

## CONTRIBUTORY AND/OR INDUCED PATENT INFRINGEMENT

by

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I did not choose the title of this paper. Firstly, before starting to research the subject, I was convinced, as I am sure you all are, that the doctrine of contributory infringement did not exist in Canada. Secondly, I always thought that "and/or" had a meaning only for corporate lawyers and some weird human beings in the taxation department. For these reasons, even though usually the subject is rejected by the speaker, here I feel rejected by the subject.

One of the last speakers on this subject, whose work was published, was the late John C. Osborne Q.C. who read a paper entitled "Contributory Infringement" (no and/or) to the Patent Institute of Canada at its 1950 meeting<sup>1</sup>. Mr. Osborne came to the following conclusion:

"The momentous question of whether or not there is an action for contributory infringement in Canada reveals itself as a mere debate over the meaning of an expression."<sup>2</sup>

I agree. Our Courts have extended the definition of infringement beyond its textual meaning found in Law books.

A patent grants to the patentee for a period of 17 years from its date the exclusive right, privilege and liberty of making, constructing, using and vending to others to be used the invention therein described and claimed<sup>3</sup>. Infringement is usually defined as the doing of any act that interferes with the above-

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<sup>1</sup>John C. Osborne, *Contributory Infringement*, 14 C.P.R. p. 75.

<sup>2</sup>*Ibid* p. 89.

<sup>3</sup>Sections 46-48, *Patent Act* R.S.C. 1970, c. p-4.

mentioned exclusive rights. Few problems arise when anyone takes the whole of the invention and makes it, sells it or uses it without the consent of the patentee. However, problems do arise when, in cases involving patents for combinations, only part of the combination is taken and sold to another who will use it in combination with the other elements and consequently in infringement of the patent.

Even though this paper will be restricted to the situation in Canada, a brief look at the English and U.S. solutions is warranted.

## **United States**

Section 271, USCS title 35 ch. 28, reads as follows:

### Section 271, Infringement of patent

- (a) Except as otherwise provided in this title (35 USCS §§ 1 et seq.), whoever without authority makes, uses or sells any patented invention, within the United States during the term of the patent therefor, infringes the patent.
- (b) Whoever actively induces infringement of a patent shall be liable as an infringer.
- (c) Whoever sells a component of a patented machine, manufacture, combination or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial noninfringing use, shall be liable as a contributory infringer.
- (d) No patent owner otherwise entitled to relief for infringement or contributory infringement of a patent shall be denied relief or deemed guilty of misuse or illegal extension of the patent right by reason of his having done one or more of the following: (1) derived revenue from acts which if performed by another without his consent would constitute contributory infringement of the patent; (2) licensed or authorized another to perform acts which if performed without his consent would constitute contributory infringement of the patent; (3) sought to enforce his patent rights against infringement or contributory infringement.  
(July 19, 1952, ch. 950 § 1,66 Stat. 811.)

Although Section 271(b) establishes liability for "Contributory Infringement", it does not add another act of infringement to the definition of such acts in Section 271(a). Since the term "actively induces infringement" found in Section 271(b) is not clearly in derogation of the common law concept of contributory infringement, it is concluded that Congress intended this term to cover situations in which actual infringement results from such active inducement. No one may be found liable for inducing infringement unless the act induced is an infringement itself.

Before there can be contributory infringement, there must be direct infringement<sup>4</sup>. If "A" sells to "B" parts to be used in a patented combination, "B" must use the parts in the combination (and become an infringer) before "A" can be found to have induced "B".

## England

The position in England is generally as follows. Selling parts of a combination patent to a person who uses them in combination and infringes, is not infringement even if the seller knows that such parts will be used to infringe. The seller of an article of commerce has nothing to do with the use the buyer will make of such article. The selling of an article intended to be used for the purpose of infringing a patent is simply not infringement even if the article could not be used for any other purpose. (*Townsend v. Haworth*)<sup>5</sup>, (*Sykes v. Haworth*)<sup>6</sup>, (*Innes v. Short and Beal*)<sup>7</sup>, (*Dunlop Pneumatic Tyre Co. Ltd. v. David Moseley and Sons Ltd.*)<sup>8</sup>.

This principle, which I submit is logical, has certain exceptions. In *Sykes v. Haworth*, the direct infringer was found to be acting as an agent for the defendant and consequently, the defendant was found to be an infringer.

In *Innes v. Short and Beal*, it was decided that where the vendor asks and invites the buyer to use the article so as to infringe a patent, the vendor becomes an infringer himself.

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<sup>4</sup>The Code of the Laws of the United States of America", Title 35, ch. 28, Section 271 and annotations.

<sup>5</sup>1875, 48 L.J. Ch. 770 n.

<sup>6</sup>1879, 12 Ch. D. 826.

<sup>7</sup>1898, 15 R.P.C. 449.

<sup>8</sup>1904, 15 R.P.C. 274.

It was also decided in *United Telephone Co. v. Dale*<sup>9</sup>, that the sale of a complete patented machine in parts that can easily be put together is an infringement of the patent on the machine.

Finally, in *Incandescent Gas Light Co. Ltd. v. New-Incandescent Mantle Co.*<sup>10</sup>, the defendant was found liable for infringement since he was systematically carrying the business of infringer of a patent, selling one part of the patented article in the same building where someone else sold the remainder of it.

In England therefore to sell an article intended to be used for the purpose of infringing (and knowing that it will so be used) is not infringement unless the seller, by *positive actions* directs, induces, aids or abets the buyer to infringe.

## Canada

In 1950, Mr. Osborne concluded his paper as follows:

(p. 92)

"In the circumstances, it is rather difficult to tell exactly where we stand in Canada with reference to what has been broadly called contributory infringement in the United States, and yet I believe that certain propositions have been established.

The decision in *Dunlop v. Moseley* will probably continue to be followed so that a supplier of a part of a patented combination will not be guilty of infringement even if the part has no other use than in such combination and the supplier knows that it will be so used.

However, our Courts will hold a defendant an infringer if:

1. he completes the act of infringement through the instrumentality of an agent, or
2. he invites or procures or induces the act of infringement, or
3. he is a party to the act of infringement."

When Mr. Osborne arrived at the above conclusions, the leading case in Canada was *Copeland Chatterton Co. v. Hatton, Victor Guertin and Henry Guertin*<sup>11</sup>, in which the defendant Hatton having purchased a binder from the plaintiffs on the condition that it was to be used only with sheets sold by or under the plaintiffs authority, used in the binder sheets supplied by the Guertins who knew of the terms upon which Hatton had purchased the binder and undertook

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<sup>9</sup>1884, 25 Ch. D. 778.

<sup>10</sup>1898, 15 R.P.C. p. 81.

<sup>11</sup>1906, 10 Ex. C.R. 224, affd (1906/37 S.C.R. 651).

to indemnify him against any action the plaintiffs might bring. Some of the claims of the patent related to a combination of the binder and sheets.

The Court first expressed the view that it had jurisdiction only in respect of an act of infringement as found in the statute. Anything falling short of that leaves the Court without jurisdiction. Applying this principle to the facts, the Court divided the problem into two questions: first, whether what the Guertins did was actionable or not and second, whether that actionable wrong could be termed an infringement of the plaintiffs' patent.

After reviewing the British authorities and concluding that it is not an infringement of a patent to sell an article which in itself does not infringe, although it may be used as to infringe the patent, the Court found on the first question:

(p. 245)

These expressions of general principles of the law go far I think to remove the difficulty with which Lord Justice James felt himself confronted in *Townsend v. Haworth* and show, it seems to me, that a declaration at law might be framed to meet the case of one who provided the materials for the infringement, and for his own ends and benefit procured or induced another to infringe a patent and indemnified him against the consequence of such infringement.

(p. 246)

But they knew of the patent and of the plaintiffs' claims and they took their chances. If it had turned out that Hatton had not infringed the patent by using their sheets no wrong would have been done to anyone, and they would not have been liable. But we have seen that what Hatton did was actionable, and it seems very clear that he was induced to commit the wrong by the defendants Guertins, and that they did this for their own ends and benefit and to the detriment of the plaintiffs, knowing very well at the same time what they were doing and the chances they were taking. That, it seems to me is sufficient in respect to knowledge. I think the first of the two questions proposed, namely, whether or not what the defendants the Guertins did, in inducing or procuring Hatton to infringe the plaintiffs' patent, is actionable or not should be answered in the affirmative.

Having concluded on the first question, the Court turned to the second question and also answered it in the affirmative:

(p. 246-247)

Under the grant made by Canadian letters patent the patentee and his legal representatives and assigns acquire during the prescribed term the

exclusive right privilege and liberty of making, constructing and using and vending to others to be used, in Canada, the invention covered by the patent. And it does not appear to me to be going too far to hold that any invasion or violation of that right is an infringement of the patent. But is not that the right which one invades who knowingly and for his own ends induces or procures another to violate or infringe it? And if so, may not the act of the procurer or inducer be with propriety termed an infringement of the patent? In short does not one who knowingly and for his own ends and benefit and to the damage of the patentee induces or procures another to infringe a patent himself infringe the patent? It seems to me on principle that it comes to that.

The Guertins were found liable.

Where are we now? In my view the next decision of importance in Canada was *Slater Steel Industries Ltd. v. R. Payer Co. Ltd.*<sup>12</sup>.

In that case, the patents protected the combination of preformed armour rods with a stranded electric power transmission line. The plaintiffs had no protection for the preformed armour rods as such. They made use of their patents by manufacturing the preformed armour rods and selling them to the power companies who applied them to their transmission lines, thereby creating the patented combination. The defendants did exactly the same thing. It was also agreed that the defendants knew that the preformed armour rods could be used so as to infringe the patents in suit and there was no other practical use for the armour rods in question apart from what was taught by the patents in suit.

This case illustrates why the primary infringer often is not sued. The following is an excerpt of the editorial note:

"The problem of plotting the line between infringement and non-infringement in these circumstances arises because the patentee is often reluctant to sue the primary infringer who uses the combination in that such user is a good customer of the patentee."

The Court reviewed the situation in the United States and in England, and accepting the *Copeland-Chatterson* case as being the law under the present Canadian *Patent Act*, it stated the problem as follows:

"The question that I have to decide is, therefore, whether the defendant in this case "knowingly", and for his own ends and benefit and to the damage of the patentee, has induced or procured another to "infringe" the plaintiffs' patent."

The following elements had to be proven:

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<sup>12</sup>55 C.P.R. 2d, 61.

- a) actual infringement by a purchaser (there cannot have been infringement by inducing or procuring if there had been no actual infringement);
- b) was this purchaser induced or procured to infringe by the defendants;
- c) if this purchaser was induced or procured by the defendants, did the defendants do so knowingly.

For the purpose of the argument, the Court assumed that actual infringement had been established. Turning to the second aspect, the Court said:

(p. 87)

In considering whether what the power entities did (which for present purposes I shall assume was a "wrongful act") was induced or procured by the defendants, it must be borne in mind that what we are talking about is such acts by the defendants as would constitute the defendants parties to the power entities' wrongful acts. It must be clear, I think, that merely doing something that was part of the events leading up to the wrongful acts (*a sine qua non*), cannot be regarded as having induced or procured the wrongful acts. Furthermore, it must be borne in mind, in considering this aspect of the matter, that the defendants can in no way be held responsible for the fact that the power entities made the combination covered by the patent in suit. It was being used, presumably with the active invitation of the patentee, since 1953, and therefore long before the defendant company commenced operations in 1963. What the defendants must be found to have induced or procured, if the plaintiffs are to succeed, is the making of the patented combination by the power entities *without a licence from the patentee*.

and then:

(p. 88-89)

On the question whether the defendants have exercised such influence on British Columbia Hydro or one of the Quebec power companies that they should be regarded as parties to a decision by one of those entities to use the patented combination without getting a licence, I have come to the conclusion that the plaintiffs have failed to make out a case. There is no direct evidence as to what caused any of these very substantial corporations to decide to use the patentee's patented invention without getting a licence. (It is important to note that the plaintiffs, instead of calling evidence as to what caused the power entities to make the combination without getting a licence, are asking the Court to infer that this conduct was induced by the defendants from isolated facts

somewhat remote from the fact to be decided. In the circumstances, the Court is left to decide the question on a balance of probability and, when the failure to call direct evidence is unexplained, the Court cannot be completely uninfluenced by the possibility that the omission to call such evidence was due to the probability that it would be injurious to the plaintiffs' case). I have no evidence as to whether such entities knew of the patents or not. If they did know of them and nevertheless decided to use the combination without getting a licence, I can conceive that they did it

- (a) because they decided that the patents were illegal,
- (b) because they were of the view that they already had an implied licence,
- (c) in the case of British Columbia Hydro, because it was of the view that it did not require a licence.

I cannot conceive that, assuming these entities knew of the existence of the patents, any one of them was induced or procured by the defendant to do something knowing it was illegal. Any one of them is a giant compared with the defendant. Judicial knowledge can be taken in this modern world that they are all well serviced by lawyers and engineers. I am prepared from my experience with such organizations to say that the balance of probability is that none of them would decide knowingly to do something that it regarded as illegal. It is even less probable that they could be "induced" or "procured" against their own judgment to do something illegal by a "one man show" such as that operated by the defendants. The other alternative is that these entities did not know of the patents in suit and were moved to "innocent" infringement by misrepresentations made to them by the defendants.

Thus, the seller of parts of a patented article will be liable for infringement if:

- a) the buyer completes the act of infringement;
- b) completion of the act of infringement is influenced by the seller, to the point where without said influence, infringement by the buyer would not otherwise take place;
- c) the influence is exercised by the seller knowingly i.e. the seller knows that his influence will result in the completion of the act of infringement.

In *Procter & Gamble Co. v. Bristol-Meyers Canada Ltd.*<sup>13</sup>, the patent included method claims pertaining to the conditioning of household washing in a dryer

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<sup>13</sup>11.39 C.P.R. 2nd. p. 145.



by use of a piece of cloth treated with a chemical substance that removes static cling. Addy J. found that only the person using the piece of cloth in accordance with directions supplied by the defendant would be committing a literal infringement of the method claims. The question was whether the defendant was also guilty of infringement of these claims by supplying its products to the users.

Mr. Justice Addy found that there was no evidence that the defendant itself used its product according to the method claims and that the users had no licence from the plaintiff so to use it.

Addy J. agreed with the principle established by *Slater Steel* and the English authorities ("...that the selling without more of articles to be used for the purpose of infringing a patent is not an infringement of patent"). He also recognized that one may be induced to infringe:

(p. 166)

"In the case at bar, not only by its instructions and directions on the packages of "Fleecy" as to the method of using it but by its advertising on television, the defendant invites and induces the public to infringe the method claims of the patent."

(p. 167)

It is difficult to conceive how the present defendant should not be considered as systematically engaging for its own profit in aiding and abetting any infringement by the public of the plaintiff's method claims and should not be considered as constituting itself a party to each infringement committed by such users. Where the defendant has induced or procured an infringement, I do not feel that it is at all necessary in such cases for the supplier to have had any personal contact with the infringing consumer, to even know his or her identity or to have sold the article directly to that person. It is sufficient in such cases, if it is also established, that the article in fact has been sold by the defendant for the purpose of putting it on the market for sale to the ultimate infringer, regardless of whether the final sale is made by an agent of the defendant or by independent distributors or retailers. In the present case, the article being sold infringes the product claims of the plaintiff's patent and is produced and sold initially for the express purpose of having it resold to the public to be used as directed by the defendant.

This does not alter the principle established by *Slater Steel*. The act of infringement was completed under the influence of the seller (advertising) with knowledge and intent from the seller.

The next case is *Saunders v. Airglide Deflectors Ltd. et al.*<sup>14</sup>. There were four defendants to the action: Airglide Deflectors Ltd., the manufacturer of a product called the "Airglide Deflector"; Levy-Russell Ltd., a seller and installer of "Airglide Deflector"; Aftercoolers of Canada Ltd., a distributor of Airglide Deflectors Ltd.; United Tire & Rubber Co. Ltd., a user of "Airglide Deflectors". Claim 3 of the patent, partly read as follows:

(p. 9)

"3. In combination with a tractor-trailer vehicle having a gap between the tractor and the trailer, said tractor having a cab with the roof thereof of less height than said trailer, a substantially solid upstanding air flow deflecting baffle mounted to extend above the cab roof..."

When the time came to consider infringement, Gibson J. said:

In considering whether or not the activities alleged to infringe do in fact infringe in this case, it should be noted that the monopoly covered by the subject patent is only for the method of using the deflector in a tractor-trailer combination in a certain specified way and not in respect to the deflector itself.

The plaintiffs plead that the defendant, Airglide Deflectors Limited, in addition to selling and offering for sale its "Airglide Deflectors" also "instructs and advises" purchasers of it how to mount its deflector; that the defendant, Aftercoolers of Canada Limited, in addition to purchasing such deflectors from Airglide Deflectors Limited, offering for sale and selling the same in Canada "advises and counsels its customers in the use thereof"; the defendant, Levy-Russell Limited, in addition to purchasing deflectors from Airglide Deflectors Limited and offering for sale and selling them in Canada, "advises and counsels its customers in the use thereof"; and that the defendant, United Tire & Rubber Co. Limited, in addition to purchasing the said deflectors as manufactured by Airglide Deflectors Limited "has used in Canada" the said deflectors essentially in the manner as prescribed in claim 3 of the patent.

The evidence established in my view that the defendant, Airglide Deflectors Limited manufactured the "Airglide deflector" and that the defendant/vendors and intermediate purchaser, namely, Levy-Russell Limited and Aftercoolers of Canada Limited knew and know that the ultimate purchaser/user, namely, the defendant, United Tire & Rubber Co. Limited, intended and intends to use the deflectors it purchased in a tractor-trailer combination in a manner contemplated by the patent. But the evidence does not establish that the defendants, Airglide Deflectors Limited, Levy-Russell Limited or Aftercoolers of Canada Limited or any of

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<sup>14</sup>50 C.P.R. 2nd, p. 6.

them, as the case may be, by their respective activities made themselves a party to infringement, breaching the right of the patentee as defined by s. 46 of the *Patent Act* (cf *Slater Steel Industries Ltd. et al. v. R. Payer Co. Ltd. et al.* (1968), 55 C.P.R. 61, 38 Fox Pat. C. 139). In addition, the evidence does not prove inducement or procurement by these other defendants of the ultimate purchaser/user, the defendant United Tire & Rubber Co. Limited to infringe, nor does it prove conspiracy among these other defendants to cause the ultimate purchaser/user the defendant, United Tire & Rubber Co. Limited, to infringe.

The evidence, however, does prove that the defendant, United Tire & Rubber Co. Limited has infringed the patent and specifically both claims 3 and 4 of it.

This case is difficult to comment upon since insufficient facts are disclosed in the reasons with respect to inducement, the only comment being "...the evidence does not prove inducement or procurement..." Certainly the act of infringement was completed with knowledge and intent from the seller but the judgment is silent on the influence exercised on the ultimate user.

Then came the Federal Court of Appeal decision in *Windsurfing Int'l Inc. et al. v. Trilantic Corp.*<sup>15</sup>, the sailboard case. Infringement had to be considered by the Court of Appeal when the findings of invalidity of the patent were reversed. The invention, a sailboard, is the combination of a number of elements. The respondent alleged that the evidence was insufficient on two counts:

- 1) That the respondent had sold assembled boards;
- 2) That anyone was induced by the respondent to assemble the sailboard in a manner that infringes the patent. The respondent's argument was summarized as follows:

(p. 264)

Counsel argued that the mere making, using or vending of components which afterwards entered into a combination is not prohibited where the patent is limited to the combination itself. Since the respondent is not doing what is claimed in the patent, then it does not infringe it. From that argument the second follows, namely, that the end user is infringing the patent by assembling and using the sailboard from the parts supplied either by the respondent itself directly or by a retailer. To so find, there must be evidence that the supplier has induced or procured the infringement by conspiring with the manufacturer or with the retailer, as the case may be, to cause the infringement. To prove such inducement

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<sup>15</sup>8 C.P.R. 3rd, p. 248.

or procurement there must be evidence that the direct infringer infringed the patent due to the suppliers specific instructions or by intensive advertising.

Dismissing that argument, the Court used strong words:

(p. 265-266)

The respondent clearly is not selling parts. It is selling parts *for the purpose of* making a sailboard. Without assembly there can be no sailboard. Without assembly there can be no purpose in a purchaser buying the unassembled parts since, unassembled, they cannot be used for the purpose for which they are purchased, that is, to sail. To suggest that a patent infringement suit can be successfully avoided by selling parts as components of a kit in contradistinction to their sale assembled is, in my view, errant nonsense. The purposes to be achieved by the issuance of an order for delivery up of infringing articles for destruction as in the *Baxter* case involves entirely different considerations from the defence here raised.

(p. 265-266...)

The second branch of the argument flows from the first. It is dependent upon the theory that there can be no infringement by the manufacturer selling the unassembled parts. Accordingly, there can be no infringement until the sailboard has been completely assembled because the patented invention is a complete, assembled sailboard, *i.e.*, the patent is for the sum of the parts of the invention not for its parts separately. The parts, by themselves, cannot individually infringe the patent, it was said, and I think this is true because all were known and old. The person who assembled the parts might be an infringer, counsel said. Unless, however, the manufacturer, distributor or retailer himself assembled the discrete parts or induces and procures the assembly by appropriate instructions for doing so or by advertising or otherwise encouraging the assembly, he cannot, according to counsel, be found to have infringed the patent.

Counsel argued that in this case there is no direct evidence that the respondent induced a purchaser to infringe the patent by assembling the parts sold to him in plastic bags or containers with the only instructions being ex. 27. That instruction sheet appears to be a sketch of the board and the universal joint and its parts. There are no written instructions of any kind. The instruction sketch is thus, in counsel's view, not sufficient to show inducement without some evidence to show what impelled the purchaser to assemble the parts.

That argument to me can only be termed specious. To suggest that a person purchasing components, the only known use for which is

assembling to provide the purchaser with what he obviously desires - a sailboard - has not been persuaded to do so by the holding out of the desired result by both the manufacturer and the vendor thereof, stretches credulity to its limits. That, in my view, is inducement even where the printed instructions are limited to the extent disclosed in the evidence in this case. I think it beyond dispute that the only inference to be drawn from the voluminous evidence in this case is that the respondent knew and intended that the ultimate purchaser would utilize the sailboard parts for the assembly of a usable sailboard which, upon assembly, would infringe the appellants' patent. It thereby became a party to such infringement, in my view.

The Court then considered *Slater Steel* and added:

(p. 267)

The foregoing makes it clear, I think, that the determination that there was no inducement or procurement by the defendants in that case, was made by inferences drawn from the facts as found. The judgment does not preclude the possibility that on different facts the inferences drawn could be quite different and vendors of components could be found to have induced and procured innocent purchasers to unknowingly infringe a patent, the existence of which they were unaware. The purchasers of sailboards, it would appear from the evidence, are individuals seeking enjoyment and exercise in a new sailing concept. They are not large power companies who are or should be aware of the existence of patents in relation to use of articles which they propose to incorporate in their power production facilities. They are individuals who, perhaps unknowingly, rely on the vendor to protect them from claims for patent infringement of the articles they buy. It is as much a part of the inducement to purchase those articles, as the holding out of the joys of sailing on the about-to-be-assembled sailboard. The inducements in over-the-counter merchandise sales such as this are thereby in sharp contrast to those of the kind made in the circumstances of the *Slater Steel* case. For those reasons, I think that the cases can be distinguished on their facts.

(p. 268)

"...I think that the evidence as a whole leads irresistibly to the inference that the respondent knew of the existence of the appellants' patent and by its conduct induced and procured purchasers of its sailboards (albeit in kit form) to infringe that patent and, thereby, itself infringed that valid patent."

Here again, the act of infringement was completed, certainly with knowledge and intent from the supplier of the components and the influence of the latter on the ultimate user was assumed, I submit, for the following reasons:

- 1) Purchasers were innocent, unknowingly infringing a patent, the existence of which they were unaware;
- 2) The use by the vendor of the instruction sheet;
- 3) The fact that *all the parts* of the combination were supplied.

Also, the action against the supplier of all the parts was the only practical remedy, an action against all end users being difficult to imagine.

In *Reading and Bates Co. v. Baker Energy Resources Corp.*<sup>16</sup>, Gaz Inter Cité received bids from Berco (a subsidiary of Baker Energy) and Reading and Bates for the installation of a gas pipeline under the St. Lawrence River. Berco was awarded the contract and made the pipeline using Reading and Bates patents.

Strayer J. had to decide whether Gaz Inter Cité was liable for induced infringement. He concluded at p. 184:

"In my view this situation is far removed from cases cited such as *Morton-Norwich, supra*, or *Procter & Gamble Co. v. Bristol-Myers Canada Ltd.* (1978), 39 C.P.R. (2d) 145 (F.C.T.D.) where liability was found for infringement through aiding and abetting. Such cases involve a systematic process in which it must have been obvious to the defendant that infringement would result."

Let us pause here for a moment. With all due respect, whether it should have been obvious to the defendant that infringement would result is not the test. We have seen in *Slater* and *Airglide* and in the English authorities that even if the only use of the article is in a patented combination, the seller will escape liability if its activities fall short of inducing the direct infringer.

Strayer J. continued:

(p. 184)

"In the present case we have one isolated contract between Gaz and Berco among the hundreds of contracts into which Gaz must have been entering. We have no clear evidence that Gaz knew or should have known that what Berco would do would infringe the patent of Reading & Bates or that if it would, Berco would carry out the work without obtaining the necessary licence. Further there is no evidence to show that Gaz caused Berco to undertake the work in any way other than that in which it had always planned to do it

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<sup>16</sup>9 C.P.R. 3rd, p. 158.

or that it would normally do it. I therefore find that Gaz is not liable for inducing or procuring Berco to infringe patent No. 1,140,106."

On the facts therefore, the learned Trial Judge found that Gaz Inter Cité had no influence on Berco's line of conduct.

## Conclusion

I feel that the law is now pretty well settled in Canada in cases of infringement by inducement. The few apparent contradictions arise from the inevitable divergent findings of facts. A plaintiff wishing to rely on the doctrine of infringement by inducement must *allege* and *prove*:

- 1) That the act of infringement was completed by the direct infringer even if he is not a party to the action.
- 2) Completion of the act of infringement was influenced by the acts of the inducer. Without said influence, infringement would not otherwise take place. This should be proven by facts such as the conduct of the parties, their relationship. The situation in the market place, etc. If the defendant proves that the direct infringer would have infringed regardless of any influence exercised on him, the defendant should escape liability.
- 3) The influence must knowingly be exercised by the seller i.e. the seller knows that his influence will result in the completion of the act of infringement.

Without being a determining criterion as such, one cannot escape noticing that in *Slater Steel*, *Airglide*, and *Reading and Bates*, the patentee had, apart from his remedy against the alleged inducer, a practical alternative: the direct infringer was easily identified and it was a simple matter to bring him to Court. In *Procter & Gamble* and *Windsurfing*, it was practically impossible to sue the end users.

