiently porous
 “to absorb perspiration and to be easily washed and ironed.” p. 378, ll. 11-16.

20 15. The Respondents submit that the impression which the
 Supreme Court refers to as being derived from a first glance at the
 patent is fully confirmed by a close analysis of the specification.
 Indeed, in its submission, what the inventor in effect says is that
 his method will always produce an impermeable composite fabric
 if the fabric layers are sufficiently adherent to constitute a single
 sheet. It submits moreover that the evidence fully establishes the
 combination in its collars of a high degree of permeability with firm
 adhesion between the constituent layers, and that the Appellants in
 attempting to extend the scope of the patent so as to include these
 30 collars, is asserting that the claims are to be read as including much
 more than the patentee appears to have invented.

16. On the point as to thermoplasticity, the Respondents
 submit that it clearly appears from the patent specification that the
 invention disclosed is limited to sheets composed of two or more
 fabric layers which are made adherent because the cellulose deriva-
 tive contained in at least one of them has been caused to flow by the
 application of heat and pressure. With this point the judgment of
 the Supreme Court does not deal, but it appears to be assumed in
 the Respondents' favour by the learned trial Judge, who, however,
 40 seems, though not very clearly, to have taken a view against the
 Respondents on the question of its reliance on the thermoplasticity
 p. 299, l. 14.
 p. 300, l. 38.

p. 302, ll. 40-44. of the cellulose acetate yarns included in one of the fabric layers of which its collars are composed.

17. There is, in the Respondents' submission, no doubt that the learned trial Judge was right in assuming, as he appears to do, that any invention disclosed in the patent was one which depended wholly upon taking advantage of the thermoplastic quality of certain cellulose derivatives; the specification seems to make this too clear for argument. But, so far as the learned trial Judge's conclusions are based upon the view that the Respondents' rely, to bring about adherence of the fabric layers of its collar, on the thermo- 10 plastic character of the cellulose yarns included in one of them, these conclusions are, in the Respondents' submission, in error.

p. 49, l. 33-
p. 51, l. 11;
p. 54, l. 46-
p. 55, l. 2;
p. 94, ll. 11-43;
p. 95, ll. 6-37;
p. 136, ll. 24-35.

18. The Respondents' collars consist of three layers, of which two (the outside ones) are ordinary collar material. The intermediate layer, however, has one cellulose acetate yarn in every three of the warp so that, taking warp and weft yarns together, one yarn in about six of this layer consists of a cellulose derivative. The three layers having been brought together in the form of a completed collar, their adherence is obtained by bringing the outside layers into contact with pads containing a highly volatile liquid solvent 20 of cellulose acetate and by then at once submitting the collar to a pressure of from 10 to 20 pounds per square inch through platens heated to 125° C.

p. 57, ll. 26-42;
p. 78, ll. 14-20;
p. 78, ll. 38-43;
p. 137, l. 41-
p. 138, l. 15;
p. 144, ll. 7-12.

19. The purpose of thus applying heat is not to cause the cellulose acetate yarns to flow but to prevent them doing so. If no heat were applied, the solvent, on penetrating to the intermediate fabric, would liquefy the cellulose acetate yarns more than is necessary, and on the liquid spreading and the solvent evaporating, the deposit of the excess cellulose acetate in the pores of the fabric layers would tend to decrease the permeability of the collar. By 30 applying heat, however, the solvent is quickly volatilized and its effect on the cellulose acetate is mainly confined to the knuckles of the yarns so that the permeability of the collar remains substantially unimpaired.

20. This process is in very marked contrast with that which the patent describes. There is in the specification hardly a single paragraph which is consistent with its adoption. The process depends not at all upon whatever thermoplastic quality cellulose acetate may possess, but wholly on its partial liquefaction at room temperatures by a volatile solvent. The heat which the Respondents 40 use is not applied for the purpose of causing the cellulose acetate to

melt or flow but to check the progress of the liquefaction which would otherwise continue to occur. Moreover the pressure of 10 to 20 pounds per square inch which the Respondents use is far below the range of "from about 300 to 600 lb. or more" which the patent suggests. The primary purpose of its application is merely to insure the smoothness of the processed collars, though it no doubt assists in obtaining adherence between the fabric layers. p. 405, ll. 30-31.

21. Having regard to the nature of the process used by the Respondents, they submit that there is no ground for suggesting that in its process any reliance is placed upon the thermoplasticity of cellulose acetate, and that this being so, there is equally no ground for suggesting that it makes use of any inventive idea which the patentee has disclosed. Their submission is that for this reason their collars cannot be said to infringe any claims which could properly be appended to the disclosure of the patent no matter how these might be formulated or interpreted. 10

22. The Respondents further raised against the validity of the patent the objection that it recommended the use of the specific derivatives of cellulose by means of which the desired results were incapable of attainment. This objection was based upon the recommendation of the use of nitro-cellulose and of cellulose acetate without a permanently incorporated plasticizer and of the use of methyl cellulose for a waterproof fabric. It was disposed of adversely to the Respondents by the learned trial Judge and was not discussed by the Supreme Court. 20

23. The patent specification proposes the use for the production of composite fabrics of any cellulose derivative, either with or without a plasticizer, and suggests that adherence between the fabric layers may be obtained by causing the cellulose derivative to flow by the application of heat and pressure. It is proposed that the material should be exposed to a temperature between 100 and 180° C. and subjected to a pressure of about 300 to 600 lbs. or more per square inch. Among cellulose derivatives the specification mentions particularly cellulose acetate, ethyl-, methyl- or benzyl-cellulose and nitrocellulose, and refers specifically to a number of plasticizers, all of the high boiling type, which may be permanently incorporated with a cellulose derivative. 30 p. 403, ll. 19-36
p. 404, ll. 6-11.
p. 405, ll. 28-31.
p. 403, ll. 21-22
p. 404, ll. 32-37.

24. There are cellulose derivatives which when used by themselves without a plasticizer can cause adherence between fabric layers by being raised to temperatures below 180° C. under heavy 40

p. 63, l. 14-p. 72, l. 26.

pressure, but there are others which cannot without the incorporation in them of a plasticizer of the type referred to which has the effect of inducing the liquefaction of the cellulose derivative at lower temperatures and pressures than when used alone.

p. 71, l. 28-p. 72, l. 3;
p. 228, l. 15-p. 229, l. 4.

p. 56, l. 36-p. 57, l. 17;
p. 72, ll. 4-22;
p. 76, ll. 9-44;
p. 113, l. 4-p. 114, l. 38;
p. 119, l. 46-p. 120, l. 7;
p. 282, l. 38-p. 283, l. 19;
p. 162, l. 39-p. 164, l. 24;
p. 202, l. 1-p. 205, l. 9;
p. 227, l. 36-p. 228, l. 14;
p. 239, l. 14-p. 300, l. 38.

25. The Respondents contend that the specification is misleading in suggesting that either nitrocellulose or cellulose acetate could be used without plasticizer. It was admitted by the Appellants' witness that the use of nitrocellulose alone is impracticable, and, in the Respondents' submission, the evidence clearly establishes that this is also true of cellulose acetate. It further submits that the proposal to use methyl-cellulose in the manufacture of a waterproof fabric is misleading because methyl-cellulose is soluble in water at ordinary room temperatures.

p. 71, ll. 7-11;
p. 112, l. 23-p. 113, l. 3;
p. 229, ll. 14-33.

pp. 88, l. 37-91, l. 4.

p. 84, l. 30-85, l. 21;
p. 128, l. 3.

26. Finally, the Respondents attacked the validity of the patent on the ground that it disclosed no invention. This contention was in part based upon the proposals which had already been made: by Kempshall (U.S. 768, 129), Segall (U.S. 1,322,631) and Henry Dreyfus (Br. 173,021), to manufacture impermeable composite fabrics by melting a cellulose derivative in sheet form to unite the layers of which they were composed; by Van Heusen (U.S. 1,479,565) for uniting composite fabrics by heat and pressure after impregnating one of them with a cellulose derivative in solution; and by Kennedy (U.S. 590,842) by weaving cellulose derivative yarns into a rope or fabric and then dissolving these yarns to waterproof the product. It followed, in the Respondents' submission that even if the claims were read subject to the disclaimer, the patent would be invalid for lack of subject matter.

p. 13, l. 42-p. 14, l. 18.
p. 18, l. 10-p. 19, l. 3;
p. 21, l. 5-p. 27, l. 40.

27. On the point of subject matter the Respondents also rely upon the complete failure of the Appellants during the period of ten years following the date of the application for the patent to find any way of using the composite fabric to the manufacture of which it purports to relate.

16, l. 43-p. 17, l. 5;
19, ll. 4-11;
36, l. 1-p. 39, l. 9.

28. The patent was applied for on December 8th, 1925, and was issued on November 19th, 1926. The invention was available not only to the Appellants who employed some 2,500 people in Canada, but also to associated British and United States Companies of which respectively the inventor, Camille Dreyfus, was a director and president, and each of which he described (in French) as "*colossale*". Notwithstanding this, it appears that nothing was done under the patent by any of these companies until May, 1935.

Collars of the kind manufactured by the Respondents having then had considerable commercial success, the Appellants undertook to grant licenses under the patent for the manufacture of permeable collars similar to those made by the Respondents and challenged the validity of the subsequent patent under which the Respondents had obtained a licence from another patentee. This was the only way in which it was suggested that the patent had been relied upon in practice.

29. In support of its contention with respect to the lack of invention, the Respondents sought on an examination for discovery of the inventor to obtain from him information upon, among other subjects, the work which had led up to the making of the patent application. Questions so directed were, however, disallowed before the trial by the learned trial Judge, who nevertheless in his judgment after the trial held that the proposal which the patent contains "required research and experimental work." The judgment of the Exchequer Court supporting the patent should, in the Respondents' submission, be set aside not only because the patent disclosed no invention, but also because the learned trial Judge, after refusing to allow proper enquiry to be made, based his judgment at least in part upon a finding inconsistent with that refusal.

30. In the Respondents' submission, accordingly, this appeal should be dismissed for the following among other

REASONS.

1. The judgment of the Supreme Court of Canada was right and should be affirmed.
2. The claims did not comply with the requirements of the Patent Act in that they did not distinctly state what the patentee regarded as new.
3. The invention as claimed was anticipated.
4. The judgment of the Supreme Court with respect to the disclaimer is right and should be affirmed.
5. The invention was anticipated even if defined by claims modified by the disclaimer.
6. Either the monopoly conferred by the patent does not extend to the Respondents' collars or the patent

specification is ambiguous (a) in respect of dependence upon the thermoplasticity of the cellulose derivative used and (b) in respect to the waterproof quality or impermeability of the composite fabric which the patent purports to cover.

7. The patent is invalid by reason of the misleading directions it contains as to the use of yarns composed of cellulose acetate and nitrocellulose without a plasticizer and as to the use of methyl-cellulose yarns for a waterproof material. 10
8. The Respondents' collars do not infringe the patent because in their manufacture there is involved no part of any invention properly described and set forth in the specification.
9. The patent specification discloses no invention.
10. The patent cannot be supported in view of the refusal of the inventor to answer questions on his examination for discovery.

O. M. BIGGAR.

RUSSEL S. SMART. 20

In the Privy Council.

ON APPEAL

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CASE FOR THE RESPONDENTS.

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