

Federal Court



Cour fédérale

Date: 20140327

Docket: T-1280-13

Toronto, Ontario, March 27, 2014

PRESENT: Madam Prothonotary Milczynski

BETWEEN:

**NOV DOWNHOLE EURASIA LIMITED AND
DRECO ENERGY SERVICES ULC**

**Plaintiffs/
Defendants by
Counterclaim**

and

**TLL OILFIELD CONSULTING LTD. AND
ACURA MACHINE INC.**

**Defendants/
Plaintiffs by
Counterclaim**

ORDER

UPON Motion, dated the 21st day of February, 2014, on behalf of the Plaintiffs, for an order:

1. Striking paragraphs 25 to 27 and the words “and/or void” in paragraph 31 of the Amended Statement of Defence and Counterclaim, without leave to amend;
2. Costs of this Motion to the Plaintiffs payable forthwith; and

3. Such further and other relief as this Honourable Court deems just.

AND UPON reviewing the motion records filed on behalf of the parties and hearing submissions of counsel at the hearing of the motion;

The Defendants' original Statement of Defence and Counterclaim included an allegation that amendments made during the prosecution of the patent in issue were relevant for the purposes of interpreting the claims:

...Amendments to the claims of the 065 Patent application in the Patent Office restricted the 065 Patent claims to those including transverse valve motion. At least one claim that referenced non-transverse motion was removed from the application.

That allegation was struck from the pleading by order issued January 16, 2013, with leave to amend.

The allegation(s) in this regard have returned in the amended pleading as follows under the heading "Wilful Misleading by Patentee":

25. During the pendency of the application for the 065 Patent, the applicant at the time (Andergauge Limited, hereinafter "Andergauge") amended the 065 Patent application. The amendments, on their face, restricted the scope of the monopoly sought to embodiments which included a valve whose operation was based on the transverse motion of one of its parts. However, the Plaintiffs now seek to assert that the scope of the 065 Patent is infringed by the Defendants, despite the fact that at no time has any TLL Downhole Tool had a valve part or element, which has moved in a transverse manner so as to provide variable flow through the valve.

26. By reason of the activities of Andergauge set out above and pursuant to section 53 of the *Patent Act*, the 065 was void *ab initio*.

The post-issuance assertion of the 065 Patent demonstrates that the amendments to the 065 Patent application to purportedly restrict the scope of the monopoly were made with the intention of misleading the Patent Office. The amendments were strategically made by the applicant so as purportedly narrow the scope of the 065 Patent application to overcome prior art while knowing that the 065 Patent, when granted, would be alleged against competitors as having a much broader scope. After issuance of the 065 Patent the Plaintiffs now seek to disavow the steps taken in the Patent office so as to assert the 065 Patent with a broader scope as against the Defendants. The Plaintiffs' conduct demonstrates wilful misleading in the Patent Office due to the Plaintiffs' due to the Plaintiffs' allegations that the 065 Patent covers systems having no "transverse motion" in the valve part.

27. In the alternative, the applicant's conduct before the patent office disentitles the Plaintiffs from the equitable and/or discretionary remedies claimed, including the equitable remedies of an injunction and accounting for profits, and costs.

The Defendant thus pleads (as before) that there was a misrepresentation when the Applicant, during the prosecution of the patent, amended the petition filed with the Patent Office to narrow or restrict the scope of the claims to overcome prior art, but once having been issued, the Plaintiffs (who do not include the Applicant) seek to enforce the patent, interpreting the claims with the broader scope. The Defendant submits that this allegation is not pleaded to define the scope of the claims, but to assert material misrepresentation for the purposes of defending against equitable remedies being awarded and for the purposes of section 53 of the *Patent Act* (declaring the 065 Patent void, as set out in paragraph 31(a) of the Amended Statement of Defence and Counterclaim).

Both of these reasons, however, must fail, and the impugned paragraphs of the pleading must be struck. They do not disclose a reasonable defence that has any chance of success.

First, the allegation of misrepresentation that the Defendant submits would, if proven, amount to “unclean hands” and a basis to deny equitable remedies, relates to a non-party to this action. The actions that the Defendant states evidence unclean hands were those of the applicant at the time of filing with the Patent Office, namely, Andergauge - not any of the Plaintiffs. At that time, none of Andergauge, NOV Downhole Eurasia or Dreco Energy were related or otherwise connected. There are no material facts pleaded that would connect these entities at the relevant time or that would provide a basis to establish that either or both of the Plaintiffs must suffer the consequences of Andergauge’s misconduct.

Secondly, the pleading clearly seeks to rely upon the prosecution history to ask the Court to draw certain inferences in construing the scope of the monopoly of the claims. Such approach, however, is contrary to the Supreme Court of Canada’s decision in *Free World Trust c. Électro Santé Inc.* 2000 SCC:

In my view, those references to the inventor’s intention refer to an objective manifestation of that intent in the patent claims, as interpreted by the person skilled in the art, and do not contemplate extrinsic evidence such as statements of admissions made the course of patent prosecution. To allow such extrinsic evidence for the purpose of defining the monopoly would undermine the public notice function of the claims, and increase uncertainty as well as fuelling the already overheated engines of patent litigation. The current emphasis on purposive construction, which keeps the focus on the language of the claims, seems also to be inconsistent with opening the pandora’s box of file wrapper estoppel. If significant representations are made to the Patent Office touching the scope of the claims, the Patent Office should insist where necessary on an amendment to the claims to reflect the representation.

In addition, the prosecution history of a patent cannot be used for the purpose of determining the validity of the claims. Misrepresentations, including those allegedly made by way of amendments to the claims, made during the prosecution of a patent application have no effect on the validity of the patent under section 53 of the *Patent Act*. Section 53 states:

A patent is void if any material allegation in the petition of the applicant in respect of the patent is untrue, or if the specification and drawings contain more or less than is necessary for obtaining the end for which they purport to be made, and the omission or addition is wilfully made for the purpose of misleading.

In the within case, the Plaintiffs point to *Litebook Company Ltd. v Apollo Light Systems Inc.*, 2006 FC 399 where Justice Temblay-Lamer considered paragraphs in a pleading that referred to amendments to the claims made during prosecution, which were allegedly made wilfully for the purpose of misleading the patent office. Those paragraphs were struck as disclosing no reasonable defence under section 53(1).

The impugned portions of the Amended Statement of Defence and Counterclaim only refer to statements and amendments made by Andergauge during the prosecution of the 065 Patent, and the fact that the Plaintiffs in this action have asserted the 065 Patent taking certain positions, after issuance. None of these activities can be relevant for the purposes of s. 53 of the Patent Act. As noted by the Plaintiffs, in order to consider the allegations in paras. 25 to 27 to determine whether the scope of the claims were varied “strategically” the Court would be required to use the prosecution history for the purpose of determining the scope of the claims. Accordingly, the motion must be granted.

THIS COURT ORDERS that:

1. Paragraphs 25 to 27 and the words “and/or void” in paragraph 31 of the Amended Statement of Defence and Counterclaim, are struck without leave to amend.
2. In the event the parties cannot agree on the costs of this motion, each may file written submissions, no longer than 3 pages in length, within 10 days of the date of this Order.
3. The parties shall, within 10 days of the date of this Order, review the timetable issued January 28, 2014 by direction and submit a revised timetable for the remaining steps in this proceeding, including if the parties so request, dates and times of mutual availability for a case management teleconference to discuss the timetable and whether a trial date should be set down.

“Martha Milczynski”
Prothonotary