
Smith Kline & French Inter-American Corp. (Plaintiff) v. Micro Chemicals Ltd et al. (Defendants)

Present: Walsh J.—Ottawa, January 8, 23, 1970.

Patents—Judgments—Infringement of patent—Remedies—Damages or account of profits—Pronouncement of judgment—Inadvertent omission of right to profits—Power to amend.

Plaintiff succeeded in an action for infringement of a patent ([1969] 2 Ex.C.R. 344). In the court's pronouncement, which was in accord with the reasons for judgment, a reference was directed to ascertain plaintiff's damages. Through inadvertence the court omitted to grant plaintiff the alternative remedy of an account of profits if plaintiffs, other than the plaintiff Flipper Druggers Limited, be borne in their judgment as settled in accordance with the pronouncement.

Held, the court had power under Exchequer Court Rule 172(5) (as it then read) to authorize the amendment.

Paper Machinery Ltd et al v. J. O. Ross Engineering Corp. et al [1934] S.C.R. 186 applied.

MOTION.

R. G. McClenahan for plaintiff, applicant.

Hon. J. T. Thorson, Q.C. for defendants, *contrâ*.

WALSH J.: This is a motion by way of appeal from the settlement of the judgment in this action by the Associate Registrar Mr. Gabriel Belleau on Friday, the 19th day of December, 1969, and by way of application to the court for an order amending the pronouncement of judgment herein and the judgment settled pursuant thereto by adding the provision that the plaintiff is entitled to be paid by the defendants an amount equal either to the amount

of damages sustained by the plaintiff as a result of the infringement by the defendants or the amount of profits derived by the defendants from infringing the plaintiff's patent, and further providing for a reference.

In order to reach a decision it is necessary to refer not only to the minutes of judgment as settled and the pronouncement but also to the reasons for judgment dated July 31, 1969, to determine whether at this date the judgment settled pursuant to the pronouncement can be amended under the provisions of the Rules of this Court.

The pronouncement dated July 31, 1969, the same date as the reasons for judgment, consisted of merely a brief endorsement on the certified record under the heading Judge's Fiat reading as follows:

Judgment for Plaintiff that Canadian Letters Patent 612204 is valid as between the parties and has been infringed by all three defendants. Reference to Registrar for enquiry and report as to amount of damages. Costs against defendants to be taxed.

If this pronouncement was accurate and did not accidentally overlook or omit some matter that should have been dealt with so as to bring it within the provisions of old Rule 172(5) then it must be said that the minutes of judgment as settled by Mr. Belleau on December 19, 1969, as required by old Rule 172 is correct and that it accurately reflects the terms of the said Pronouncement. While Rule 172 was amended as of September 5, 1969, it would appear that it is the old rule which must be applied in this case since judgment was rendered on July 31, 1969. In any event, the right of the court to reconsider the terms of the judgment is substantially the same under both the old and new rules.

I do not believe that it can be said that the pronouncement resulted from a clerical mistake or an error arising from any accidental slip or omission within the meaning of old Rule 172(6), so that if an amendment is now to be made it must be on the basis that "some matter which should have been dealt with has been overlooked or accidentally omitted from the judgment as pronounced", within the meaning of Rule 172(5).

The unfortunately brief and incomplete wording of the pronouncement made herein arises from a somewhat loose use of the word "damages" made during the course of the hearing and argument during the trial of this case. At the opening of the hearing I have a note that the parties agreed that the "damages" would be settled after the trial in the event that the plaintiff succeeded, reference being made to the application of Rule 154A(2). On the basis of my acceptance of this understanding at the commencement of the hearing no attempt was made by the plaintiff to adduce any evidence, whether as to damages or in the nature of an accounting of profits. At the conclusion of the trial defendants' learned counsel contended that even in the event that the court found an infringement existed no reference was necessary as the court could fix the damages by basing them on the amount of the royalty eventually fixed by the Commissioner on February 3, 1967, after the alleged infringement had taken place. In my reasons for judgment I rejected this contention as the basis for establishing the damages and upheld

the contention of plaintiff's attorney that a reference to the Registrar should take place. At the bottom of page 32 of my reasons for judgment, referring to the argument of plaintiff's attorney I state:

He pointed out that his client has the option of claiming an accounting for profits and that in order to determine whether it wished to exercise this option it would be necessary for it to examine officers of the defendant corporation further. He pointed out that damages might be assessed against Paul Maney Laboratories (Canada) Ltd., on the basis of its sales price rather than against defendant Micro Chemicals Ltd., there having been infringements by the three defendant corporations at three different levels and that his client is not required to accept minimal damages.

It is clear that the term "damages" is used here in its dictionary sense of "the value estimated in money of something lost or withheld; the sum claimed or awarded in compensation for loss or injury sustained,"* and that due regard was not given to the distinction in patent infringement cases between "damages" in the sense of loss suffered by plaintiff and "accounting for profits" being the profit made by the defendant as a result of the infringement, which the plaintiff in some cases has the option of claiming instead of the "damages" suffered by it.

This distinction is clearly set out by Noël J. in the case of *Cheerio Toys & Games Ltd. v. Dubiner*¹, in which he refers with approval to the British case of *Draper v. Trist and Tristebestos Brake Lining Ltd.*² wherein it was stated at page 439:

Of course in taking an account of profits which is the equitable relief, the damage which the plaintiff has suffered is totally immaterial. The object of the account is to give the plaintiff the actual profits the defendants have made and of which equity strips them as soon as it is established that the profits were improperly made.

The plaintiff's statement of claim requested in paragraph 12(c) "a direction that all necessary accounts may be taken and inquiries made for the purpose of ascertaining the damages or profits to which the plaintiff is entitled," and it is clear that the plaintiff's attorney did not abandon this during the course of his argument, though he did not perhaps sufficiently emphasize his demand for same, as appears from the reference to this argument in the reasons for judgment. The fact that after referring to the claim for an accounting for profits the term "damages" was then used in making the reference to the Registrar should not be taken, as defendants' attorney argued at the hearing of this motion, as a rejection by the court of plaintiff's option to demand an accounting of profits, as it was the intent of the court to refer to the Registrar for determination the amount of compensation to be awarded, whether as damages or as an accounting for profits. It should be pointed out however that the plaintiff would have to make its option before the Registrar commenced his determination of the amount.

* Shorter Oxford Dictionary.

¹ [1966] Ex. C.R. 811.

² 56 R.P.C. 429.

I believe that the provisions of old Rule 172(5) are sufficiently broad to enable me to reach the conclusion that this is a matter which should have been dealt with and which has been overlooked or accidentally omitted from the judgment as pronounced, and that the wording of the reasons for judgment taken as a whole indicate that this was the actual intention of the court, although the pronouncement as made did not specifically so indicate. The jurisprudence cited by defendants' learned counsel that the court is now *functus* and cannot change the judgment as entered, (*Chambly Mfg. Co. v. Willet*³ and *Falwell v. Andrew*⁴) does not change this conclusion. On the other hand the Supreme Court case of *Paper Machinery Ltd. et al. v. J. O. Ross Engineering Corp. et al*⁵ states:

The question really is therefore whether there is power in the Court to amend a judgment which has been drawn up and entered. In such a case the rule followed in England is, we think,—and we see no reason why it should not also be the rule followed by this Court—that there is no power to amend a judgment which has been drawn up and entered except in two cases:

1. Where there has been a slip in drawing it up, or
2. Where there has been error in expressing the manifest intention of the Court.

I believe that the pronouncement should have been in the form suggested by Jackett P. in *Union Carbide Canada Ltd. v. Transcanadian Feeds Ltd. et al*⁶.

The minutes of judgment as settled by the Associate Registrar on December 19, 1969, should therefore be amended so as to read as follows and I so direct:

Let judgment go:

1. Declaring and adjudging that Canadian Letters Patent 612204 referred to in the statement of claim is valid as between the parties;
2. Declaring and adjudging that the said patent has been infringed by all three of the defendants;
3. Declaring and adjudging that the plaintiff is entitled to be paid by the defendants an amount equal to either
 - (a) the amount of the damages sustained by the plaintiff as a result of the infringement by the defendants of the said patent, or
 - (b) the amount of the profits derived by the defendants from infringing the said patent.
4. For the purpose of determining the amount that the plaintiff is so entitled to be paid by the defendants (if the parties cannot agree on it), referring to the Registrar (or a Deputy Registrar nominated by the Registrar or, if none such be available, an officer of the court agreed upon by the parties or appointed by the court) for inquiry and report, the following questions, viz:
 - (a) What acts of infringement by the defendants of the aforesaid patent have occurred as alleged by the statement of claim; and

³ (1904) 34 S.C.R. 502.

⁴ (1917) 36 D.L.R. 408.

⁵ [1934] S.C.R. 186 at 188.

⁶ 32 Fox Pat. C. at page 36.

- (b) According to the election of the plaintiff, (which election must be made in writing and filed in the court and served upon the defendants before the plaintiff may take any steps in connection with the reference) what is the amount of the aforesaid damages sustained by the plaintiff or the amount of the aforesaid profits derived by the defendants; and
5. Ordering and adjudging that the plaintiff recover from the defendants such costs herein to be taxed, except the cost of the reference, which will be left open to be dealt with upon the motion for judgment upon the report of the referee under Rule 186 of the General Rules and Orders of this Court.

The motion herein is therefore granted, but without costs.
