QUEBEC SUPERIOR COURT REAFFIRMS ITS JURISDICTION OVER PATENT INFRINGEMENT CASES

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INTRODUCTION

The Quebec Superior Court recently reaffirmed that it was competent, concurrently with the Federal Court of Canada, to hear matters relating to infringement under the Canadian *Patent Act* and therefore proceeded to dismiss the Defendants' preliminary Motion to Strike a patent infringement action based on allegations of absence of jurisdiction of the Court. (*Beauchesne* v. *Roy,* C.S.Q. 615-17-000209-048, October 1, 2004, Guertin J.; available in French only at the URL address http://www.jugements.qc.ca/php/decision.php?liste=5769261&doc=445F025655071A03)

THE FACTS

The Plaintiffs are the owners of a Canadian Patent. In May 2004, they initiated an action for patent infringement against the Defendants and sought interlocutory and permanent injunctive relief. The Defendants are also the owners of a Canadian Patent in the same field as the Plaintiffs. In addition to the legal proceedings for infringement, the Plaintiffs brought a request for re-examination of the Defendants' patent before the Canadian Patent Office.

In July 2004, the Defendants served a Motion to Strike the Plaintiffs' action alleging, *inter alia*, that the fact that they owned a valid patent, (on the basis of which the allegedly infringing product was manufactured), precluded the Plaintiffs from alleging patent infringement. The Defendants further alleged that the interlocutory and permanent injunctive relief sought in the Plaintiffs'

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action could be equated to a declaration of invalidity of their patent and therefore the Quebec Superior Court did not have jurisdiction since a declaration of invalidity of a patent is of the exclusive jurisdiction of the Federal Court of Canada.

As a subsidiary argument, the Defendants requested that the Quebec Superior Court decline jurisdiction based on the fact that the Canadian Patent Office would ultimately decide the issue of validity of their patent.

THE RELEVANT PROVISIONS

The relevant provisions of the *Patent Act,* R.S.C., c. P-4, are the following:

RE-EXAMINATION

Request for re-examination

48.1 (1) Any person may request a re-examination of any claim of a patent by filing with the Commissioner prior art, consisting of patents, applications for patents open to public inspection and printed publications, and by paying a prescribed fee.

Pertinency of request

(2) A request for re-examination under subsection (1) shall set forth the pertinency of the prior art and the manner of applying the prior art to the claim for which re-examination is requested.

Notice to patentee

(3) Forthwith after receipt of a request for re-examination under subsection (1), the Commissioner shall send a copy of the request to the patentee of the patent in respect of which the request is made, unless the patentee is the person who made the request.

Establishment of re-examination board

48.2 (1) Forthwith after receipt of a request for re-examination under subsection 48.1(1), the Commissioner shall establish a re-examination board consisting of not fewer than three persons, at least two of whom shall be employees of the Patent Office, to which the request shall be referred for determination.

Determination to be made by board

(2) A re-examination board shall, within three months following its establishment, determine whether a substantial new question of patentability affecting any claim of the patent concerned is raised by the request for re-examination.

Notice

(3) Where a re-examination board has determined that a request for re-examination does not raise a substantial new question affecting the patentability of a claim of the patent concerned, the board shall so notify the person who filed the request and the decision of the board is final for all purposes and is not subject to appeal or to review by any court.

Idem

(4) Where a re-examination board has determined that a request for re-examination raises a substantial new question affecting the patentability of a claim of the patent concerned, the board shall notify the patentee of the determination and the reasons therefor.

Filing of reply

(5) A patentee who receives notice under subsection (4) may, within three months of the date of the notice, submit to the re-examination board a reply to the notice setting out submissions on the question of the patentability of the claim of the patent in respect of which the notice was given.

(…)

INFRINGEMENT

Jurisdiction of courts

54. (1) An action for the infringement of a patent may be brought in that court of record that, in the province in which the infringement is said to have occurred, has jurisdiction, pecuniarily, to the amount of the damages claimed and that, with relation to the other courts of the province, holds its sittings nearest to the place of residence or of business of the defendant, and that court shall decide the case and determine the costs, and assumption of jurisdiction by the court is of itself sufficient proof of jurisdiction.

Jurisdiction of Federal Court

(2) Nothing in this section impairs the jurisdiction of the Federal Court under section 20 of the *Federal Courts Act* or otherwise.

The relevant provision of the *Federal Courts Act*, R.S.C. c. F-7, is the following:

JURISDICTION OF FEDERAL COURT

(…)

Industrial property, exclusive jurisdiction

20. (1) The Federal Court has exclusive original jurisdiction, between subject and subject as well as otherwise,

(*a*) in all cases of conflicting applications for any patent of invention, or for the registration of any copyright, trade-mark, industrial design or topography within the meaning of the *Integrated Circuit Topography Act*; and

(*b*) in all cases in which it is sought to impeach or annul any patent of invention or to have any entry in any register of copyrights, trade-marks, industrial designs or topographies referred to in paragraph (*a*) made, expunged, varied or rectified.

Industrial property, concurrent jurisdiction

(2) The Federal Court has concurrent jurisdiction in all cases, other than those mentioned in subsection (1), in which a remedy is sought under the authority of an Act of Parliament or at law or in equity respecting any patent of invention, copyright, trade-mark, industrial design or topography referred to in paragraph (1)(*a*).

THE SUPERIOR COURT JUDGEMENT

The Honourable Justice Guertin proceeded to review the conclusions set out in the Plaintiffs' action and determined that it was in fact a claim relating to patent infringement. He then turned to section 54 of the *Patent Act* and re-affirmed the Superior Court's jurisdiction over patent infringement matters, as clearly set our in the said *Act*.

Justice Guertin also considered the Defendants' argument that the ownership of a valid and subsisting patent constituted an "absolute defence" to a patent infringement action. The Court determined, in light of the prior case law, that there was no requirement for the Defendants' patent to bet set aside before the Plaintiffs could seize the Court of their claim for patent infringement and damages (or profits) resulting from said acts of infringement.

On the subsidiary argument of the Defendants, i.e. that the Court was not competent to decide the present case because the Canadian Patent Office would be deciding the validity of the Defendants' patent, Justice Guertin ruled that the Canadian Patent Office had no jurisdiction to grant injunctive and monetary relief as a result of acts of infringement and therefore, the Quebec Superior Court could not decline its jurisdiction based on this argument.

The Defendants' Motion to Strike was consequently dismissed with costs.

CONCLUSION

This case constitutes a reminder that both the Federal Court of Canada and the "Provincial" Courts of general jurisdiction, (in this case the Superior Court of the province of Quebec), have concurrent jurisdiction over matters of patent infringement and that they may both issue rulings for injunctive and monetary relief in such cases.

Most often, patent litigants in Canada will initiate proceedings under the *Patent Act* in the Federal Court of Canada, since it has a broader jurisdiction: as it appears from Section 20 *Federal Courts Act*, the Federal Court can render Orders invalidating a patent, which the Provincial Courts of general jurisdiction cannot do. In addition, the Federal Court judgements are enforceable across Canada, without the necessity of exemplification in each of the provinces. It should be noted that a "Provincial" Court judgement is

valid only in the province where it is rendered, except if it is exemplified, (i.e. recognised by a judgement of another Court of general jurisdiction), in each and every other Canadian territory where it will be enforced.

What ultimately guides a party's decision to initiate legal proceedings before one Court or the other is essentially a matter of strategy, and one that merits serious consideration in order to avoid wasting time, effort and money in order to definitely and completely settle all issues between the parties.

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