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Court : Privy Council

Decided On : Feb-25-1947

Judge : Lords Thankerton, Porter, Greene (the Master of the Rolls), Simonds &Amp; Uthwatt

Appeal No. : Privy Council appeal No. 62 of 1944 (From Canada)

Appellant : Fiberglas Canada Ltd. and Others

Respondent : Spun Rock Wools Ltd. and Another

Advocate for Pet/Ap. : G.N. Lloyd Jacob and Kenneth Johnston, for Appellants; Robert Burrell and Frank Gahan, for Respondents. Solicitors for Appellants, Lowrence Jones and Co.; Solicitors for Respondents, Parker Garrett and Co.

Judgement :

LORD SIMONDS:

This appeal, which is brought from a judgment of the Supreme Court of Canada reversing the judgment of the Exchequer Court of Canada, raises in the first place a question as to the validity of certain Letters Patent and, in the second place, questions as to the title of the appellants (the plaintiffs in the proceedings) to sue in respect of any infringement and as to the appropriate relief, if any, to be granted to them.

[2] The Letters Patent in suit were granted on 4th July 1933, to a Dutch Company called N. V. Mij tot Beheer en Exploitatie van Octrooien, which will be referred to as "Maatschappy", for an invention made by Friedrich Rosengarth and Fritz Hager. Maatschappy was at all material times the legal owner of the patent, but, as it was a company domiciled in Holland, upon the occupation of that country by the German enemy in May 1940, its interest under the patent and under certain agreements to be later mentioned vested in the respondent the Custodian by virtue of the provisions of S. 21 of the Consolidated Regulations respecting Trading with the Enemy 1939. The Custodian was accordingly made a defendant to the action, hereafter mentioned, but no relief was claimed against him and he has taken no part in the proceedings.

[3] The appellants Fiberglas Canada Ltd., (which will be called "Fiberglas") and Owens Corning Fiberglas Corporation (which will be called "Owens-Corning") claim to be interested in the patent under diverse agreements to which reference will be made later. It is sufficient for the present purpose to say (a) that in the year 1941 Fiberglas commenced an action in the Exchequer Court of Canada against the respondent Spun Rock Wools Ltd. (which will be called "the respondent") and the Custodian claiming to be a licensee of the rights under the patent and alleging that the respondent had infringed the patent and (b) that Owens-Corning were after judgment in the Exchequer Court added as plaintiff in order to cure any defect in the title of Fiberglas to sue.

[4] By way of defence to the action so brought the respondent in the first place put Fiberglas to proof of its title to sue and in the second place challenged the validity of the patent. It did not deny that, if the patent was valid, it had infringed. There is not, therefore, and never has been any issue of infringement in the case. The validity of the patent was contested on the grounds of (a) anticipation and (b) lack of subject-matter. With this issue their Lordships will now deal reserving for later consideration the question of the appellants' title to sue.

[5] The invention in question was made in 1931 and, as stated in the patent specification, it relates to "the production of fibres or threads from glass, slag or the like meltable materials." It is convenient to set out the material part of the

description in the specification which is as follows:

"The production of fibres or threads from molten glass, so-called glass silk, is hitherto performed by means of spinning machines on which the threads are drawn from prepared glass rods or from the molten mass through nozzles, while in the manufacture of slag wool the threads are produced by the aid of steam or air blowers. It is the object of the invention to provide a novel method and device for making fibres or threads of the kind stated. According to this invention, the hot liquid glass or slag mass is flown in a continuous and uniform thin stream on to a rapidly rotating body, such as a disc of suitable material. On the disc the liquid mass is scattered into minute drops, which are thrown off by the centrifugal force and simultaneously formed into thin threads which sink down in the space around the rotating disc and can be collected as a uniform fibrous web. Owing to the higher momentum imparted to heavier particles, such as thicker drops and threads, these are thrown off the disc to a greater distance and thus can be easily separated from the threads of the normal or desired thickness."

[6] The specification then describes the invention in greater detail by reference to accompanying drawings to which it is not necessary to refer at length. But it may be noted that provision is made for regulating the temperature of the material discharged on to the disc so as to avoid premature cooling, and that the liquid mass is described as being

"scattered on the disc 10 into minute particles and thrown off the disc in horizontal direction forming a kind of gloriole of thin threads which sinks down between the disc 10 and the guard wall 8."

Then it is said that: "This sinking mass constantly increased by the succeeding fresh threads surrounds the shaft 13 as a jacket-like envelope. . . ."

[7] This being the description of the invention, the first claim is as follows :

"1. A method of producing fibres from molten glass, slag and the like meltable material, consisting in setting up a flowing stream of molten material, delivering this stream on to a rapidly rotating surface and causing it to be thrown off the said

surface by centrifugal force in the form of fine fibres."

Numerous other claims follow, but it is common ground that the first claim only need be considered for the purpose of these proceedings.

[8] The first question is whether the patent is invalid on the ground of anticipation, and that issue was before their Lordships' Board narrowed down by the admission of counsel for the respondent that he relied on one prior publication only, namely, a patent granted out of the United States Patent Office to Alexander D. Elbers on 1st August, 1876. It is necessary to examine this patent somewhat closely. The inventor by the specification claims that he has invented a new and improved apparatus for, and method of, disintegrating molten scoriaceous substances. He says that his invention has for its object to provide means for reducing such substances to a fibrous condition for producing what is known as mineral wool, and explains that theretofore such reduction was usually effected on such substances by a jet of air or steam propelled through or against a stream of molten slag or scoria, but that in practice he had found that upon striking the flowing mass the force of the jet of steam or air was spent to a greater or less degree and that the reduction was consequently not as perfect as it would be, if less changeable power were applied. He refers to the proportion of objectionable bead-like globules which are consequently produced and then thus describes his invention: "My invention consists in the use of a rotary paddle-wheel, which I apply to the molten scoriaceous matter." The method of application is then described. A wheel with a "suitable number of projecting blades or buckets" is placed beneath the outlet of a trough containing the scoriaceous matter so that

"revolving with proper velocity its blades will strike and diffuse the molten mass, whirling it with considerable force through the air and causing its disintegration into fibres or other small particles whose form will of course vary according to the nature and composition, and even degree of heat, of the matter acted on."

[9] Nothing, as it seems to their Lordships, could be clearer than that this invention, which appears never to have been used, merely substitutes for the propulsive power of a jet of air or steam the striking force of the blades of a rotary wheel. Whether or not, as counsel urged upon their Lordships, there is

theoretically an element of centrifugal force in the operation, it is not this force upon which the inventor relies. This is made abundantly clear by the disclaimer which follows: "I am aware," he says,

"that shot has been already produced by the centrifugal force of a rotary disc upon whose face the molten metal was poured: and this I do not claim, as my invention refers to the production of mineral wool and to the use of a wheel having projecting paddles that strike the molten mass as they revolve and affect it mechanically" and, having thus disclaimed, he proceeds with a significant "But" to claim,

"But I claim as my invention: 1. The method herein described of forming scoriaceous substances into mineral wool by exposing the same in a fluid state to the action of a rotary paddle-wheel ... 2. The combination of the rotary paddle-wheel A with a conduit B and receptacle C all combined for action on molten scoriaceous substances substantially as herein shown and described."

[10] So far then as the patent is challenged on the ground of anticipation their Lordships see no force in the objection. As was pointed out by Rand, J., in his dissenting judgment in the Supreme Court, Elbers himself, admittedly a great authority on this subject, published in the "Engineering and Mining Journal" of August 1899, an article in which he gave a full history of the production of mineral wool. In this article there is no reference to the invention of 1876. It is in fact clear that at no time did the utilisation of centrifugal force for the making of fibre suggest itself to his mind. Yet the use of this and no other force is the essential feature of the patent in suit.

[11] Their Lordships turn then to the other ground of objection, viz., lack of subject-matter. It is, as it appears to their Lordships, this objection which led the Supreme Court by a majority (reversing the decision of Maclean, J. in the Exchequer Court) to pronounce against the validity of the patent. But to their Lordships the reasoning of the learned trial Judge and of Rand, J., who dissented in the Supreme Court, appears preferable.

[12] Upon this issue the contention of the respondent was clearly and fairly thus stated by Rand J.:

"The principle of disintegration of molten material by means of a rotating disc has long been a matter of common knowledge : that of the production of fine fibres by propelling globules of molten material, of suitable viscosity, through the air, equally so: the bringing together of these two well-known operations by the method challenged was an ordinary extension of the art and not one which called for the exercise of invention."

[13] While Elbers' patent alone was relied on for anticipation, that and numerous other patents and articles were cited for the purpose of showing the extent of common knowledge in the art and the lack of subject-matter in the invention. The result of them is succinctly stated in the first two sentences of the passage just cited from the judgment of Rand, J. But nothing could be more significant than the failure of Elbers himself to see that, just as shot had been formed by the disintegration and dispersal of molten material from a rotating body, so also by the use of centrifugal force the molten mass disintegrated into small particles could be thrown off the rotating surface in the form of fine fibres.

[14] As it was with Elbers, so it was with those who after him studied or practised the art. In 1923 the development of the art was narrated by one, A. B. Saborsky, in an article in the "Journal of the American Ceramic Society." In this exhaustive account of the art as it was developed to that date, while every known method of manufacture of glass wool, including the so-called Gossler process (with which the patent in suit has nothing in common) is described and commented on, no suggestion is made of the process which is the subject of the present claim. The significance of this fact is emphasised by the urgent need of Germany for insulating material during the 1914-1918 war when her supply of natural asbestos had been cut off and, as Saborsky says, "all thinkable possibilities were tried." It appears to their Lordships to be impossible to deny to the inventors of this process a measure of inventive skill which amply supports the patent. They would once again adopt the language of Rand, J. as expressing clearly the view which they take:

"But even if it were assumed that there is sufficient in the case to justify the conclusion that the method of disc disintegration was one that had seen actual

use, it cannot, in my opinion, be said that the adaptation of such a machine to produce glass wool through a combined action of disintegration and propulsion is analogous to disintegration alone for entirely different purposes. It is a new use with a new product not cognate in any sense of patent law with the previous operation or its product."

[15] Their Lordships are therefore of opinion that the objection based on lack of subject-matter also fails.

[16] It remains to consider the questions of title and appropriate relief. As has been already pointed out, there are two appellants, Fiberglas and Owens-Corning. Originally the first appellant alone was plaintiff, and at the hearing it was contended by the respondent that he had failed to prove his title to sue. Counsel for the respondent made this statement:

"This is not a superficial objection. It is divided into two parts. The first has to do with the validity of the assignments and the second part has to do with the Custodian and the right of a licensee to sue."

With the second part of the objection, which appears to raise pure questions of law, their Lordships will deal later. It is necessary to follow what happened in regard to the first objection.

[17] Counsel for the plaintiff having put in evidence three documents, by which he sought to establish the present title of Fiberglas to sue for infringement, said immediately before calling his oral evidence:

"... I am as anxious as my learned friend, Mr. Herridge, to shorten the proceedings and, if my friend's objection went to any of these three documents which I have filed, the objection could be simply removed by adding Owens-Corning Fiberglas Corporation as a plaintiff and I have their consent for that purpose."

To this the learned trial Judge replied: "You Can make an application later on, if Mr. Herridge still persists." No other reference to the matter is to be found in the record but it is to be assumed that Mr. Herridge did persist, for at the conclusion of his judgment the trial Judge said:

"At the trial Mr. Smart made a formal application for leave to join the Owens-Corning Fiberglas Corporation as a plaintiff herein which leave is granted, upon the filing of the appropriate consent." Accordingly after judgment Owens-Corning was added as a plaintiff and the statement of claim was formally amended.

[18] When the case was taken on appeal to the Supreme Court by the present respondent it appears both from the factum of the respondent and from the judgments of the learned Judges of that Court that the question of the status of the plaintiff was seriously raised, but it would appear from the judgments at least that the matter substantially in issue was what were the rights of a licensee under the relevant provisions of Canadian law. In the result their Lordships have not the advantage of the opinions of the Judges of the Canadian Courts upon the question which was argued with great elaboration before them as to the effectiveness of the assignments under which the appellants claim. Their Lordships do not think it necessary in the circumstances again to examine in detail the several documents. With the assistance of counsel they did so at the hearing and were satisfied that the appellants had established their title to sue as licensees, and it is plain that the learned Judges of the Supreme Court took the same view.

[19] There remains then the question of general importance, what under Canadian law are the rights of a licensee of a patent. The respondent contends that a licensee has no right to sue for damages and that even if he has such a right he has no right to an injunction to restrain infringement.

20. The first relevant provision is S. 55, Patent Act 1935, which provides as follows:

"55.-(1) Any person who infringes a patent shall be liable to the patentee and to all persons claiming under him for all damages sustained by the patentee or any such person, by reason of such infringement.

(2) Unless otherwise expressly provided, the patentee. shall be or be made a party to any action for the recovery of damages."

[21] Here the question is, whether a licensee is a person claiming under the patentee. Upon this question, even if it was argued before him, the learned trial Judge can have had no doubt; for he makes no mention of it in his judgment. In the Supreme Court Davis, J. (with whom Taschereau, J. concurred) held that a licensee is for the purposes of the section a person claiming under the patentee. Kerwin, J. came to the same conclusion, pointing out that in the 1935 Act the relevant provision was recast, the words "the patentee and all persons claiming under him" taking the place of the words "the patentee or his legal representatives," which occurred in the earlier Patent Act of 1932 and were not apt to include a licensee. Upon this question neither Hudson, J. nor Rand, J. expressed an opinion, but the latter Judge, who was in favour of dismissing the appeal, can have had no doubt upon the matter.

22. In the face of this consensus of opinion upon a Canadian Statute, their Lordships would in any case hesitate to express a contrary view. But it appears to them that the statutory amendment of 1935 following upon the decision in 1933 SCR 5811 points irresistibly to the conclusion that licensees are persons claiming under the patentee within the meaning of the section. The patentee by definition means the person for the time being entitled to the benefit of a patent. Section 55 (1) contemplates an action not only by the person for the time being entitled to the benefit of a patent but also by any person claiming under that person. Upon the plain language of the section, a licensee answers that description.

23. The appellants as licensees were therefore entitled to sue for damages under S. 65. If so, it is clear that the Court could also grant an injunction restraining infringement, if it thought fit to do so. An attempt was made to limit the rights of a licensee at least to damages. There appears to their Lordships to be no reason why in an appropriate case the remedy of injunction should not be granted under S. 57 of the Act and this appears to them to be such a case.

[24] Finally, the form of order requires some consideration. In the first place, the respondent criticised the language of the injunction. Their Lordships do not lay down any precedent or seek to disturb any form which may be established in Canada but since both parties consent to an amendment they think that the

restraint should be "from infringing claim 1 of the said letters patent" [not "and from" but] "by making, etc., etc." In the second place, since the action is in substance an action by Fiberglas, whose right and interest as licensee began on 29th December 1939, it should be made clear in the order that the damages recoverable are limited to the damages suffered after that date by Fiberglas as beneficial owner or by Owens. Corning as trustee for Fiberglas. This will involve certain consequential alterations in the order as to delivering up. In the third place, the respondent contending that in the circumstances of the present case the appellants have no right at their election to an account of profits, and the appellants by their counsel stating that, whether or not they have such a right, they propose not to exercise it but to take an enquiry as to damages, their Lordships without expressing any opinion upon the point think that the order should be amended by excising all reference to an account of profits. Upon the whole case their Lordships are of opinion that the appeal must be allowed, that the respondent must pay the costs of the appellant of this appeal and of the appeal to the Supreme Court and that the order of Maclean, J., must be restored subject to such alterations as have been indicated, and they will humbly advise His Majesty accordingly.

Appeal allowed.

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