

Summary Judgment finally an option in IP cases

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The Federal Court summary judgment rule may be finally catching on. In mid-April, the Federal Court released three summary judgment decisions in complex patent or patent-related cases within a few weeks.

Until a few years ago, one of the peculiarities of the Federal Court Rules was that there was no effective summary judgment rule. Yet for over a decade, summary judgment had been an accepted way of dealing with disputes in the Ontario courts, even in complex cases where there might be some facts in dispute. The Ontario courts recognized that dealing with some cases by summary judgment is less expensive for the parties, and can save valuable court time, if there is no issue that requires viva voce evidence to resolve.

The Federal Court finally got a summary judgment rule (Rule 432.1 - 7) in January, 1994, modeled on Rule 20 in Ontario, and similar rules in Manitoba and British Columbia.

Nevertheless, the Federal Court summary judgment rule seemed to get off to a slow start, at least for intellectual property litigation. Federal Court judges unceremoniously dismissed a number of early IP summary judgment motions. Lawyers practicing before the Federal Court therefore became reluctant to proceed by the summary judgment route. Unless your case was as clear as crystal, and your opponent had the word "FRIVOLOUS" branded on his forehead, you were probably going to lose.

Gradually, this has been changing. Summary judgment has been granted by the Federal Court in a few trade-mark cases and in at least one copyright case, although these were mostly enforcement cases involving straightforward issues.

Before this year, there were only two cases I know of where summary judgment had been granted in patent cases, both in 1995. In one case, a patent case was dismissed¹, and in

¹ *Pallmann Maschinenfabrik G.m.b.H. v. CAE Machinery*, (1995) C.P.R. (3d) 26 (F.C.T.D.)

another a patent was found valid and infringed.² Until April of this year, no subsequent summary judgment motion had succeeded in any patent case that I know of.

So, the fact that three somewhat complex summary judgment cases would come out at about the same time may be a sign that the rule is no longer regarded by the Federal Court judiciary as some newfangled, screwball notion dreamed up by the provincial courts.

All three cases involve defendants moving to get rid of cases - successfully in two of the three.

In the first case, *Heffco Inc. v. Dreco Energy et al.* (T-1322-92), unreported, released April 9, 1997, Justice Douglas Campbell was prepared to grant a summary judgment motion dismissing the case, after carefully considering the issue of infringement. The patent involved a “combination shock tool and integral blade stabilizer reamer”, a thingamajig used to keep oil and gas drill holes vertical. It was clear there was no literal infringement. The issue was whether the defendants had “substantially” infringed the claim. After extensive consideration of the case law on patent construction, the Patent Rules, and various expert affidavits, Justice Campbell concluded that there was no infringement, and granted the motion dismissing the claim.

It is interesting that the Heffco case was decided by Mr. Justice Douglas Campbell, a very recently appointed Federal Court, Trial Division judge.

On the other hand, in *American Cyanamid et al. v. Bio Agri Mix Ltd.*, (T-2479-93) unreported, released the next day, April 10, 1997, Mr. Justice Gibson dismissed a summary judgment motion. The case involves a patent on a process for preparing animal feed. The defendant asserted that the patent was invalid as being too broad. The summary judgment motion turned on the admissibility of certain evidence, namely, admissions by the inventor, a non-party, (we are not told in the judgment what the substance of this evidence was), and the admissibility of foreign equivalent patents. The defendant seems to have hoped to rely on this evidence to prove that the patent claims were over-broad and invalid. Justice Gibson refused to admit the evidence in question, and so dismissed the motion, concluding that there was conflicting expert evidence as to the construction of the claims, requiring a trial.

The third case, from a pure intellectual property law stand-point, is probably the most interesting of the three because it explores the somewhat murky interaction of trade-mark and patent law. In *Thomas & Betts v. Panduit Corp.*, (T-1415-96), unreported, released April 23, 1997, the issue before Mr. Justice Richard was whether common law trade-mark rights could be asserted in the preferred embodiment in an expired patent. In plain English, patents have a “disclosure” which explains how the invention works. This disclosure is the “quid pro quo” for the exclusivity granted to the inventor for twenty years, on the theory that patented inventions must be disclosed, to promote technology and progress etc. The disclosure portion of the patent document often has diagrams,

² *Hudson Luggage v. Toromont Publications*, (1995) 65 C.P.R. (3d) 216 (F.C.T.D.)

showing the “preferred embodiment” i.e. what the inventor thinks the gizmo in question should look like. Can the inventor claim, after his twenty years are up, that he has an unregistered “distinguishing guise” in the appearance i.e. a trade-mark right in the shape, analogous to Coke’s right in the shape of its bottle? Mr. Justice Richard said no, and dismissed the action.

We may be seeing more summary judgment proceedings in the Federal Court in future.