

# NOTES

## The Presumption of Validity in Canadian Patent Law

The role of the presumption in our legal system can best be understood in the light of the fact-finding process, for it permits a party to prove to the court facts crucial to his case merely by establishing the existence of other facts, from which the court will deduce the existence of the primary facts which he alleges. Article 1349 of the *Code Napoléon* provides that:

Les présomptions sont des conséquences que la loi ou le magistrat tire d'un fait connu à un fait inconnu.

The implications of this definition<sup>1</sup> are important, for they indicate that, in strict legal terms, it is not proper to speak of presumptions with respect to a question of law. On the contrary, the term "presumption" is by definition confined to the fact-finding process. Although it follows from this line of reasoning that section 48 of the *Patent Act*<sup>2</sup> does not create a presumption in favour of a patentee since the issue as to the validity of a patent is ultimately a question of law and one for the courts to decide, there is no doubt that the section, by providing that the patent is "*prima facie* valid", places a burden upon a litigant challenging the right of the patentee.

At the outset, it must be emphasized that the term "presumption" will be used throughout this note in its conventional sense as opposed to its narrow legal meaning. That is to say, the term will indicate that, when it applies, a presumption has the effect of placing upon one party an onus which he would otherwise not have to bear, and, conversely, alleviating the burden of the person opposing him.

### I

Section 48 of the *Patent Act* provides in part that, once a patent has been issued:

...it shall thereafter be *prima facie* valid and avail the grantee and his legal representatives for the term mentioned therein...

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<sup>1</sup> A similar definition appears in *Halsbury's Laws of England*, 3rd ed., vol. 15, (London, 1956), p. 343: "The nature of a presumption of law is that the court treats as established some fact of which no evidence has been given..." According to Nadeau et Ducharme, *Traité de Droit Civil du Québec*, t. 9, (Montréal, 1965), p. 437; "La présomption légale est celle qui est établie par la loi, c'est-à-dire celle que le législateur a pris soin de tirer de certains faits."

<sup>2</sup> R.S.C. 1952, c. 203.

While upholding an action for infringement of three patents relating to power-driven washing machine wringers, Thorson, P., commented upon both the scope and the effect of the presumption.<sup>3</sup> With respect to the former, he cited<sup>3a</sup> remarks which he had previously made in *Unipak Cartons Ltd. v. Crown Zellerbach Canada Limited*,<sup>4</sup> to the effect that:

the statutory presumption is not confined to the attribute of inventiveness but extends to the other attributes that an invention must have if it is to be patentable under the Act, such as novelty and utility. The three attributes of patentability, namely, novelty, utility and inventiveness, are all presumed to be present in an invention for which a patent has been granted under the Act until the contrary is clearly shown.

In commenting upon the effect of the presumption, the learned President referred to the comment he had made in *McPhar Engineering Company of Canada Ltd. v. Sharpe Instruments Limited*:<sup>5</sup>

He [the patentee] need not prove the existence of these attributes, for he starts with a statutory presumption of their existence in his favour and the onus of showing their non-existence lies on the alleged infringer of the patent. The enactment of the statutory presumption of validity effected an important change in Canadian patent law and marked a substantial advance in the protection of a patentee's rights.

Five years earlier in *O'Cedar of Canada Limited v. Mallory Hardware Products Limited*,<sup>6</sup> Thorson, P., described the duties of the court, in the light of section 47 of the *Patent Act*, 1935,<sup>6a</sup> as follows:

- . Instead of having to determine that the invention covered by the patent in suit does involve the exercise of inventive ingenuity, which is presumed until the contrary is shown, its task is the simpler one of deciding whether the person attacking the patent has succeeded in showing that the invention covered by it was merely an obvious workshop improvement.<sup>7</sup>

What, then, is the nature of the burden contemplated by section 48? While it is true that the presumption being embodied in a statute, can properly be called a presumption of law, it is submitted that its real basis emanates from a factual circumstance: the issuance of

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<sup>3</sup> *Lovell Manufacturing Company v. Beatty Bros. Limited*, (1962), 23 Fox Pat. C. 112.

<sup>3a</sup> *Ibid.*, at p. 136.

<sup>4</sup> (1960), 20 Fox Pat. C. 1, at p. 34.

<sup>5</sup> (1960), 21 Fox Pat. C. 1, at p. 27.

<sup>6</sup> (1955), 15 Fox Pat. C. 134, at p. 152.

<sup>6a</sup> 25-26 Geo. V, S.C. 1935, c. 32.

<sup>7</sup> The reader is referred to *Langlois v. Roy*, (1941), 1 Fox Pat. C. 138, at p. 159, wherein similar comments were made (the presumption, however, was defeated). In *Visirecord of Canada Ltd. v. Malton*, (1958), 17 Fox Pat. C. 157, at p. 182, a "borderline" action for infringement was upheld by virtue of section 48 of the Act.

a patent. In effect, Parliament is merely directing the courts to accept, as a working hypothesis, the proposition that the Patent Office acted correctly when issuing the patent. That being the case, it follows that the weight of the presumption as contemplated by section 48 must be constant<sup>8</sup> from case to case, because the secondary facts giving rise to it do not vary; once the patentee proves that the patent has been issued, that in itself gives rise to the presumption.

In *R. v. Uhlemann Optical Company*, Thorson, P., contended that the onus thus created "is not an easy one to discharge."<sup>9</sup> This decision was criticized in an editorial note in the *Fox Patent Cases*:<sup>10</sup>

With respect, it is suggested that Thorson, P., went too far. A *prima facie* presumption is a rebuttable presumption or *praesumptio juris*. As such, it takes effect *prima facie*, but may be displaced by evidence.

Nowhere, however, did the President state, or even imply, that the presumption could not be displaced by evidence. On the contrary, he makes it clear that the burden can indeed be displaced, although it may not be "easy" to do so.

Did the learned judge go "too far" in contending that the onus is "not an easy one to discharge"? It is submitted that since patent officers possess an expertise which the courts do not, it follows that their decisions should prevail unless clear and unambiguous evidence is adduced to the contrary. This is, however, contingent upon the readiness of the courts to investigate the circumstances in which the patent was issued. The state of the art before the officer, as well as questions relating to error or negligence, on his part, are highly relevant in this context. Should, however, the court find that

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<sup>8</sup> Hence the writer respectfully disagrees with Noel, J., who in *DeFrees and Betts Machine Co. v. Dominion Auto Accessories Ltd.*, (1963), 25 Fox Pat. C. 58, stated, at p. 79, that in his opinion, "whether the presumption of validity is a heavy or easy one to displace remains a question of fact in each case." It is submitted that the weight of the presumption, whether it be heavy or slight, should be constant in the mind of each judge, for it arises from the same fact. What Noel, J., should have contended was that whether in fact the presumption is displaced remains a question of fact to be determined in each case.

<sup>9</sup> [1950] Ex. C.R. 142, at p. 161, subsequently cited by Thorson, P., in *McPhar Co. v. Sharpe Instruments*, (1962), 21 Fox Pat. C. 1, at p. 27. See also *Alloy Steel and Metals Company v. A-1 Steel and Iron Foundry Ltd.*, (1963), 25 Fox Pat. C. 157 wherein, at p. 161, Cameron, J., depicted the presumption in the same terms. See also, for remarks to the contrary, *DeFrees and Betts v. Dominion Auto Accessories Ltd.*, (1963), 25 Fox Pat. C. 58, at p. 79 (Noel, J.): "Validity should be decided not on the basis of a heavy or difficult onus to discharge but merely on the weight of the evidence."

<sup>10</sup> Note to *DeFrees and Betts Machine Co. v. Dominion Auto Accessories Ltd.*, (1963), 25 Fox Pat. C. 58, at p. 61.

a thorough and competent examination was given in the absence of vitiating circumstances, then it would seem reasonable that, as a matter of policy, a strong presumption should prevail.

This *rationale* appears to be substantiated when it is remembered that "invention" is not susceptible of precise legal treatment. On the contrary, it has been said to defy definition.<sup>11</sup> In the words of Tomlin, J.,<sup>12</sup> cited with approval by Rinfret, J., in the *Uhlemann Optical case*:<sup>13</sup>

Nobody, however, has told me, and I do not suppose anybody ever will tell me, what is the precise characteristic or quality the presence of which distinguishes invention from a workshop improvement. Day is day, and night is night, but who shall tell where day ends or night begins?

Could it not be said that these words indicate that the critical issue is essentially discretionary in nature? That being the case, it follows that experience and expertise are more important qualifications than a trained legal mind relatively unfamiliar with crucial details in a highly technical discipline.

Ultimately, then, it would appear that the meaning which one chooses to infer from section 48 of the *Patent Act* is an issue of policy, a question of the philosophy which one may hold as to which public bodies are best equipped to determine rights and liabilities in specific cases. Kirby obviously prefers the courts, for he states:

How can we possibly delude ourselves that we can afford the luxury of a strong presumption of validity when the Patent Office facilities cannot even ensure a moderate standard of novelty examination?<sup>14</sup>

although he fails to address himself to the critical issue: are the courts in a position to do a more thorough job?

In the same article, Kirby offers a textual interpretation of section 48 to substantiate his argument, while at the same time rebutting Thorson, P.'s statement that the burden therein contemplated is not "an easy one to discharge". He states that:<sup>15</sup>

To make the onus heavy was surely never the intention of the statute which clearly states that the presumption is "*prima facie*", which term is translated by my dictionary as "on the first view". I suggest that the choice of this wording directly suggests a weak presumption, not a strong one that is hard to overturn...

It must be remembered, however, that section 48 applies to two preconditions, both of which must have been fulfilled before it can be said that a patent has been validly issued. Firstly, the proceedings at the Patent Office must have been conducted with competence and

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<sup>11</sup> *Terrell on Patents*, 7th ed., (London, 1961), p. 71.

<sup>12</sup> *Samuel Parkes & Co. v. Cocker Bros.*, (1929), 46 R.P.C. 241, at p. 248.

<sup>13</sup> [1952] 1 S.C.R. 143, at p. 152.

<sup>14</sup> *The Presumption of Validity in Patent Law*, (1960), 32 C.P.R. 1, at p. 5.

<sup>15</sup> *Ibid.*, at p. 9.

impartiality, in the absence of fraud on the part of the patentee. Secondly, the issuance must be correct in law. The failure of either of these conditions defeats the presumption. Hence, can it not be argued that when the first of these is not challenged the burden increases, and indeed, is "not easy to discharge"?

The statement of the learned President is however, with respect, open to criticism in that he implies that the onus is, in all cases, a difficult one to discharge. It is submitted that this proposition is untenable as a general rule, without reference to the facts of specific cases. Thus the presumption could be peremptorily rebutted by showing mistake in issuance,<sup>16</sup> or fraudulent misrepresentations by the patentee.<sup>17</sup>

In other cases, where the question before the court involves little or no discretion, it is difficult to see how the presumption can have any marked effect. This situation appears to be analogous to the situation in which a plaintiff finds himself after judgment has been rendered in his favour by a court of first instance. If the litigious issue was essentially a question of fact, then he might argue in appeal that the finding of the trial judge must be presumed correct, unless gross error is clearly evident. If, however, the case turned on a strictly legal question, it is only open to him to contend that the decision appealed from is correct in law. The presumption has little or no role in this context.

By way of example, let us imagine a case in which a claim is attacked on the grounds that it is so broadly expressed that, as a result, it includes matters not embraced by the invention. While the courts will construe the claim so "as to afford the inventor protection for that which he has actually in good faith invented"<sup>18</sup> it is clear that the rules applicable in such circumstances are canons of construction, not principles of presumption. Although the latter may find their source in a statutory provision, they are more concerned with factual, or legal, questions involving an element of fact or discretion, than they are with strictly legal issues.

It follows from the above analysis that the writer would disagree with the unqualified contention of Thorson, P., in *Ernest Scragg & Sons v. Leeson Corp.*,<sup>19</sup> wherein he stated that:

... the onus of showing that a patent is invalid lies on the party attacking it, *no matter what the ground of attack may be.*<sup>19a</sup>

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<sup>16</sup> *Patent Act*, sec. 55(2).

<sup>17</sup> *Ibid.*, sec. 55(1).

<sup>18</sup> *Western Electric Company v. Baldwin International Radio of Canada*, [1934] S.C.R. 570, at p. 574.

<sup>19</sup> (1964), 26 Fox Pat. C. 1, at p. 74.

<sup>19a</sup> Emphasis added.

It is submitted that, when the generality of this statement is read with the President's other comments to the effect that the onus is not easy to discharge, there results a sweeping proposition which is unworkable in the light of specific cases which may be before the courts.

## II

While it is difficult to state with assurance, it might well be that there has been initiated a trend away from the onerous burden espoused by Thorson, P. It would appear that the bulk of judicial opinion which appears in the most recent cases does not concern itself with the specific quality of the presumption embodied in section 48. Rather, it has been deemed adequate to state that the impugned patent is presumed valid in the absence of a "preponderance of evidence",<sup>20</sup> of "proof to the contrary",<sup>21</sup> or of "evidence that satisfies the court that the patent is invalid".<sup>22</sup> There is even one case which indicates, by implication, that the onus must be borne by the petitioner himself, in an application for an interlocutory injunction, to adduce a *prima facie* case in favour of the invention.<sup>23</sup>

In the light of the remarks of Lord Denning in the *Blyth* case,<sup>24</sup> it is interesting to note a comment by Thorson, P., which is in direct opposition to Denning's comprehension of the word "satisfied". Thus the learned President has stated that:<sup>25</sup>

Although the presumption of validity thus created is only a *prima facie* one it is reasonable to assume that Parliament intended that its provision for validity should be a substantial one... The evidence required to rebut the presumption must be more than "some evidence". It must be credible evidence and substantial enough to *satisfy* the court that it is invalid. It seems clear from this comment that Thorson, P., would include

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<sup>20</sup> *Rhone-Poulenc v. Gilbert*, (1967), 35 Fox Pat. C. 174, at p. 210, per Thurlow, J.

<sup>21</sup> *Glacite Ltd. v. North Land Manufacturers Ltd.*, (1967), 35 Fox Pat. C. 141, at p. 142, per Batshaw, J.; *The Norwich Pharmacal Company v. Bren Chemical*, (1966), 33 Fox Pat. C. 113, at p. 118, per Owen, J.

<sup>22</sup> *Union Carbide v. Trans-Canadian Feeds*, (1966), 32 Fox Pat. C. 145, at p. 150. In an interesting footnote, Jackett, P., explains his usage of the word "satisfies" by referring to the case of *Blyth v. Blyth*, [1966] 1 All E.R. 524 wherein, at p. 535, Lord Denning stated that: "It then becomes plain that the word 'satisfied' deals only with the incidence of proof, not with the standard of proof. It shows on whom the burden lies to satisfy the court, and not the degree of proof which he must obtain." See also *Burns and Russell of Canada Ltd. v. Day & Campbell Ltd.*, (1967), 48 C.P.R. 207, at p. 219, per Gibson, J.

<sup>23</sup> *Kusters and Farrell Corp. v. Beloit Sorel Ltd.*, (1967), 49 C.P.R. 274, at p. 275.

<sup>24</sup> See *supra* footnote 22.

<sup>25</sup> *Ernest Scragg & Sons v. Leesona Corp.*, (1964), 26 Fox Pat. C. 1, at p. 75.

in his definition of "satisfy" the extent and nature of the presumption, as well as designating who must bear it.

### *Conclusion*

While an examination of the law in Canada tends to indicate a real increase in the rights of the patentee, it should be remembered that the great majority of favourable statements have been expounded by Thorson, P. That being the case, other decisions, and particularly the most recent judgments rendered within the last two years, should not be overlooked, where questions as to the nature and extent of the presumption were curtly dismissed, if even considered at all.<sup>26</sup> Regardless, however, of the specific weight which one may attach to the presumption, there is no doubt that it plays a substantial role in the fact-finding mission, for at the very least it casts a burden upon a party pleading the nullity of a patent; a burden he, as defendant, would otherwise not have to bear.

It should also be remembered that the presumption, although statutorily expressed, nevertheless has a factual basis: it arises merely because a patent has been issued. Hence it is submitted that the presumption should not be limited to the "grantee and his legal representatives",<sup>27</sup> but should also extend to assignees of the right. Were this not so, an anomalous situation would arise in circumstances in which a patentee assigns a one-half interest, and the two co-owners subsequently sue a third party for infringement. It would be incumbent upon both one of the plaintiffs (the assignee), and the defendant (with respect to the original grantee) to make proof of the validity, or the invalidity, of the patent. Should neither party be able to prove his case, then the court would be compelled to render a judgment in favour of the patentee while at the same time denying compensation to the assignee.

While it might be argued that the plaintiff-assignee must first allege and prove the validity of the patent, it is submitted that, on policy grounds, the courts should hold that a presumption of fact arises in these circumstances in accordance with article 1238 C.C., even though the assignee may not be contemplated by section 48 of the *Patent Act*. Since the great majority of patents are valid, it would appear perfectly logical for the court to presume the validity of any particular patent, unless the contrary be proved.

David CAYNE\*

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<sup>26</sup> See *supra* footnotes 21, 22 and 23.

<sup>27</sup> As provided in section 48 of the *Patent Act*.

\* B.A., B.C.L. Currently a candidate for the LL.M. degree at the University of California at Berkeley.