

*Privy Council Appeal No. 21 of 1938*

Canadian Celanese Limited - - - - - *Appellants*

*v.*

The B.V.D. Company, Limited - - - - - *Respondents*

FROM

THE SUPREME COURT OF CANADA

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JUDGMENT OF THE LORDS OF THE JUDICIAL COMMITTEE OF  
THE PRIVY COUNCIL, DELIVERED THE 23RD JANUARY, 1939

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*Present at the Hearing :*

LORD THANKERTON  
LORD RUSSELL OF KILLOWEN  
LORD MACMILLAN  
LORD WRIGHT  
LORD ROMER

[*Delivered by* LORD RUSSELL OF KILLOWEN]

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It is advisable to state at the outset the relevant facts which have led up to the prosecution of this appeal.

The appellants are assignees of Canadian letters patent No. 265,960 granted on the 16th November, 1926, to one Camille Dreyfus, concerning an alleged invention of "improvements relating to fabrics and sheet materials and the manufacture thereof." It is not necessary to discuss the specification in detail. It is sufficient to say that it contains 25 claims of which the first 24 are process claims, and the 25th covers the product. The first claim may be taken as a sample of all, for in respect of their excessive breadth (to which reference will later be made) the claims are all identical. It runs thus:—

"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 said derivative and uniting said fabrics."

The respondents carry on business in Montreal as shirt dealers, selling collars and shirts with attached collars which the appellants alleged to be infringements of their said letters patent. The respondents (acting under section 60 of the Patent Act, 1935), commenced an action against the appellants claiming (*a*) a declaration that their said goods "do not constitute an infringement of any exclusive property or privilege defined by patents Nos. 265,960 and 311,185 or

either of them" and (b) a declaration "that any claims of either of the said patents which define any exclusive right or privilege which would be infringed by the manufacture by the plaintiff of the collars or shirts with attached collars are invalid and void."

The grounds of invalidity alleged by the respondents included anticipation, excessive claims, want of subject matter and ambiguity. Upon the trial of the action in the Exchequer Court the letters patent No. 311,185 were declared invalid and they disappear from the case; but the letters patent No. 265,960 were declared valid and to have been infringed, and the action was dismissed.

The respondents appealed, and by order of the Supreme Court dated the 19th March, 1937, it was ordered and adjudged that the judgment of the Exchequer Court be varied by declaring the patent No. 265,960 to be invalid and by directing the present appellants to pay to the present respondents their costs of the action. From the reasons for judgment stated by Davis J. and concurred in by the Chief Justice of Canada and Rinfret, Crocket and Kerwin JJ., it appears that the letters patent No. 265,960 were declared to be invalid on the ground that the claims upon their true construction were too broad and embraced more than the alleged invention disclosed in the body of the specification, and had been anticipated by certain earlier patents. What the exact point of construction was, will appear from the disclaimer hereinafter referred to, but it may be shortly stated (in regard to claim one as an example) thus:—that the present appellants claimed that the "thermoplastic derivative of cellulose" therein mentioned must be confined to a thermoplastic derivative of cellulose in the form of yarns, filaments or fibres.

After the Supreme Court's judgment had been pronounced, but before the formal order thereon had been settled, the appellants filed a disclaimer under section 50 of the Patent Act, 1935. That section provides as follows:—

" 50.—(1) Whenever, by any mistake, accident or inadvertence, and without any wilful intent to defraud or mislead the public, a patentee has

" (a) made his specification too broad, claiming more than that of which he or the person through whom he claims was the first inventor; or

" (b) in the specification, claimed that he or the person through whom he claims was the first inventor of any material or substantial part of the invention patented of which he was not the first inventor, and to which he had no lawful right; he may, on payment of the fee hereinafter provided, make disclaimer of such parts as he does not claim to hold by virtue of the patent or the assignment thereof.

" (2) Such disclaimer shall be in writing, and in duplicate, and shall be attested by one or more witnesses. One copy thereof shall be filed and recorded in the office of the Commissioner. The other shall be attached to the patent and made a part thereof by reference. The disclaimer shall thereafter be deemed to be part of the original specification.

" (3) No disclaimer shall affect any action pending at the time when it is made, except as to unreasonable neglect or delay in making it.

" (4) In case of the death of the original patentee or of his having assigned the patent a like right to disclaim shall vest in his legal representatives, any of whom may exercise it.

" (5) The patent shall, after disclaimer as in this section provided, be deemed to be valid for such material and substantial part of the invention, definitely distinguished from other parts thereof claimed without right, as is not disclaimed and is truly the invention of the disclaimant, and the disclaimant shall be entitled to maintain an action or suit in respect of such part accordingly."

The disclaimer is dated the 31st March, 1937, and runs thus:—

" Whereas, the undersigned Canadian Celanese Limited, a body politic and corporate, having its head office and principal place of business in the City of Montreal, in the Province of Quebec, Canada, is the owner of Canadian Letters Patent No. 265,960 granted on the 16th day of November, 1926, for an invention entitled ' Fabrics and Sheet Materials and the manufacture thereof.'

" And whereas, through mistake, accident or inadvertence, and without any wilful intent to defraud or mislead the public, the specification has been made too broad, asserting a claim to more than that of which Camille Dreyfus was the inventor.

" Now, therefore, the undersigned disclaims from the scope of claims 1 to 6 inclusive, and 25 the use of a fabric or fabrics containing a thermoplastic derivative of cellulose except where such thermoplastic derivative of cellulose is in the form of yarns, filaments or fibres.

" It further disclaims from the scope of claims 7 to 12 inclusive, the use of a fabric or fabrics containing an organic derivative of cellulose except where such organic derivative of cellulose is in the form of yarns, filaments or fibres.

" It further disclaims from the scope of claims 13 to 18 inclusive, the use of a fabric or fabrics containing a cellulose ester except where such cellulose ester is in the form of yarns, filaments or fibres.

" It further disclaims from the scope of claims 19 to 24 inclusive, the use of a fabric or fabrics containing cellulose acetate except where such cellulose acetate is in the form of yarns, filaments or fibres."

The Supreme Court holding the patent to have been anticipated, had not deemed it necessary to deal with the other issues in the action which on that view did not arise; but the appellants, having filed their disclaimer on or about the 3rd April, 1937, presented a petition (dated the 8th April, 1937), praying the Supreme Court " to order the rehearing of the present appeal in order to meet the new conditions that have arisen since the delivery of the judgment." This application was by order of the 1st June, 1937, dismissed with costs. The Supreme Court was of opinion that the application should fail both on the grounds of justice and convenience. The concluding sentences of their judgment may properly be cited:—

" The respondents [i.e., the present appellants] 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 new 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.

" We do not think it necessary to express an opinion upon the construction and effect of the third subsection of section 50. We decide nothing, moreover, as to the relation between the procedure authorised by section 60 and that contemplated by section 53. We have assumed (for the purposes of this judgment only) that a defendant in an action under section 60 can, by a proper and timely proceeding, obtain relief under subsection 2 of section 53 and, if there is a valid disclaimer, that the Court can in such an action take cognizance of that disclaimer; but we decide none of these points.

• " The application is dismissed with costs."

The appellants have now appealed to His Majesty in Council from both orders of the Supreme Court. They ask that both orders should be reversed, and that it should be declared that the letters patent are valid and have been infringed, the declaration of validity being made either upon the footing that the limited construction of the unamended claims, which was adopted by the trial judge, was correct, or upon the footing that effect should be given to the disclaimer.

Their Lordships have thought it right to state fully what has happened, in order that the exact position may be defined; and, upon consideration of it, they are of opinion that the appeal must fail.

As regards the order of the 1st June, 1937, their Lordships appreciate the natural reluctance of the Supreme Court to re-open a matter for re-argument which had been thrashed out before them during four days, wholly and solely upon the footing that the specification stood as drawn, and without any hint that resort would or might be had to the statutory power of disclaimer. The question whether the Supreme Court should or should not permit the re-argument of an appeal already decided by its reasoned judgment, was a matter which the Court was entitled to refuse in the exercise of its discretion; and their Lordships (without in any way suggesting that the discretion was otherwise than properly exercised) must decline to advise any interference with that discretion.

As regards the order of the 19th March, 1937, their Lordships agree with the construction placed upon the claims by the Supreme Court; and they also agree with the Supreme Court that, upon the footing of that construction, the patent has been anticipated by earlier patents; with the result that if there had been no disclaimer, the patent would be invalid and void.

There remains however for consideration the fact of the disclaimer, and its effect upon the rights of the parties in the litigation, and on the present appeal.

The disclaimer is an unconditional disclaimer; it must necessarily be unconditional. The statute does not contemplate or authorise a contingent disclaimer. As soon as the disclaimer was filed and recorded in the office of the Commissioner, it was made part of the patent; the only existing

claims are the claims as amended by virtue of the disclaimer, and the only invention protected by the letters patent is the invention a description whereof is contained in the specification as so amended. In these circumstances the present appellants, having filed a disclaimer for the purpose of changing the construction which the Supreme Court had declared to be the true construction of the original claims, must be taken to have finally accepted that construction as being the true construction of those claims; and it is not open to them to appeal successfully against the Court's declaration of that construction. The appellants, however, sought to pray in aid the provisions of section 50 (3) of the Patent Act, 1935, and claimed that in some way that subsection enabled them to obtain the same measure of relief or success in the respondents' action, as they would have obtained if the claims had been originally confined to the narrower limits which result from the disclaimer. The Supreme Court did not find it necessary to express an opinion on the construction of subsection 3. In this, they were undoubtedly fortunate, for the subsection, more particularly in regard to its words of exception, appears to their Lordships difficult to construe with confidence. It cannot, they think, mean that a disclaimer shall only affect a pending action when there has been unreasonable neglect or delay in making it, or that the affecting shall in those circumstances operate for the benefit of the person disclaiming. Their Lordships, however, do feel able to attribute a meaning to the words "no disclaimer shall affect any action pending at the time when it is made." These words, they think, must at least have this effect, viz.:—that the rights and liabilities of the parties to a pending action are to be ascertained and declared on the footing that the person who disclaims obtains no advantage in the action from his disclaimer. Upon this view the subsection can be of no assistance to the appellants, who in effect ask that the pending action shall be affected (and to their advantage) by the disclaimer.

There remains, however, a point of importance to be considered. The order of the 19th March, 1937, declared in terms the patent No. 265,960 to be invalid. A certificate of that order may, under section 62 of the Patent Act, 1935, be entered on the margin of the enrolment of the patent in the Patent Office, in which case, as the section provides, "the patent or such part thereof as is so voided shall thereupon be and be held to have been void and of no effect, unless the judgment is reversed on appeal." In its present form the order declares the whole patent avoided; but the patent as it now exists is a patent protecting the invention which is described in the specification as amended by virtue of the disclaimer. It is obvious that no risk should be run of the patent, as it now exists, being avoided as a result of the present litigation. For the purpose of avoiding any such risk their Lordships proposed a course, to which the respondents assented, viz., that the order of the 19th March, 1937, should be varied by substituting therein for the words "the respondent's Patent No. 265,960 in question in this

appeal" the words "the claims in Patent No. 265,960 as made by the patentee in the specification as originally filed."

Counsel for the respondents invited their Lordships to determine on the hearing of this appeal, the rights and liabilities of the parties under the patent in its new form in regard to anticipation, infringement, and all the other issues which had been raised in the action.

That action, however, was ended by the order of the 19th March, 1937, and these various issues can now only be raised and decided if and when the parties think fit to indulge in further litigation. Their Lordships have already expressed their agreement with the views of the Supreme Court upon the issue of anticipation with which that Court had to deal. Upon that issue under the patent as it now stands, and upon all other issues they express no opinion of any kind.

In the result their Lordships are of opinion that the order of the 19th March, 1937, should be varied in form as above indicated, and they will humbly advise His Majesty accordingly.

The appeal having failed in all material respects the appellants must pay the respondents' costs of this appeal.

IN THE  
COURT OF  
COMMON PLEAS

WILLIAM W. WALKER

1881

In the Privy Council

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CANADIAN CELANESE LIMITED

v.

THE B.V.D. COMPANY, LIMITED

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DELIVERED BY  
LORD RUSSELL OF KILLOWEN

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