

Date: 20100205

Docket: T-1524-08

Citation: 2010 FC 124

Toronto, Ontario, February 5, 2010

PRESENT: The Honourable Mr. Justice Hughes

BETWEEN:

MYCOGEN PLANT SCIENCE, INC.

Plaintiff

and

BAYER BIOSCIENCE N.V., MONSANTO TECHNOLOGY LLC

Defendants

Docket: T-1569-08

AND BETWEEN:

MONSANTO TECHNOLOGY LLC

Plaintiff

and

BAYER BIOSCIENCE N.V., MYCOGEN PLANT SCIENCE, INC.

Defendants

REASONS FOR ORDER AND ORDER

[1] These two actions, which have been dealt with together along with a third action T-1581-08, concern conflicting applications for patents filed by the various parties in the Canadian Patent Office, all filed before October 1, 1989. This has resulted in the present so-called conflict

proceedings. Such proceedings are no longer pertinent to applications filed after that date due to substantial amendments made to the *Patent Act*, R.S.C. 1985, c. P-4 effective October 1, 1989. Very few applications filed before that date remain pending in the Canadian Patent Office, the applications at issue are among those few.

[2] The trial of these actions has been fixed to begin November 15, 2010. At the present time one of the parties, Bayer Biosciences N.V., has brought a motion for summary judgment which affects one of the other parties, Monsanto Technology LLC. Bayer had previously brought a similar motion which, by an Order of this Court dated September 9, 2009, was adjourned *sine die* without prejudice to a rescheduling. That Order further stated that Rule 213, which otherwise would prevent a motion for summary judgment from being heard as a trial date had been set, shall not act as a bar to a rescheduled motion.

[3] In particular Bayer's motion for summary judgment now before the Court seeks the following relief:

1. *An Order for summary judgment declaring that Monsanto Technology LLC ("Monsanto"), having missed the time set by the Commissioner in accordance with s. 43 of the Patent Act:*

- a. has no standing to participate in this action and is removed as a party to this action,*
- b. has no standing to participate in the conflict in the Canadian Intellectual Property Office,*

and must withdraw the conflict claims and any claims not patentably distinct from its pending application;

2. *An order for Bayer's costs; and,*

3. *Such further and other relief as counsel may advise and this Honourable Court grant.*

[4] Monsanto opposes the motion on a number of grounds and further submits that, given the relative shortness of time between the hearing of this motion and the date fixed for commencement of trial, the motion should be deferred to be heard as part of the trial. Bayer resists such deferral. I have chosen to hear and determine the matter now.

[5] As to the remaining parties, matters have been resolved between the parties in respect of Syngenta Participation AG and that party is no longer concerned with this motion or any of these actions. The other party, Mycogen Plant Science, Inc., filed no written submissions or other material in respect of Bayer's motion for summary judgment. Mycogen's counsel appeared on the motion but made no substantive submissions.

What are Conflict Proceedings

[6] The Canadian *Patent Act*, R.S.C. 1985, c. P-4 underwent profound changes effective October 1, 1989. Prior to that date Canada awarded patents to the first person who invented the subject matter of a patent application, the so-called "first to invent" system. After that date a patent was awarded to the first person to file a patent application for the subject matter the so-called "first to file" system. At the beginnings of the patent system most countries had a "first to invent" system, some even had a "first to invent in our country" system. Gradually many countries, particularly the European and Far East countries, went to a "first to file" system so that by October 1, 1989, only Canada, the United States and a few other countries remained with a "first to invent" system. Now

even the United States is gradually coming around in many but not all respects, to a first to file system.

[7] Under the “first to invent” system when there was only one application for a patent before the Patent Office, the person named as inventor was assumed to be the first person to invent the subject matter of the application. However, as happens from time to time, there may be two or more applications filed with the Patent Office which appear to be directed to the same subject matter. In such circumstances the Commissioner of Patents was required to decide who was the first person to invent. That person was to be granted a patent for the subject matter to the exclusion of the other applicants.

[8] Section 43 of the pre-October 1, 1989 version of the *Patent Act* specifically addressed conflict proceedings. Those provisions remain in force today to deal with the very few remaining conflict proceedings. A copy of section 43 of the pre-October 1, 1989 *Patent Act* is appended to these reasons. There are no specific *Patent Rules* or *Federal Courts Rules* dealing with such proceedings. Previously the pre-1998 version of the Federal Court Rules had specific rules dealing with such proceedings but they have not been carried forward.

[9] Essentially the conflict process began when the Patent Office examiners perceived that there were two or more applications pending before the Office that appeared to be directed to the same subject matter. Under the pre-October 1, 1989 system all patent applications were confidential and not available to the public. That remains the case with the applications at issue here. The Patent

Office would select claims from the applications that appeared best to cover the subject matter common to all applications, or even draft such claims. These common claims would be presented to each of the applicants who could choose to remain in the conflict proceedings by including some or all of these claims in their application if they were not there already. The applicants were then invited to submit affidavits setting out facts that would establish the date of invention by their named inventors. Some would choose to rely only on the filing date of the application in Canada or a foreign country if the Canadian application claimed priority from such application. When all evidence was in, the Commissioner of Patents would review the evidence and make a determination as to which inventors had first made the invention as described in the subject matter of the conflict claims. Sometimes some inventors were first in respect of some of the claims and other inventors in respect of other claims. The claims would be awarded by the Commissioner to the application of the first inventor of each claim at issue and all the applications would proceed to final examination. However any party to the conflict could, after receipt of the Commissioner's decision, if dissatisfied, commence an action in the Federal Court for a re-determination as to first to invent and consequent award of claims. This is not an appeal nor a judicial review but an action in which a fresh determination is made. In such an action redrafted claims (so-called substitute claims) could be proposed for resolution in the conflict. The Federal Court action would proceed as any other action and would be subject to appeal in the usual way.

[10] In the United States there are proceedings which, in only a very general way, are similar. They are referred to as "interference" proceedings.

[11] The present motion for summary judgment is concerned with an extension of time given by the Commissioner of Patents while the conflict proceeding was still in the Patent Office and before any final determination had been made as to an award of the claims by the Commissioner.

Summary Judgment

[12] Counsel for Monsanto, other than raising an issue as to whether or not the motion for summary judgment should be heard at all given that the trial is scheduled to being in about nine months, did not raise an objection as to the use of the summary judgment rules of this Court to deal with this motion. Both Counsel agreed that the recent amendments to those rules did not affect this motion. Both Counsel agreed that I had before me all the relevant facts necessary to dispose of the issues on this motion and that no further pertinent facts would be forthcoming at trial.

[13] I find that it is appropriate to deal with the issues before me by way of a motion for summary judgment.

Relevant Facts

[14] The relevant facts are not in dispute and do not require any finding as to credibility. The facts can be found in documents contained in the application files of the various parties in the Canadian Patent Office which are the subject of the conflict proceedings and in admissions made in response to a Notice to Admit served in accordance with the Rules of this Court.

[15] The matters begin when each of the parties, at the time unknown to each other, filed their applications for a patent in the Canadian Patent Office. All applications were filed before October 1, 1989 meaning that the provisions of the “old” *Patent Act* apply. At the time of making the application Bayer was known as Plant Genetic Systems N.V. The parties to this motion are agreed that Bayer is a successor to Plant Genetic Systems; in general I will simply refer to that party as Bayer.

[16] By letter dated June 15, 2000 the Commissioner of Patents advised the patent agents acting for Bayer, Gowling Strathy & Henderson that a conflict existed between its application and a number of other applications identified only as XXX,X73, XXX,X21, XXX,X90, XXX,X46, and XXX,X22. A number of claims identified as C1 to C5 and C12 to C21 were said to define the conflicting subject matter. The Patent Office in that letter requested that the applicant insert or retain those claims in its application if it intended to remain in the conflict proceedings. The opening paragraph of the letter stated that a response must be made within 3 months (i.e. by September 15, 2000).

[17] A similar letter was written by the Patent Office to the patent agents for Monsanto, McFadden, Fincham, on the same day except that somewhat different claims, C1 to C11 and C22 to C26 were offered.

[18] Therefore, upon receipt of the Commissioner’s letter of June 15, 2000 each of Bayer and Monsanto would have become aware that their patent application was in conflict with an application

or applications of others, although neither was aware of the identity of each other or any of the others nor which claims of one were in conflict with which claims of another.

[19] On September 12, 2000, the patent agents for Syngenta, Featherstonehaugh & Co., wrote to the Patent Office requesting a six month extension of time (until March 15, 2001) to respond as to whether their client would insert or retain some or all of the offered conflict claims in its application. On September 29, 2000 the Patent Office wrote back granting a three month, not six month, extension (until December 15, 2000). At this time no other party would have been aware of this correspondence. However, as will be seen in subsequent correspondence, each of Bayer and Monsanto quickly became aware that somebody had asked for and received an extension of time and therefore each of them would automatically get an extension of time to December 15, 2000 as well.

[20] On September 14, 2000, one day before the expiry of the first 3 month period, Bayer's patent agents wrote to the Patent Office stating that Bayer wished to include conflict claims C1 to C5 and C12 to C21 in its application thus maintaining its presence in the conflict proceedings.

[21] On September 29, 2000 the Patent Office wrote to Bayer's patent agents advising them that one of the other parties had asked for and received an extension of time until December 15, 2000 and that Bayer would have one as well. It appears that the Patent Office may have been unaware at that time that Bayer had in fact filed a response on September 14, 2000.

[22] It is agreed by Bayer's counsel that Bayer did not at that time or at any time until these actions were commenced, raise an issue with the Patent Office or otherwise as to the granting of the extension of time until December 15, 2000. The first time such issue was raised was in the pleadings in these actions and this motion.

[23] On September 13, 2000, Monsanto's patent agents wrote to the Patent Office requesting an extension of time until December 15, 2000 to respond to the Commissioner's request as to whether it would add or retain the conflict claims so as to remain in the conflict. The letter in evidence contains a brief handwritten note at the bottom, nobody knows who wrote it or what it means. Counsel are agreed that the note could be ignored. On September 29, 2000 the Patent Office responded by letter saying that the patent agent of record in the conflicting application (without identifying who or what it was) had already requested and been granted an extension of time therefore Monsanto's extension of time is not required. This is taken to mean that Monsanto had the benefit of the extension of time until December 15, 2000 as well. Monsanto filed its reply adding conflict claims on December 15, 2000. The Commissioner retained Monsanto as a party to the conflict.

[24] In the meantime, in accordance with the custom of the Patent Office, each of the parties to the conflict were asked by the Patent Office whether they would agree to the disclosure to all other parties of the identity of the parties to the conflict, the named inventors and their patent agent. They all agreed, and on January 8, 2001 the Patent Office wrote to the patent agents for each party

disclosing that information to all parties. While the substance of the parties' applications was not disclosed, their identity was.

[25] Further prosecution of the respective conflicting applications continued in the Patent Office. In similar letters written to the patent agents for each of Bayer and Monsanto by the Patent Office on October 20, 2003 advising, among other things, as follows:

A recent review of the Patent Act and Patent Rules shows that the authority for dealing with conflicting applications resides in the Patent Act as it read immediately before October 1, 1989. There are no regulations for dealing with conflicting applications. The only authority for granting extension of time is found in Part I of the Patent Rules. However, Section 26 provides a specific exception to matters in respect of Part V which is the part applicable to applications filed before October 1, 1989. Part V itself makes no regulation governing extension of time.

Applicant is advised that henceforth an extension of time will not be granted to respond to any letter written under Section 43 of the Patent Act as it read immediately before October 1, 1989.

There is no evidence as to what motivated the Patent Office to make this statement.

[26] The conflicts proceeded and were ultimately determined by the Commissioner of Patents in a decision dated April 14, 2008. In that decision it was determined that Bayer's inventors were the first to invent the subject matter of claims C1 to C5 and therefore those claims would be awarded to Bayer. Monsanto was not awarded any claim. The decision ended by stating that further action (in the Patent Office) would proceed on the basis of that award unless within 6 months proceedings were commenced in the Federal Court. These actions taken by Mycogen and Monsanto are such proceedings thus further prosecution is delayed.

Arguments of the Parties

Bayer

[27] Bayer argues that the Commissioner did not have the power to grant an extension of time, beyond the three month period originally given, to the parties to decide whether they would or would not add or retain certain claims in their respective applications, thereby remaining a party to the conflict. The Commissioner had originally set September 15, 2000 as the due date for a response. Bayer filed its response on September 14, 2000 therefore was within the original time limit and remained as a party to the conflict. Syngenta had asked for an extension and received one with a new due date of December 15, 2000. That meant that Bayer and Monsanto also got an extension to that time. Bayer didn't need it because it had already responded. Monsanto had also asked for an extension but was told that it was unnecessary to do so since another (unnamed) party had already made such a request and was granted an extension until December 15, 2000. Monsanto filed a reply on December 15, 2000. Bayer argues that the extension was a nullity therefore the reply was out of time and, therefore, Monsanto was no longer a party to the conflict; it could no longer make any claim to the grant of a patent containing any of the claims in conflict.

[28] Bayer bases its argument essentially on a reading of the decision of the Exchequer Court, Jackett P., in *Philco Corp. v. R.C.A. Victor Corp.* (1966), 50 C.P.R. 282 as affirmed by the Supreme Court of Canada (page 283 of that report), on section 43 of the "old" *Patent Act*, and on sections 25 and 26(1) of the *Patent Rules* as applicable in the period from 2000 onward.

[29] In *Philco* the Court was dealing with an extension of time given by the Commissioner after a final determination of the conflict had been made and a time for taking Court proceedings had been fixed by the Commissioner. Section 45(8) of the *Patent Act*, which remains the same today except for substitution of Federal Court for Exchequer Court says:

The claims in conflict shall be rejected and allowed accordingly unless within a time to be fixed by the Commissioner and notified to the several applicants one of them commences proceedings in the Federal Court for the determination of their respective rights, in which event the Commissioner shall suspend further action on the applications in conflict until...

President Jakkett wrote at page 286 of the reported *Philco* case:

I have not been able to construe s. 45(8) as conferring on the Commissioner not only the power to fix the time for commencement of proceedings in the first instance, but, in addition, a power to extend the time so fixed.

When Parliament has intended that a time fixed for appealing can be extended, it has made express provision therefore. Just as there can be no appeal unless Parliament has expressly provided for one, so there can be no extension of time for an appeal unless Parliament has provided for such an extension.

I should have not thought that a Judge of this Court can extend the "further" that he has fixed under s. 82(3) of the Exchequer Court Act, R.S.C. 1952, c. 98, for an appeal to the Supreme Court of Canada, once he has fixed it; similarly, I am of opinion that the Commissioner cannot extend the time that he has fixed for proceedings in a particular conflict, once he has fixed it.

Bayer's counsel argues that this analysis applies equally to the extension of time purportedly granted during the conflict proceedings under section 43(2) of the *Patent Act*.

[30] The Patent Rules respecting extensions of time granted by the Commissioner were Rules 125, 126, and 127 as set out at pages 287-288 of the *Philco* report:

“125. The Commissioner may fix a time for the taking of any action for which a time is not prescribed by the Act or these rules and an application may be deemed to be abandoned if such action is not taken within the time so fixed.

“126. Except as provided in these rules, if the Commissioner is satisfied by an affidavit setting forth the relevant facts that having regard to all the circumstances any time prescribed by these rules or the 1935 Rules or fixed by the Commissioner for doing any act ought to be extended, the Commissioner may, either before or after the expiration thereof, extend such time.

“127. Where a time prescribed by these rules is extended pursuant to section 126, the extended time shall be deemed for the purposes of these rules, but no extension of time shall affect any action properly taken by the Office before such extension was granted by the Commissioner.”

[31] Bayer’s counsel argues that the Patent Rules as amended and in force as of 2000 and thereafter are even more stringent as to extensions. Rules 25 and 26(1) read as follows (Rule 26(2) deals with shorter periods of time and is not relevant to this discussion):

25. Except where other times are provided by the Act or these Rules, the time within which action must be taken by an applicant where the Commissioner, by notice, requisitions the applicant to take any action necessary for compliance with the Act or these Rules is the three-month period after the requisition is made.

26. (1) Subject to subsection (2) and any other provision of these Rules, except in respect of Part V, the Commissioner is authorized to extend the time fixed by these Rules or by the Commissioner under the Act for doing anything, subject to both the extension being applied for and the fee set out in item 22 of Schedule II being paid before the expiry of that time, where the Commissioner is satisfied that the circumstances justify the extension.

[32] Part V of the Rules as referred to in Rule 26(1) expressly deals with, as its title states:

“Applications Filed Before October 1, 1989”, however nowhere in Part V is there any reference to

conflict proceedings or to section 43 of the “old” *Patent Act*. Nonetheless, Bayer’s counsel argues, the reference to Part V in section 26(1) of the Patent Rules is sufficient to say that no extensions of time in respect of anything to do with applications filed before October 1, 1989 can be given and that applies to conflict proceedings as well.

[33] Bayer’s Counsel made other elaborations on these arguments which I will not repeat here. It is sufficient to set them out as I have. The same applies to Monsanto’s Counsel’s arguments the main points of which I will now set out.

Monsanto

[34] Monsanto argues that the motion should not be granted for two reasons. The first is that Bayer had several opportunities to raise a question as to the legitimacy of the extension in the Patent Office and did nothing, thus it cannot raise the matter now. The second argument is that, in any event, the Commissioner did have proper authority to grant an extension of time. It argues that the Commissioner extended time under the provisions of section 43(2)(b) of the “old” *Patent Act*, which permits a “specified time” to be set rather than a “fixed” time under section 43(8) as dealt with in *Philco*. Counsel relies on the decision of this Court in *Owens-Illinois Inc. v. Koehring Waterous Ltd.* (1978), 40 C.P.R. (20) 72 (affirmed without discussion as to this point by the Federal Court of Appeal in (1980), 52 C.P.R. (2d) 1) where Gibson J. (Hugh Gibson not Fred Gibson) wrote at paragraphs 20 to 23:

20 *The plaintiffs submitted that there is no conflict and the plaintiffs are entitled to the claims because the Commissioner of Patents had no jurisdiction to extend a time limit set by him under subsection (5) of section 45 of the Patent Act.*

21 *The Commissioner granted the defendant Koehring Waterous Ltd. an extension of time to file its affidavit after it had failed to file its affidavit within the six months initially specified by the Commissioner.*

22 *The plaintiffs submit that there is no difference between sections 45(5) and 45(8) of the Patent Act; and that the principle enunciated in respect to the latter subsection applies to the former subsection, namely the principle enunciated in Philco Corporation v. R.C.A. Victor Corporation affirmed in the result by the Supreme Court of Canada that (counsel's submission) "according to the statute the Commissioner could fix the time under section 45(8) once and only once, after which it was as if the time fixed, e.g. 6 months, was in the statute."*

23 *In my view, the Commissioner of Patents, unlike the situation he is in under section 45(8) of the Patent Act, was not functus in the conflict proceedings in this matter when he fixed for the first time, pursuant to section 45(5) of the Act, the time within which the defendant Koehring Waterous Ltd. was to file its affidavit; and therefore, the Commissioner has power to grant the extension of time for filing that he did.*

[35] The new *Patent Rules*, Monsanto argues, makes no difference. Conflict proceedings are not specifically dealt with anywhere in the new Rules, thus the general provisions of Rule 25 apply so as to permit extensions.

Bayer's Rebuttal as to Timeliness

[36] Bayer's Counsel argues, in rebuttal to Monsanto's argument that the issue should have been raised in the Patent Office, on two bases. First, Bayer says, it could not have squarely raised the issue until it saw the file records of the patent applications of Monsanto and the other parties to the conflict. Since under the "old" *Patent Act* these applications were secret, Bayer could only see the applications, in confidence, by way of discovery in this action. Second, Bayer says that the

extension decision was an interlocutory matter and could not be addressed in Court until a final determination as to the conflict had been made by the Commissioner.

Analysis

[37] I will consider the matters raised first as to whether Bayer can now raise the extension issue, not having done so earlier and second as to whether the Commissioner, in the year 2000, under the Patent Act and Rules as they existed, had jurisdiction to grant the extension.

1. Can Bayer Raise the Issue Now?

[38] I find that Bayer is precluded from raising the extension issue now because it did not do so when the matter was in the Patent Office.

[39] I start with the general principles set out by La Forest J. in the Supreme Court of Canada in *K.M. v. H.M.*, [1992] 3 S.C.R. 6, where he wrote in dealing with the very sensitive issue of incest, at pages 77 to 79:

A good discussion of the rule and of laches in general is found in Meagher, Gummow and Lehane, supra, at pp. 755-65, where the authors distill the doctrine in this manner, at p. 755:

It is a defence which requires that a defendant can successfully resist an equitable (although not a legal) claim made against him if he can demonstrate that the plaintiff, by delaying the institution or prosecution of his case, has either (a) acquiesced in the defendant's conduct or (b) caused the defendant to alter his position in reasonable reliance on the plaintiff's acceptance of the status quo, or otherwise permitted a situation to arise which it would be unjust to disturb... .

Thus there are two distinct branches to the laches doctrine, and either will suffice as a defence to a claim in equity. What is immediately obvious from all of the authorities is that mere delay is insufficient to trigger laches under either of its two branches. Rather, the doctrine considers whether [page78] the delay of the plaintiff constitutes acquiescence or results in circumstances that make the prosecution of the action unreasonable. Ultimately, laches must be resolved as a matter of justice as between the parties, as is the case with any equitable doctrine.

In this case, there is no question of the respondent's "altering his position" because of the appellant's delay. Such considerations obviously do not arise in a case such as this. Further, there is nothing about the delay's here rendering further prosecution of the case unreasonable. Therefore, if laches is to bar the appellant's claim, it must be because of acquiescence, the first branch of the Lindsay rule.

Acquiescence is a fluid term, susceptible to various meanings depending upon the context in which it is used. Meagher, Gummow and Lehane, supra, at pp. 765-66, identify three different senses, the first being a synonym for estoppel, wherein the plaintiff stands by and watches the deprivation of her rights and yet does nothing. This has been referred to as the primary meaning of acquiescence. Its secondary sense is as an element of laches -- after the deprivation of her rights and in the full knowledge of their existence, the plaintiff delays. This leads to an inference that her rights have been waived. This, of course, is the meaning of acquiescence relevant to this appeal. The final usage is a confusing one, as it is sometimes associated with the second branch of the laches rule in the context of an alteration of the defendant's position in reliance on the plaintiff's inaction.

*As the primary and secondary definitions of acquiescence suggest, an important aspect of the concept is the plaintiff's knowledge of her rights. It is not enough that the plaintiff knows of the facts that support a claim in equity; she must also know that the facts give rise to that claim: *Re Howlett*, [1949] Ch. 767. However, this Court has held that knowledge of one's claim is to be measured by an [page79] objective standard; see *Taylor v. Wallbridge* (1879), 2 S.C.R. 616, at p. 670. In other words, the question is whether it is reasonable for a plaintiff to be ignorant of her legal rights given*

her knowledge of the underlying facts relevant to a possible legal claim.

It is interesting to observe that in practical terms the inquiry under the heading of acquiescence comes very close to the approach one takes to the reasonable discoverability rule in tort. As we have seen, the latter focuses on more than mere knowledge of the tortious acts -- the plaintiff must also know of the wrongfulness of those acts. This is essentially the same as knowing that a legal claim is possible. That the considerations under law and equity are similar is hardly surprising, and is a laudable development given the similar policy imperatives that drive both inquiries.

[40] The instruction that I derive from *K.M.* pertinent to this present case is that:

- Mere delay in itself is insufficient to preclude the denial of relief
- The Court must deal with the resolution as a matter of justice as between the parties
- Acquiescence can bar the grant of a remedy, it can be two fold in nature, one is where a party stands by and watches the deprivation of its rights and does nothing, the other is, after knowledge that rights are deprived, the party does nothing. The party must not simply know facts, it must know that they gave rise to a claim. However that knowledge as to rights is reviewed on an objective standard.

[41] In the present case Bayer, and its patent agents Gowling, Strathy & Henderson, the same firm as represents Bayer legally in these actions, was aware in the middle of the year 2000 that its patent application was in conflict with one or more others, it did not know whose or how many, but they knew that a conflict existed. As of September 2000 Bayer knew that an extension of time had been granted to one or the other parties and, thereby, was granted by extension to all parties. Again Bayer did not know who or how many, but it knew that one or more parties existed. It did nothing.

If it was truly intent in removing some or all of the other parties at that time thus bringing the conflict to an end, it could have written to the Commissioner complaining about the extension. If the Commissioner did nothing or refused to agree with Bayer, judicial review could have been sought.

[42] I note that Bayer argues in the summary judgment motion before me now that the motion should be heard even though not all of the issues will be resolved and at least one of party will remain if Bayer succeeds. It is content with a partial victory now. Why not be content when it was before the Patent Office.

[43] I am not impressed with Bayer's argument that it could not bring a judicial review at that time since a final determination had not been made. The determination would have been final if the Commissioner had agreed with Bayer and removed some or all of the parties. In any event there are cases going both ways to whether an intermediate decision could be judicially reviewed; certainly they can where they are considered important which it would be if one or more parties were removed or in peril of being removed from the conflict. The point to be made is that Bayer did not even try. This argument is a convenient afterthought. There is no evidence that Bayer had any intention at the relevant time, of making an objection.

[44] Bayer had at least two more opportunities to make its objection. One was in January 2001 when it was advised by the Patent Office as to who the other parties were. This knowledge was unnecessary but could have prompted Bayer into action.

[45] The second opportunity was when the Commissioner wrote a letter to Bayer in October 2003, the substance of which has been set out earlier in these reasons, specifically addressing the issue of extension of time. Again Bayer did nothing. The matter was clearly raised, if Bayer had intended to do something about the matter it clearly had the opportunity to address it then.

[46] It would bring the administration of justice into disrepute if Bayer, having had ample opportunity to raise the matter in the Patent Office and failed to do so, could do so now. Bayer did not need to have discovery to know that at least one other person had an application in conflict and that an extension of time had been granted. That is all it needed to know to raise the matter before the Commissioner. There is nothing to suggest that the Commissioner would ignore the matter. If Bayer succeeded the conflict was over or least some parties removed. If it failed, recourse in the Courts could be attempted. If that recourse had failed because a final decision should have been given before a challenge in Court was made so be it. There is no evidence Bayer even contemplated taking such steps. We have only Counsel's arguments, not facts.

[47] Further, with respect to the delay, the Commissioner made a final decision as to the conflict. No objection had been raised by Bayer as to the extension of time at any point while the conflict was a time proceeding in the Patent Office. The matter of an extension had become moot. I refer to Mahoney J. of this Court in *Cyanamid Agricultural de Puerto Rico v. Commissioner of Patents* (1983), 74 C.P.R. (2d) 133 where he wrote at page 136:

I do not find it necessary to decide whether the decisions attacked in these applications, refusals of adjournments and denial of opportunities to cross-examine, fall within the contemplation of the term "any decision" as used in subsection 41(11). The Federal Court

of Appeal may have to decide that if an appeal from such an interlocutory decision is taken. Neither do I find it necessary to decide whether the decisions attacked would be amenable to an application under section 18 of the Federal Court Act if the compulsory licences had not previously been issued. It seems to me that, once the mandated decision i.e. the decision to grant the compulsory licence has been made, decisions of the sort under attack must be taken to have been merged in it. They may or may not afford a basis for successful appeal against the mandated decision but the making of the mandated decision renders any attack on them as independent decisions entirely moot. In view of section 29 of the Federal Court Act, no decision of the Trial Division that, for example, the Commissioner erred in denying the Applicants an adjournment could, in any way whatever, affect the licenses.

[48] Therefore I dismiss Bayer's motion since the delay and failure to raise the issue in the Patent Office at a proper time is factually unexplained and it would bring the administration of justice into disrepute to grant the remedy sought now under such circumstances. Once the final decision on the conflict was rendered the matter became moot.

2. Did the Commissioner Have the Authority to Grant the Extensions?

[49] The extension of time was granted by the Commissioner under the provisions of section 43(2)(b) of the "old" *Patent Act*. That section refers to a time "stipulated" by the Commissioner. The *Philco* case, previously referred to, deals with a situation where the Commissioner had made the final determination as to the conflict and is required to "fix" a time within which proceedings may be commenced in the Federal Court.

[50] In *Philco* the editor of the Canadian Patent Reports Gordon F. Henderson, Q.C. where the case was reported, expressed in an editorial note some doubt as to whether the decision (which said that a “fixed” time under section 43(8) could *not* be extended) would apply to a “stipulated” time under section 43(2):

EDITORIAL NOTE: This decision is in keeping with the current practice in the Exchequer Court to ensure that applications for patent do not linger in the Courts whereby the resultant patent will issue at a time that it could be disruptive of industrial development. Once the Commissioner of Patents has fixed the time contemplated by s. 45(8) of the Act he can only reject and allow claims in accordance with his decision unless such action is suspended by the commencement of an action within the time so fixed. The time fixed by the Commissioner becomes a time fixed by statute for the institution of an action.

Since the times to be fixed by the Commissioner under the provisions of s. 45 preliminary to the making of an award by him relate to proceedings within the office, it is an open question whether they are subject to the rule applied in this case. But, as they arise by statute, Rule 126, P.C. 1954-1855, SOR Con. 1955, Vol. 3, p. 2510 at p. 2531, would be equally applicable to them. Certainly, it is the course of wisdom to comply strictly with the time limits defined by the Commissioner pursuant to powers given to him by the Patent Act.

[51] As previously discussed in these reasons, this Court, in *Owens- Illinois*, held that a distinction was to be made between section 43(8) “fixed” times where no extension is possible and section 43(2) (b) “stipulated” times, where extensions were permissible. The Commissioner, while still seized with the conflict, had the power to stipulate and to extend time periods during the course of the conflict proceedings in the Patent Office.

[52] I do not agree with Bayer’s Counsel that Rule 26(1) of the *Patent Rules*, which was in place at the relevant time from the year 2000 onward, precludes extensions of time in conflict matters.

Rule 25 as previously set out in these reasons sets out a general three month time period to respond to a request from the Commissioner. Rule 26(1) permits extensions of that time period “*except in respect of Part V*”. Part V does not refer to conflict proceedings at all. It does refer to other matters respecting pre-October 1, 1989 applications and, when dealing with time and time periods, does so only in respect of maintenance fees (section 182) and deposit of biological material (sections 183 to 186).

[53] I agree that the Commissioner’s odd letter of October 20, 2003 set out earlier in these reasons may be taken to mean that the Commissioner expressed some reservations as to whether Rule 26 applied to conflicts however it made no express ruling on the point. The only result was that, from that time onward no extensions would be granted. The important point to note is that the Commissioner did not disqualify any party because an extension of time had previously been granted.

[54] The interpretation of the Commissioner’s statements, which can only be inferred, is that caution is to be applied when granting extensions, and, in the conflict before the Patent Office at that time no future extensions would be given. Clearly, the Commissioner did not disqualify a party on the basis of a past extension. The interpretation of its Rules by an administrative body such as the Patent Office is the kind of process in which the Courts should not interfere. If the interpretation is reasonable, then the administrative authority should be allowed to get on with its business. The Supreme Court of Canada in *Canada (Citizenship and Immigration) v. Khosa*, [2009] 1 S.C.R. 339, made this point at paragraph 44:

44 *Judicial intervention is authorized where a federal board, commission or other tribunal*

- *(c) erred in law in making a decision or an order, whether or not the error appears on the face of the record;*

Errors of law are generally governed by a correctness standard. Mugesera v. Canada (Minister of Citizenship and Immigration), 2005 SCC 40, [2005] 2 S.C.R. 100, at para. 37, for example, held that the general questions of international law and criminal law at issue in that case had to be decided on a standard of correctness. Dunsmuir (at para. 54), says that if the interpretation of the home statute or a closely related statute by an expert decision-maker is reasonable, there is no error of law justifying intervention. Accordingly, para. (c) provides a ground of intervention, but the common law will stay the hand of the judge(s) in certain cases if the interpretation is by an expert adjudicator interpreting his or her home statute or a closely related statute. This nuance does not appear on the face of para. (c), but it is the common law principle on which the discretion provided in s. 18.1(4) is to be exercised. Once again, the open textured language of the Federal Courts Act is supplemented by the common law.

[55] In short, the Commissioner may decide not to grant extensions in conflict matters, but Rule 26(1) does not say that extensions cannot be granted in such matters. If an extension was granted and the Commissioner does not say that it was improper nor take any step to reverse it or impose consequences the Court should not interfere. Therefore I find that the Commissioner made no error in granting the extension at issue.

Costs

[56] Counsel were invited to make submissions as to costs. They did so and said that they were agreed, subject to any ruling by the Court of Appeal, that the prevailing party should be awarded

costs fixed in the sum of \$10,000.00. I will award costs to Monsanto in that sum inclusive of all disbursements and taxes.

ORDER

FOR THE REASONS PROVIDED

THIS COURT ORDERS that:

1. The motion is dismissed;

2. Monsanto is awarded costs fixed in the sum of \$10,000.00 inclusive of all taxes and disbursements.

“Roger T. Hughes”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1524-08

STYLE OF CAUSE: T-1524-08:
MYCOGEN PLANT SCIENCE, INC. v.
BAYER BIOSCIENCE N.V., MONSANTO
TECHNOLOGY LLC and

T-1569-08:
MONSANTO TECHNOLOGY LLC v.
BAYER BIOSCIENCE N.V., MYCOGEN PLANT
SCIENCE, INC.

PLACE OF HEARING: Toronto, Ontario

DATE OF HEARING: February 2, 2010

**REASONS FOR ORDER
AND ORDER:** Hughes J.

DATED: February 5, 2010

APPEARANCES:

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CONFLICTING APPLICATIONS

43. When conflict exists—(1) *Conflict between two or more pending applications exists*

(a) *when each of them contains one or more claims defining substantially the same invention; or*

(b) *when one or more claims of one application describe the invention disclosed in one of the other applications*

(2) *Procedure to be followed before conflict is declared*—*When the Commissioner has before him two or more applications referred to in subsection (1), he shall*

(a) *notify each of the application of the apparent conflict and transmit to each of them a copy of the conflicting claims, together with a copy of this section; and*

(b) *give to each applicant the opportunity of inserting the same or similar claims in his application within a specified time.*

(3) *Preliminary notice of conflict*—*When each of two or more of the completed applications referred to in subsection (1) contains one or more claims describing as new, and claims on exclusive property or privilege in, things or combinations so nearly identical that, in the opinion or the Commissioner, separate patents to different patentees should not be granted, the Commissioner shall forthwith notify each of the applicants to that effect.*

(4) *Response*—*Each of the applicants referred to in subsection (3), within a time to be fixed by the Commissioner, shall either avoid the conflict by the amendment or cancellation of the*

conflicting claim or claims, or, if unable to make the claims owing to knowledge of a prior art, may submit to the Commissioner the prior art alleged to anticipate the claims, and thereupon each application shall be re-examined with reference to the prior art, and the Commissioner shall decide if the subject matter of the claims is patentable.

(5) Formal declaration of conflict—Where the subject matter of the claims described in subsection (3) is found to be patentable and the conflicting claims are retained in the applications, the Commissioner shall require each applicant to file in the Patent Office, in a sealed envelope duly endorsed, within a time specified by him, an affidavit of the record of invention, which affidavit shall declare

- (a) the date at which the idea of the invention described in the conflicting claims was conceived;*
- (b) the date on which the first drawing of the invention was made;*
- (c) the date when and the mode in which the first written or oral disclosure of the invention was made; and*
- (d) the dates and nature of the successive steps subsequently taken by the inventor to develop and perfect the invention from time to time up to the date of the filing of the application for patent.*

(6) Opening envelopes containing record of invention—No envelope containing any affidavit mentioned in subsection (5) shall be opened, nor shall the affidavits be permitted to be inspected, unless there continues to be a conflict between two or more applicants, in which event all

the envelopes shall be opened at the same time by the Commissioner in the presence of the Assistant Commissioner or an examiner as witness thereto, and the date of the opening shall be endorsed on the affidavits.

(7) Decision of Commissioner—The Commissioner, after examining the facts stated in the affidavits, shall determine which of the applicants is the prior inventor to whom he will allow the claims in conflict and shall forward to each applicant a copy of his decision, together with a copy of each affidavit.

(8) Disposition of applications unless proceedings taken in Federal court—The claims in conflict shall be rejected and allowed accordingly unless within a time to be fixed by the Commissioner and notified to the several applicants one of them commences proceedings in the Federal Court for the determination of their respective rights, in which event the Commissioner shall suspend further action on the applications in conflict until it has been determined in those proceedings that

- (a) there is in fact no conflict between the claims in question;*
- (b) none of the applicants is entitled to the issue of a patent containing the claims in conflict applied for by him;*
- (c) a patent or patents, including substitute claims approved by the Court, may issue to one or more of the applicants; or*

(d) *one of the applicants is entitled as against the others to the issue of a patent including the claims in conflict as applied for by him.*

(9) *Sending files to Court—The Commissioner shall, on the request of any of the parties to a proceeding under this section, transmit to the Federal Court the papers on file in the Patent Office relating to the applications in conflict.*