

Federal Court



Cour fédérale

Date: 20180116

Docket: T-1396-13

Citation: 2018 FC 41

Ottawa, Ontario, January 16, 2018

PRESENT: The Honourable Mr. Justice Annis

BETWEEN:

LANTECH.COM, LLC

Plaintiff/Defendant by Counterclaim

and

WULFTEC INTERNATIONAL INC.

Defendant/Plaintiff by Counterclaim

ORDER AND REASONS

[1] The Defendant/Plaintiff by counterclaim [Defendant or Wulftec] seeks to add three subjects of amendments to its Fresh Re-Amended Statement of Defence and Counterclaim in accordance with Rule 75 of the *Federal Court Rules*, SOR/98-106, r 75(1), which are opposed by the Plaintiff/Defendant by counterclaim [Plaintiff or Lantech].

[2] The contested amendments are as follows:

- i. to add an allegation that the asserted patents are devoid of utility [Utility Amendments];
- ii. to add an allegation that the asserted patents have been anticipated by Lantech itself [Anticipation-by-Lantech Amendment]; and
- iii. to add an allegation that the inventors of the asserted patents have been improperly named [Inventorship Amendment].

[3] The Plaintiff argues that none of these amendments have any prospect of success because they do not contain any material facts that would support any cause of action against the Plaintiff, would delay the fair trial of this action and constitute an abuse of the Court's process.

[4] It is common ground that a proposed amendment must satisfy a threshold question, namely whether it would survive a motion to strike, which is governed by Rule 221: *Teva Canada Limited v Gilead Sciences Inc*, 2016 FCA 176 at para 26 [*Teva*]. In this regard, Lantech argues that it is plain and obvious, [without reference to evidence being allowed, viz. Rule 221] that the amendments disclose no reasonable cause of action and have no reasonable prospect of success: *R v Imperial Tobacco Canada Ltd*, 2011 SCC 42 at para 17, *Canada v Scheuer*, 2016 FCA 7 at para 11.

(a) *Proposed Amendments Relating to Utility (paragraphs 33 to 43)*

[5] The proposed utility amendments at paragraphs 33 to 43 in the Fresh Re-Amended Statement of Defence and Counterclaim are as follows:

33. The Patents are also invalid because they are devoid of utility.
34. The description provided in the Patents claims to solve the problem of unequal film stretching caused by the shape of the load being wrapped.
35. Discoveries has (*sic*) brought evidence that the film delivery mechanism described in the Patents as understood by Lantech involves a continuous film delivery, without any film delivery speed variation whatsoever. Therefore, the increase in tension of the film at the corners of a standard square or rectangular load is not compensated by film delivery speed modulation, either calculated in advance (such as is the case with the Defendant's FAST product) or with a mechanical mechanism, such as a load cell or a dancer bar, which a number of companies in the industry have done for years, including both Wulftec and Lantech.
36. The discovery of Plaintiff's representative Michael Mitchell on June 15 and 16, 2017 has determined that the invention described in the Patents is Lantech's No Film Break also known as Lean Tech technology and also known as the Metered Film Delivery method. These all seem to be synonyms.
37. Lantech's Metered Film Delivery method solves the tension increase in the film by increasing film thickness and by recommending that its customers use higher quality film.
38. Hence, the subject-matter of Lantech's '981 is not useful and has no practical purpose.
39. The method used by Wulftec to compensate for film tension increase is based on pre-calculations determined by the coordinates of the corners of the load and as such, cannot infringe of (*sic*) the claims of the Patents;
40. The Lantech newsletter issue #31 of 2010 disclosed the following;
 - a) "The root causes of film breaks are hard to find, they're so hard to find that most people get rid of them by just turning down the wrap force to the point where the film stops breaking."(. ..)"There is hope though, we've just had a technological leap that addresses these problems

head on. New no—film—break technology now eliminates the reason why film breaks. Now stretch wrapper users can have:

- i. better load with more container force,
 - ii. more up time with less tweaking,
 - iii. lower film costs because we can create the necessary containment force with fewer revolutions of film."
(...) "Learn more about No Film Break technology."
41. Hence, Lantech has not had a “technological leap” that addresses these problems, namely the issue of film break.
 42. While these types of representations may consist of marketing efforts that might attract customers, in the end, recommending using a thicker, higher quality film is not an invention, let alone a breakthrough or a “leap”.
 43. This “leap” should not have been dressed up to the level of a patentable invention by cleverly drafted claims as they were in the patent applications which gave rise to the delivery of the Patents in suit.

[6] Lantech argues that rather than focus on the claims of the asserted patents, Wulftec has incorrectly based its allegations on an alleged promise of utility in the patent description contrary to the Supreme Court decision in *AstraZeneca Canada Inc v Apotex Inc*, 2017 SCC 36 at paras 54–55 [*AstraZeneca* SCC] and irrelevant commercial embodiments. Moreover, Wulftec has presented no material facts to support an allegation that any one claim of the asserted patents fails to possess a scintilla of utility.

[7] The Court agrees with these submissions. Wulftec’s reference in paragraph 34 to “[t]he description provided in the Patents claims to solve the problem of unequal film stretching caused by the shape of the load being wrapped”, does not address the utility of the inventions

being limited to the claims in the asserted patents as required by *AstraZeneca SCC*.

Moreover, the proposed amendments appear to be based on the premise that because the commercial embodiments solve a particular problem in a certain way they do not possess a scintilla utility, which is not the test. The amendments also appear to pertain more to an “obviousness” pleading than one of utility. The reference to a “technological leap” smacks of being a form of threshold for validity, although not argued in that fashion by the Defendant during the hearing, who submits that it was merely citing the claims of Lantech about the alleged advances of the technology.

[8] For the foregoing reasons the Court concludes that the proposed utility amendments do not meet the requirement of disclosing a reasonable cause of action.

(b) *Proposed anticipation amendment (paragraph 44)*

[9] The proposed paragraph 48 of the Defendant’s Fresh Re-Amendment Statement of Defence and Counterclaim regarding anticipation is as follows:

44. The Metered Film System, was disclosed in the public prior than one year before the earliest filing date of the three Patents in suit, i.e. April 7, 2006 and as such they are invalid by anticipation.

[10] It is acknowledged that the Metered Film System is the commercial description of the embodiment of the Patents. There are no supporting material facts provided concerning what particular machine or product was allegedly disclosed, when it was disclosed, where it was disclosed, how it was disclosed, or what particular information would have been available to

a member of the public as a result of such disclosure. The single paragraph is a bald allegation without supporting material facts, which this Court has recognized is impermissible: Rule 174; *Mancuso v Canada (National Health and Welfare)*, 2015 FC 227 at para 17.

[11] The Defendant argues that consideration should be given to the related motion to compel answers to questions from the examinations for discovery, which was to be heard with the amendment motion, but settled shortly prior to the hearing. Wulftec's counsel stated that the Plaintiff's deponent was originally asked an open-ended question concerning documents related to the purchase of the first sale of the device with the Metered Film System. The Plaintiff objected to the question for lack of relevance, but answered in compliance with Rule 95(2), while maintaining the right to have the propriety of the question determined. However, in the process of settling the motion to compel, Lantech provided Wulftec with a purchase order dated sometime in November 2005 from the buyer (Proctor & Gamble) and a bill of lading evidencing the sale and shipment of the equipment in July 2006. Counsel advised the Court that these were understood to be the only documents related to the first sale of the patented technology.

[12] There was further discussion at the hearing regarding whether this could be the full documentation, because it seemed unlikely that there would not have been an exchange of emails or other documentation accompanying the sale of an expensive piece of enhanced equipment sporting a new technology.

[13] The Court does not find the foregoing statements, even were they receivable in evidence in a motion of this nature, to be sufficiently probative to allow for particulars of the pleading, or for an opportunity to seek further and better disclosure. The original question was somewhat a fishing expedition, given the absence of any relevant pleading, while the Plaintiff only provided the answers in adherence with Rule 95(2) without abandoning the right to have the propriety of the questions determined.

[14] Second, the issue concerning the responses to the questions on these documents was settled. It is not appropriate or logical to revisit them vicariously via oral submissions at the hearing of the motion to amend.

[15] Third, and most substantively, there is no evidence of any disclosure prior or near to April 7, 2005. The closest document in terms of time is the purchase order in November 2005, some six months after the one year anticipation deadline. Accordingly, the proposed amendment of paragraph 44 regarding anticipation is not allowed.

(c) *The proposed inventorship amendment (paragraph 45)*

[16] The proposed amendment at paragraph 45 reads as follows:

45. The discoveries have demonstrated that Mr. Patrick Lancaster III is not the inventor of the '981 and '148 Patents and that the inventors on the '309 Patents have been improperly named.

[17] The Court is again presented with a bald pleading without material facts in support, accompanied by a partial statement of evidence referring to discoveries, but without identifying the actual evidence that forms the basis for the alleged claim.

[18] The Defendant argued at the hearing that it had photographs which demonstrated that personnel from Lantech had been caught at trade shows after hours in the booths of another supplier and Wulftec, apparently examining their products. Even if these claims were added as material facts, they fail to disclose a reasonable nexus with the issue of inventorship. Moreover, the Defendant's pleading based on these claims would also be one of fraud. This requires material facts that if proved could form the basis for a finding of bad faith by the Plaintiff in respect of the invention itself: *Teva, supra* at para 15. Finally, the proposed paragraph 45 appears to be an immaterial pleading contrary to Rule 221 (1) (b) inasmuch as the mere incorrect naming of an inventor does not invalidate a patent: *Apozex v Wellcome*, 2002 SCC 77 at paras 107–109.

[19] Accordingly, the amendment regarding inventorship at paragraph 45 is refused

(d) *Costs*

[20] The parties agreed that any cost award accompanying full success on the motion should be assessed at \$3,500 as an all-inclusive amount, which the Court accepts.

THIS COURT ORDERS that motion to amend in adding paragraphs 33 to 45 is dismissed, with costs to the Plaintiff in the all-inclusive amount of \$3,500.

“Peter Annis”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: IMM-1396-13

STYLE OF CAUSE: LANTECH.COM, LLC v. WULFTEC
INTERNATIONAL INC.

MOTION HELD VIA TELECONFERENCE ON NOVEMBER 21, 2017 FROM
OTTAWA, ONTARIO

ORDER AND REASONS: ANNIS J.

DATED: JANUARY 16, 2018

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