

Federal Court



Cour fédérale

Date: 20161006

Docket: T-2338-14

Citation: 2016 FC 1116

[ENGLISH TRANSLATION]

Ottawa, Ontario, October 6, 2016

PRESENT: The Honourable Mr. Justice Roy

BETWEEN:

CAMSO INC.

**Plaintiff/
defendant by counterclaim**

and

**SOUCY INTERNATIONAL INC.
KIMPEX INC.**

**Defendants/
plaintiffs by counterclaim**

and

BROUILLETTE + PARTNERS LLP

**Potential respondent to the motion to
stay a re-examination**

and

**THE COMMISSIONER OF PATENTS
THE ATTORNEY GENERAL OF CANADA**

**Potential third parties in the motion to
stay a re-examination**

ORDER AND REASONS

[1] The plaintiff, Camso Inc. (Camso), is requesting that this Court stay a request made by the law firm of Brouillette + Partners to re-examine a patent that Camso holds. This request for re-examination is related to all of the claims of Canadian patent 2,822,562 (the 562 patent), which Camso owns. Two other patents owned by Camso are part of the context of this case.

[2] The patents at issue here are all related to tracks used on all-terrain vehicles. The title of the 562 patent is also telling: “Track Assembly for an All-Terrain Vehicle.” The request for re-examination claims that the patent suffers from lack of novelty and obviousness in light of prior art being filed at the appropriate time. It seems that the debate revolves around the track that, according to the request, has this property: “the endless track is free of stiffening members or stiffening inserts at locations at which a drive projection registers with a traction projection” (request for re-examination, page 2/90, paragraph 1).

I. Background

[3] The request for re-examination of the claims of the 562 patent falls within the scope of a substantially broader issue. Camso also owns patent 2,388,294 (the 294 patent). Also in the same

group of patents is patent 2,825,509 (the 509 patent), which will not be discussed in this case. A previous request for re-examination of the 294 patent was filed on February 26, 2014. The 294 patent came before the two others, which were issued after the re-examination process for the 294 patent was completed.

[4] Requests for re-examination of patents are filed under sections 48.1 to 48.5 of the *Patent Act*, R.S.C. 1985 (the Act), c. P-4. Amendments to the Act in the late 1980s created a mechanism under which any person may apply to the Commissioner of Patents for re-examination of the claims of a patent on record. The Act states that prior art will consist of:

- patents;
- applications for patents open to public inspection;
- printed publications.

The request for re-examination will also deal with the relevance of prior art by seeking to prove consistency with claims contested upon re-examination.

[5] Once the request for re-examination is filed, the role of the person who filed it is complete. A re-examination board is then formed consisting of three persons “to which the request shall be referred for determination” (subsection 48.2(1) of the Act). This is where the first stage of a two-stage process begins. In the first stage, the re-examination board reviews the request and must determine “whether a substantial new question of patentability affecting any claims of the patent concerned is raised by the request for re-examination.” (subsection 48.2(2) of the Act). A positive outcome will result in the patentee receiving notice that it has three

months to submit a reply to the notice setting out submissions on the question of the patentability of the claims (subsection 48.2(5) of the Act.). Patentees may suggest changes to their own patents inasmuch as these changes do not broaden the scope of the claims. The re-examination board will have one year after receiving the patentee's reply to complete its work.

[6] When its review is completed, the re-examination board decides whether to reject or uphold the impugned claims. The effect of a claim rejection is that the claim is null *ab initio*.

Subsection 48.4(3) of the Act discusses the effect of a rejection:

Effect of certificate

(3) For the purposes of this Act, where a certificate issued in respect of a patent under subsection (1)

(a) cancels any claim but not all claims of the patent, the patent shall be deemed to have been issued, from the date of grant, in the corrected form;

(b) cancels all claims of the patent, the patent shall be deemed never to have been issued; or

(c) amends any claim of the patent or incorporates a new claim in the patent, the amended claim or new claim shall be effective, from the date of the certificate, for the unexpired term of the patent.

Effet du constat

(3) Pour l'application de la présente loi, lorsqu'un constat :

a) rejette une revendication du brevet sans en rejeter la totalité, celui-ci est réputé, à compter de la date de sa délivrance, délivré en la forme modifiée;

b) rejette la totalité de ces revendications, le brevet est réputé n'avoir jamais été délivré;

c) modifie une telle revendication ou en inclut une nouvelle, l'une ou l'autre prend effet à compter de la date du constat jusqu'à l'expiration de la durée du brevet.

[7] Any decision of a re-examination board is subject to appeal by the patentee (section 48.5 of the Act). As stated earlier, the person who filed the request for re-examination has a limited role, and the initial negative decision regarding the request is final and not subject to appeal (subsection 48.2(3) of the Act). When the second stage is completed, this initial requester has no further role to play. Nor can it appeal the decision to the Federal Court if the patentee wants to appeal a decision that went against it. In *Novozymes A/S v. Canada (Commissioner of Patents)*, 2007 FCA 129, 55 CPR (4th) 378, the Federal Court of Appeal stated the following:

[8] [7] Re-examination pursuant to sections 48.1 to 48.5 of the Act is a two-step process. Both stages do not involve the same parties. The first stage involves the filing of a request by a requester (section 48.1), the establishment of a re-examination board by the Commissioner in response to this request (section 48.2(1)) and the preliminary decision by the re-examination board as to whether the request raises a substantial new question of patentability (section 48.2(2) to (4)).

[9] [8] The second stage follows the re-examination board's determination that a substantial new question of patentability is raised (section 48.2(4)). The requester is not a party to this second phase of the process. Only the re-examination board and the patentee are parties to that phase. Only the patentee is given notice of such determination (section 48.2(4)) and is entitled to make submissions (section 48.2(5)), to propose amendments to the patent (section 48.3(2)) and to receive a copy of the certificate (section 48.4(2)). Only the patentee is given a right of appeal (section 48.5).

[10] [9] Although Novozymes, as the requester, triggered the re-examination process, it did not and could not participate in the second stage of the re-examination process.

[11] [10] Pinard J. made no reviewable error in finding that Novozymes was not a proper respondent since it was not a “a party in the first instance” within the meaning of rule 338(1)(a).

[12] The only appeal will be that in section 48.5—an appeal filed by the patentee. The Act provides for a statutory stay of a re-examination board decision that was appealed from a final judgment (subsection 48.4(4)).

[13] The request for re-examination of the 294 patent did not yield a response from the patentee, Camso. That is why the re-examination was completed earlier than expected. Many claims were cancelled following the re-examination. Regarding the remaining claims, Camso launched its patent infringement action against the defendants the day after the re-examination board’s decision (November 19, 2014).

[14] The original statement was amended to include infringements of the 509 and 562 patents, which were not issued until after the initial statement, which clearly addressed only the 294 patent. The 562 patent had already been added to the statement on June 30, 2015. A new statement that included infringements of the 562 patent was filed on December 14, 2015.

[15] On December 23, 2015, Brouillette + Partners filed its request for re-examination of the 562 patent with the Commissioner of Patents (all claims were contested). It appears that the

request is some 90 pages long. The notice to the holder of the impugned patent under subsection 48.1(3) (except if the patentee is also the re-examination requester) was sent on February 19, 2016. It was not until July 25, 2016, that the re-examination board found that 143 of the 147 claims of the 562 patent cleared the second stage of the examination because they raise a substantial new question about the patentability of the claims. This means that Camso will have until October 25, 2016, to address the board's positive decision (section 48.3). After the response date (no later than October 25, 2016), the board has no more than 12 months to make its final decision.

[16] While the request for re-examination of 143 of the 147 claims of the 562 patent was in progress, Camso's infringement action was also underway. An order from Prothonotary Morneau on August 2, 2016, informs us that between then and September 29, 2017, the following steps will have been completed:

- Second round of examinations for discovery;
- The parties will have addressed the outstanding issues or stated their refusal to do so;
- Expert reports will have been submitted.

Needless to say, these steps will include all claims of the 562 patent. I also note that the deadline for the plaintiff, having been asked to reduce the number of alleged claims in the infringement action, to amend its statement is March 10, 2017.

II. Relief sought

[17] The purpose of Camso's request is to obtain a stay of the re-examination of the claims of the 562 patent. Section 50 of the *Federal Courts Act*, RSC 1985, c. F-7 is cited. The text in paragraph 1, which can be applied to this case, reads as follows:

Stay of proceedings authorized

50 (1) The Federal Court of Appeal or the Federal Court may, in its discretion, stay proceedings in any cause or matter

(a) on the ground that the claim is being proceeded with in another court or jurisdiction; or

(b) where for any other reason it is in the interest of justice that the proceedings be stayed.

Suspension d'instance

50 (1) La Cour d'appel fédérale et la Cour fédérale ont le pouvoir discrétionnaire de suspendre les procédures dans toute affaire :

a) au motif que la demande est en instance devant un autre tribunal;

b) lorsque, pour quelque autre raison, l'intérêt de la justice l'exige.

[18] The parties agree that this Court may stay proceedings before an administrative body under section 50. It is clear that the parties cannot give leave to a court that would not otherwise have it. The position of the parties reflects the decision of our former colleague, Justice DeMontigny, who found such in *Prenbec Equipment Inc. v. Timberblade Inc.*, 2010 FC 23, 2010 80 CPR (4th) 373 (*Prenbec*) when he was reviewing a request similar to the one before this Court.

[19] Having noted that neither the French text nor the English text limits the section's scope, the Court, in *Prenbec*, noted that the Federal Court of Appeal had referred to section 50 of the

Federal Courts Act to provide a procedural vehicle for suspending the Canadian International Trade Tribunal's work in *Canada (Attorney General) v. Canada (International Trade Tribunal)*, 2006 FCA 395, giving paragraph 50(1)(b) its broadest scope. The Court, in *Prenbec*, plainly stated that it has jurisdiction under section 50 to impose a stay of the re-examination conducted by the re-examination board when it is in the interest of justice to do so. I see no reason to decide otherwise.

[20] Camso claims, without contradiction from anyone, that the request for re-examination raises essentially the same arguments on the invalidity of the claims of the 562 patent raised in the counterclaim of Soucy International Inc. and Kimpex Inc. (Soucy) to the infringement action. In both cases, it is claimed that the 562 patent errs on the side of lack of novelty and obviousness. The request for re-examination even includes affidavits from a Soucy engineer who is also part of the infringement proceedings.

[21] At this stage, a reminder of the sequence of events must be given:

- (1) The 294 patent was issued on October 1, 2013.
- (2) The request for re-examination of the claims of the 294 patent was filed on February 26, 2014. It was not contested by Camso.
- (3) The statement in this case that alleges infringement by the defendants was filed on November 19, 2014, the day after the re-examination board's decision on the 294 patent.

- (4) The 509 patent, now also the subject of the infringement action, was issued on November 25, 2014, whereas the 562 patent was not issued until May 26, 2015. These patents were therefore issued after the 294 patent had some of its claims cancelled by the re-examination board.
- (5) The statement to include alleged infringements of these two patents was amended a few times after June 2015.
- (6) It was not until December 2015 that Brouillette + Partners requested a re-examination—well after the action regarding the 562 patent had been initiated. This was not the case for the 294 patent, which was impugned shortly after it was issued, but long before Camso initiated infringement proceedings.

[22] The facts can be summarized as follows: After obtaining the 294 patent, Camso did not contest the re-examination of the claims. When that process was completed, it launched an infringement action based on claims that were not cancelled following the re-examination. Afterward, two other patents were issued to Camso and the infringement action was amended to add these new claims. A request for re-examination regarding the 562 patent was not launched until after the action was initiated. Unlike the re-examination of the 294 patent, the re-examination of the 562 patent was contested. In both cases, the requests for re-examination of the 294 and 562 patents were filed by Brouillette + Partners. Moreover, it is Soucy's legal counsel who are defending the motion to stay the request for re-examination before this Court.

III. Parties' positions

[23] Camso claims that it is not in the interest of justice for the re-examination proceedings to continue when an infringement action has been launched and is underway. Camso is challenging the request for re-examination filed by a law firm that is not the one acting for Soucy in the infringement action. Camso seems to be implying that something is wrong there. However, the *Patent Act* allows anyone to request a re-examination. The Act explicitly sets out that the patentee could even request a re-examination because subsection 48.1(3) states that the request for re-examination is sent “to the patentee of the patent in respect of which the request is made, unless the patentee is the person who made the request.” The inappropriateness of Soucy or any other entity hiring counsel to request a re-examination was not demonstrated. However, Soucy’s counsel in the infringement action came before this Court not only on Soucy’s behalf, but also on behalf of the law firm that filed the request for re-examination, to contest the motion to stay. There is no doubt that Soucy’s interests lie in the motion to stay being denied and in the re-examination process continuing. Soucy’s interests are in line with the respondent’s.

[24] Camso argues that there is a very close relationship between the request for re-examination and Soucy’s counterclaim; both, using the same prior art, claim that the 562 patent errs on the side of lack of novelty and obviousness. It emphasized the affidavits submitted by Brouillette + Partners from Soucy’s eventual corporate representative in the infringement action. However, contrary to what was thought to have been believed originally, these affidavits are irrelevant to Camso in its potential argument on the request for re-examination. It is a given that

these affidavits are not admissible before the re-examination board because the *Patent Act* states what can be used in a re-examination (section 48.1).

[25] Instead, Camso is using the affidavits to argue that the issues related to lack of novelty and obviousness are actually the same and must be reviewed with context to get the full picture. Issues of credibility and context must be presented before the trial judge (paragraph 47, memorandum of fact and law). The same goes for the expert evidence presented on the issues of lack of novelty and obviousness (paragraph 49, memorandum of fact and law). As far as Camso is concerned, preference must be given to the most comprehensive process. It would suffer irreparable harm from this, there being much less evidence. Soucy and Brouillette + Partners would suffer far less harm if the motion to stay were granted.

[26] Brouillette + Partners, and possibly Soucy, instead tried to argue that the re-examination board did not say that it was considering the three affidavits. The analysis will be conducted on record only and on the filing described in section 48.1.

[27] Considering the re-examination of the 294 patent as being successful because it significantly decreased the number of claims that could have been discussed at the trial, there is therefore potential judicial economy if the re-examination board reduces the number of claims of the 562 patent. In addition, Parliament provided for a more efficient, less costly remedy for examining issues of lack of novelty and obviousness, and Camso is seeking to deprive these plaintiffs by counterclaim of it. I note that the argument, as presented, acknowledges that

Brouillette + Partners and Soucy have the same interests. No effort was made to suggest that the two are acting independently of one another.

[28] Lastly, Brouillette + Partners applied itself to differentiating the situation in *Prenbec* from that under review. It is claimed that *Prenbec* is limited to the specific facts of that case where credibility was relevant with regard to the only prior art that was at issue. The harm found by the Court in *Prenbec* was dependent upon credibility, and it was therefore appropriate to allow the process by staying the request for re-examination. Here, this is not the case because the three affidavits are inadmissible before a re-examination board.

IV. Analysis

[29] In my opinion, the interest of justice in our case favours ordering the stay of the re-examination process for the 562 patent.

[30] With regard to stays and interlocutory injunctions ordered by various courts, the test set out is in *RJR-Macdonald Inc. v. Canada (A.G.)*, [1994] 1 S.C.R. 311 (*RJR-Macdonald*). Under the three-prong test, these three elements must be met: there has to be a serious question, irreparable harm affecting the party that requested the stay, and the balance of inconvenience has to favour the party seeking the stay. As for the first element of the test, a thorough review of the merits of the case is not sought. All that matters is that the case not be frivolous or vexatious. No one here claims that it is either. The review will focus on the two other components of the three-prong test.

[31] In *Prenbec*, after having noted the test in *RJR-Macdonald*, there was also a reference to *Kent v. Universal Studios Canada Inc.*, 2008 FC 906 (*Kent*), where Prothonotary Aalto spoke of a two-part test at paragraph 15:

[32] (a) that the continuation of the action will cause prejudice or injustice (not merely inconvenience or extra expenses) to the defendant [plaintiff]; and

[33] (b) that the stay will not work an injustice to the plaintiff [defendant].

Quite frankly, I see no fundamental difference between this wording and the last two elements of the three-prong test in *RJR-MacDonald*. Is there irreparable harm (not inconvenience or expenses)? Where is the balance of inconvenience?

[34] Brouillette + Partners argued in favour of the application of what was called the nine criteria stated by Justice Dubé in *White v. EBF Manufacturing Ltd.*, 2001 FCT 713 (*White*):

[35] [5] Paragraph 50(1)(a) of the Act provides that the Court may in its discretion stay proceedings in any cause or matter on the ground that the claim is being proceeded within another Court or jurisdiction. The jurisprudence in the matter has established several useful criteria to determine whether such a stay should be granted (*Discreet Logic Inc. v. Canada (Registrar of Copyrights)* 1993 CarswellNat 1930, 51 C.P.R. (3d) 191, affirmed (1994), 55 C.P.R. (3d) 167 (Fed. C.A.); *Plibrico (Canada) Limited v. Combustion Engineering Canada Inc.*, 30 C.P.R. (3d) 312 at page 315; *Ass'n of Parents Support Groups v. York*, 14 C.P.R. (3d) 263;

Compulife Software Inc. v. Compuoffice Software Inc., 1997 CarswellNat 2482, 77 C.P.R. (3d) 451, 143 F.T.R. 19; 94272 *Canada Ltd. v. Moffatt*, 31 C.P.R. (3d) 95 and *General Foods v. Struthers*, [1974] S.C.R. 98). They are abridged and assembled as follows for convenience:

[36] 1. Would the continuation of the action cause prejudice or injustice (not merely inconvenience or extra expense) to the defendant?

[37] 2. Would the stay work an injustice to the plaintiff?

[38] 3. The onus is on the party which seeks a stay to establish that these two conditions are met.

[39] 4. The grant or refusal of the stay is within the discretionary power of the judge.

[40] 5. The power to grant a stay may only be exercised sparingly and in the clearest of cases.

[41] 6. Are the facts alleged, the legal issues involved and the relief sought similar in both actions?

[42] 7. What are the possibilities of inconsistent findings in both Courts?

[43] 8. Until there is a risk of imminent adjudication in the two different forums, the Court should be very reluctant to interfere with any litigant's right of access to another jurisdiction.

[44] 9. Priority ought not necessarily be given to the first proceeding over the second one or, *vice versa*.

[45] With all due respect, I fail to see where controversy may appear. The nine criteria are not really there. The exercise of discretionary power (item 4) and power being exercised sparingly (item 5) are not criteria that can be used to make a decision one way or another. The same goes for not giving priority to the first proceeding over the second or *vice versa* (item 9). Item 3 requires only that the first two, which resemble the criteria in *Kent*, which themselves are not dissimilar to the last two criteria in *RJR-MacDonald*, be considered together, as they are in *Kent* and *RJR-MacDonald*. It seems to me that items 6, 7 and 8 are in the analysis proposed by DeMontigny J. in *Prenbec*. At paragraph 27 of his decision, he says that in exercising the discretion and weighing the advantages and disadvantages of granting the stay, the judge may take into account (1) the possibilities of inconsistent findings, (2) the similarity of the legal issues involved, (3) the fact that “one proceeding is broader than the other” and (4) the existence of a time limitation. I am aware that item 8 is not specifically found in the outline of the analysis in *Prenbec*. I find that in no way troubling because the actual risk consists in obtaining inconsistent findings, which was specifically dealt with in *Prenbec*: if the two proceedings come to the same conclusion, it is hard to see how this could be a factor for denying a stay. I would assign little weight to this factor.

[46] Therefore, there could be no controversy with regard to the test to be applied in our case: those cited converge. I also note this passage from the Federal Court of Appeal decision in

Tractor Supply Co. of Texas, LP v. TSC Stores LP, 2011 FCA 46, 90 CPR (4th) 223, which does not come close to disavowing the test in *RJR-MacDonald*:

[47] [2] The Motions Judge denied the stay for a number of reasons. After a lengthy analysis, she concluded that the appellants had failed to satisfy her that it would be in the interest of Justice to stay the proceedings before the Board (section 50 of the *Federal Courts Act*, R.S. 1985, c. F-7). She came to this conclusion on the basis of the test stated in *White v. E.B.F. Manufacturing Ltd.*, [2001] F.C.J. No. 1073 at para. 5. She added that she would have reached the same conclusion applying the three prong test set out in *RJR-MacDonald v. Canada (Attorney General)*, [1994] 1 S.C.R. 311.

In Federal Court, Justice MacTavish gave preference to the nine factors in *White* over the three-prong test in *RJR-MacDonald* (2010 FC 883), but found that there would have been no irreparable harm had she directly applied *RJR-MacDonald* (paragraphs 47 and 48).

[48] What about our case? It seems clear to me that the legal issues in the request for re-examination are the same as the challenges against the validity of the 562 patent with regard to lack of novelty and obviousness. The allegations are so similar that Soucy used the same witness (one of its employees) as the one who submitted the affidavits in support of the request for re-examination. The issue is not about claiming that these affidavits will not be admissible before the re-examination board, it is about acknowledging that this type of evidence is relevant to the lack of novelty and obviousness assessment to be conducted in the infringement action and is the

most comprehensive evidence for proving lack of novelty and obviousness. This also demonstrates the convergence of interests between Brouillette + Partners and Soucy.

[49] Brouillette + Partners' argument would have had more weight had it conceded that during the proceeding it did not intend to present suitable or expert witnesses to establish lack of novelty and obviousness. Would claims charts presented by experts have to be ignored? Absolutely not; these testimonies are already provided for. However, this issue should be decided by a re-examination board without assistance from the context, relevant factual evidence, and contributions from experts. Despite that, Brouillette + Partners would want the board's ruling to be decisive if it was in its favour.

[50] In my opinion, the proceedings before the Federal Court in the form of an action is a broader remedy that allows more substantial evidence to be received that should favour the interests of justice. Moreover, it is difficult to understand why the best evidence—that enhanced by the testimony of experts in fields where, by definition, the average person's experience is not enough—should be left out. Therefore, it is not about just being an expert at reading patents; it is about the technical expertise possessed by anyone who spent part of their careers assessing this type of issue. The patent is not the invention. Invention means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter (definition of "invention," section 2, *Patent Act*). It is not surprising that the examination is done before the eyes and knowledge of the person skilled in the art.

[51] Brouillette + Partners argued that judicial economy is in the interest of justice. No one argues the virtue of this. However, to prove this, the measure of justice must not be diminished and the savings must be real. Here, the re-examination of the 294 patent is used to argue that re-examination saves time and resources. However, the comparison is weak because this re-examination, unlike that of the 562 patent, was not contested by the patentee. After the re-examination of the 294 patent was completed, although almost 60% of the claims of 294 were cancelled, a new patent was issued six months later. Brouillette + Partners claims that the 562 patent will suffer the same fate. This, to me, seems like an ambitious prediction that remains to be proven. The circumstances seem especially different. Moreover, if there are any savings, they will be greatly reduced because there is no doubt that a re-examination with which Camso is dissatisfied will be appealed before the Federal Court.

[52] We therefore have two similar proceedings before the same court: one an appeal from a re-examination decision and the other concerning the validity of a patent. Both are cases alleging lack of novelty and obviousness, but their evidentiary records are completely different. To complicate matters, the decision under appeal would probably be made based on the reasonableness standard of review (*Newco Tank Corp. v. Canada (Attorney General)*, 2014 FC 287, 118 CPR (4th) 424, aff'd 2015 FCA 47), with inferior evidence to that provided in the infringement action that is decided on a balance of probabilities.

[53] Brouillette + Partners made a valiant effort to claim that if both are heard in Federal Court, some type of consolidation would be possible. I disagree. Here again there is convergence of the respondent's and the plaintiffs' interests. Moreover, I fail to see the need for two cases if

the conclusion is the same. The main issue is clearly the quality of the evidence that is so different between the two proceedings. In addition, the two proceedings are different to the extent that the same Federal Court may have to show deference in one and be the decision-maker in the other on a balance of probabilities. There is a real risk of contention. Returning to the factors to consider by weighing the advantages and disadvantages of a stay, the legal issues are the same. One process is broader than the other and provides superior evidence (experts and context) without disregarding the real possibility of that leading to inconsistent findings.

[54] The way to avoid inconsistent findings may be to let the proceedings continue so that the first to reach an outcome prevails. Aside from the fact that the race for justice is certainly not an appropriate policy, it must be acknowledged that this race is run on different grounds. In addition, the *Patent Act* provides for a statutory stay during the appeal as long as there is no guarantee as to when the first decision will be made. I add that the re-examination appeal process itself is poor because part of it is missing. This difficulty was eloquently stated by Justice Gibson in *Genencor International Inc. v. Canada (Commissioner of Patents)*, 2008 FC 608, [2009] 1 FCR 361. After having acknowledged that the Federal Court of Appeal had dealt with the issue of the participation of the person who filed the request for re-examination, he wrote:

[55] [18] . . . In light of the above, and particularly given the determination by the Commissioner of Patents not to take an active part in the appeal, pursuant to paragraph 338(1)(c) of the Rules, the Attorney General of Canada was added as a respondent. While the Attorney General, as respondent, chose not to intervene on the “merits” of the decision under appeal, he did “defend the position that both the process provided by statute and the principles of natural

justice were respected in the present instance.” The failure of the Court to have before it a respondent speaking to the merits of the decision under appeal resulted in serious difficulties for the Court. In reality, the Court heard only “one side” of the issues on the merits. More will be said about that later in these reasons.

[56] Upon review of the respective harms, Brouillette + Partners is not wrong to speak of the harm of being unable to exercise a remedy that the law recognizes. That constitutes harm. However, at the hearing, Soucy did not think it was prevented from presenting further arguments at the proceedings on lack of novelty and obviousness. It may be because the estoppel arising from an examined issue would not apply had Camso prevailed before the re-examination board. Therefore, if Camso is successful before that board, it must start again at the trial. If claims are cancelled before the board, all Camso can do is appeal.

[57] The request for re-examination of the patent does not seem to have been filed *prima facie* by Soucy, even though it seemed to have benefited from it. The counsel who filed the request for re-examination are not those who acted in the infringement action. It was the counsel for Soucy in the infringement action who acted in this motion to stay. Would the difference between the parties in the two proceedings (re-examination and infringement), likely more artificial than real, be satisfactory to avoid an estoppel (*Danyluk v. Ainsworth Technologies Inc.*, 2001 SCC 44, [2001] 2 SCR 460 [*Danyluk*])? It would not be appropriate to elaborate or to speculate on the pending estoppel because the issue was not discussed in our case. Suffice it to say that Soucy would see claims cancelled (subsection 48.4(3)) through the sole operation of the law, but would continue to argue that the spared claims may be invalid. This is the case because the outcome of

a successful re-examination cancels the claim *ab initio* solely on the basis of one case. Taken from this perspective, the harm to Brouillette + Partners and Soucy is relatively minor because they will have the opportunity to discuss before the Court issues of interest to them with regard to the validity of the claims of the 562 patent. In other words, they will not be deprived of being heard or the issue going to adjudication. It will go to adjudication after a more comprehensive proceeding in which Soucy can fully participate.

[58] Conversely, the harm to Camso is irreparable. It would risk seeing the claims of its patent cancelled on the basis of a process where the evidence submitted can only be inferior to that in the previously initiated infringement proceeding when the request for re-examination was filed. Camso insisted at the hearing that things could be different if an infringement action had been initiated after a request for re-examination had been filed, as was the case for the 294 patent. The counsel did not elaborate on the difference that could make. What is certain is that parallel or consecutive proceedings must be avoided. That is what Justice Binnie stated on the Court's behalf in *Danyluk*:

[59] 18 The law rightly seeks a finality to litigation. To advance that objective, it requires litigants to put their best foot forward to establish the truth of their allegations when first called upon to do so. A litigant, to use the vernacular, is only entitled to one bite at the cherry. The appellant chose the ESA as her forum. She lost. An issue, once decided, should not generally be re-litigated to the benefit of the losing party and the harassment of the winner. A person should only be vexed once in the same cause. Duplicative litigation, potential inconsistent results, undue costs, and inconclusive proceedings are to be avoided.

[60] The balance of inconvenience also seems to favour Camso. Soucy suffers no injustice. It can call upon its slew of experts and witnesses to defend itself against the infringement action while arguing that the claims are invalid owing to lack of novelty and obviousness, but then there would have been a full debate.

[61] It is my opinion that DeMontigny J.'s decision in *Prenbec* is useful and relevant to settling the issue before the Court. In *Prenbec*, the Court concluded as follows:

[62] [48] Moreover, as stated earlier, when determining whether to grant a stay, preference should be given to the proceedings which are more comprehensive of the two. In this regard, for reasons expressed above, re-examination proceedings are unequivocally less comprehensive as compared to an infringement/invalidity action before this Court.

I agree. Paragraphs 44 to 46 of *Prenbec* seem to apply perfectly to this case in that the principles that arise from them support my analysis that the most comprehensive proceeding that allows issues to be dealt with to their fullest extent is preferred. Again, I cite paragraph 44 of *Prenbec* because, with the adjustments required to fully deal with the claims instead of the issue of credibility that is at the heart of *Prenbec*, it applies just as much to this case.

[63] [44] By filing its Re-examination Request after the commencement of the present infringement action before this Court, the defendant is merely attempting to avoid dealing with the issue of credibility surrounding its alleged prior art. This Court can already entertain any and all the invalidity arguments made in support of the defendant's Re-examination Request, which

are already contained in its Statement of Defence and Counterclaim and, in particular, it can address the significant credibility issues, which only this Court is capable of hearing.

It is worthwhile to keep in mind that Brouillette + Partners thought it appropriate to include in its request for re-examination affidavits from the person who acted as Soucy's corporate representative in the infringement action. The context is relevant and expert evidence is often essential.

[64] It is my opinion that whether the test in *RJR-MacDonald* or the analysis grid in *White* is used, the outcome is the same. In one case, Camso would suffer irreparable harm, and the balance of inconvenience is clearly in its favour. In the other, in addition to the harm caused to Camso compared to the inconvenience suffered by Soucy, it must be recognized that the same issues in the request for re-examination are raised in the action, that there is a possibility of inconsistent findings on factual records with different content, and that the decisions would likely be made in parallel. The fact that one action was initiated before the other is of little importance; the difficulty in the request for re-examination, with its limited file on an issue that must be discussed on its merits in an action, leads me to conclude that the action launched in Federal Court is the best vehicle for dealing with this complex issue. The efficient use of judicial and other resources is far from being achieved with two actions that continue to progress at the same time when these two proceedings have the same final outcome. It seems to me that the analysis grid in *White* leads to one outcome, which is consistent with the three-prong test in *RJR-MacDonald*.

[65] I therefore grant the motion to stay the re-examination proceeding.

[66] The motion includes a specific finding that the Commissioner of Patents and the Attorney General of Canada be added as third parties. Camso is seeking to add them to ensure that an order from this Court to stay the re-examination of the 562 patent is binding on them. Although duly informed, these third parties did not contest the request. It is understood that Brouillette + Partners is a party to this case as a respondent.

[67] Camso is seeking costs in the amount of \$3000.00 to be awarded immediately. Brouillette + Partners and Soucy are seeking likewise.

ORDER

Consequently, THE COURT ORDERS that:

- a) Brouillette + Partners LLP be a party to the motion to stay the request for re-examination of patent 2,822,562;
- b) The Commissioner of Patents and the Attorney General of Canada be added as third parties to this motion to stay the request for re-examination of patent 2,822,562;
- c) The re-examination of patent 2,822,562 before the re-examination board (ref. RX-94/15) be stayed until final judgment is rendered regarding the action launched in this Court under docket number T-2338-14;
- d) Lump-sum costs in the amount of \$3000.00, inclusive of taxes and disbursements, be awarded to Camso Inc. and paid immediately.

“Yvan Roy”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-2338-14

STYLE OF CAUSE: CAMSO INC. v. SOUCY INTERNATIONAL INC.,
KIMPEX INC. AND BROUILLETTE + PARTNERS
LLP, THE COMMISSIONER OF PATENTS AND THE
ATTORNEY GENERAL OF CANADA

PLACE OF HEARING: MONTRÉAL, QUEBEC

DATE OF HEARING: SEPTEMBER 6, 2016

ORDER AND REASONS: ROY J.

DATED: OCTOBER 6, 2016

APPEARANCES:

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Éric Ouimet Pascal Lauzon	FOR THE DEFENDANTS/ PLAINTIFFS BY COUNTERCLAIM
Éric Ouimet Pascal Lauzon	FOR THE POTENTIAL RESPONDENT TO THE MOTION TO STAY A RE-EXAMINATION
No appearance	FOR THE POTENTIAL THIRD PARTIES TO THE MOTION TO STAY A RE-EXAMINATION

SOLICITORS OF RECORD:

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