

1896
 Feb. 3.

THE ANDERSON TIRE CO., OF } PLAINTIFFS;
 TORONTO, LIMITED..... }

VS.

THE AMERICAN DUNLOP TIRE CO...DEFENDANTS.

AND

THE AMERICAN DUNLOP TIRE CO...PLAINTIFFS;

VS.

THE ANDERSON TIRE CO., OF } DEFENDANTS.
 TORONTO, LIMITED..... }

Patent of invention—R. S. C., c. 61, s. 37, and amendments—Importation after prescribed time—Sale, effect of—Importation of parts, effect of.

The A. D. T. Co. were the assignees of Patent No. 38,284 for an improvement in tires for bicycles. They imported, after the period allowed by *The Patent Act* for importations of the patented invention to be lawfully made, some twenty-two tires in a complete and finished state, and fifty-nine covers that required only the insertion of the rubber tube to complete them. In the completed tires and in the covers in the state in which they were imported was to be found the invention protected by the said patent. These tires and covers were not imported by the company for sale, but to be given to expert riders to be tested, and for the purpose of advertising the tire so patented. However, one pair of such tires was sold through inadvertence or otherwise but they were not imported for sale. The company had a factory in Canada, where the invention patented was manufactured, and the value of the labour displaced by the importation complained of only amounted to two dollars and eighteen cents.

Held, in accordance with the decision in *Barter v. Smith* (2 Ex. C. R. 455), which the Court felt bound to follow, that the facts did not constitute sufficient ground for cancellation of the patent under the provisions of the 37th section of *The Patent Act*.

2. In order to avoid a patent for illegal importation, the thing imported must be the patented article itself, and not merely consist of materials which, while requiring but a trifling amount of labour and expense to transform them into the patented invention, yet do not in their separate state embody the principle of the invention.

THE plaintiffs, in the first case, asked for an injunction to restrain defendants from infringing their patent ; and,

in the second case, the plaintiffs, *inter alia*, sought to avoid such patent for illegal importation.

At Toronto, 25th November, 1895, the first case, and the issue in the second as to illegal importation, were tried.

J. Ross, for the plaintiffs: The plaintiffs having shown that these tires have been imported, I submit that the onus is on the defendants to explain away that importation. It is for them to give an account of each one of these tires, and to show that they were not an importation which would render the patent void. I submit they have not shown that they were not imported for a commercial purpose. The evidence establishes that to have a racing man ride a Dunlop tire was a great advantage to the defendant company. They got a very large return in the sales of their tires; so that it was merely a matter of commercial gain which influenced them in sending these tires to Canada. There is no pretence that any special pattern was sent for use in the race of September, 1894, and it is not reasonable that it would be sent for the purpose of experiment. It is not reasonable that the Dunlop Company would pay a man to ride a tire, and then send him a tire for use at a crucial point which had not been tested. So that I submit that it is simply an attempt to give colour to that importation to say that the particular purpose was that of making experiments. I think it is clear from the evidence that it was for advertising purposes mainly. Referring to certain invoices to the Goold Bicycle Company and the Bowman Company of Hamilton, it is not shown that those were not imported tires that were sold. Therefore, I submit that on this branch of the case the American Dunlop Tire Company have not explained away these importations; and that on the other hand it is very clear for what purpose they were imported;

1896
 THE
 ANDERSON
 TIRE Co.
 OF TORONTO
 v.
 THE
 AMERICAN
 DUNLOP
 TIRE Co.
 Argument
 of Counsel.

1896
 THE
 ANDERSON
 TIRE Co.
 OF TORONTO
 v.
 THE
 AMERICAN
 DUNLOP
 TIRE Co.
 ———
 Argument
 of Counsel.
 ———

that they were imported on orders sent by the defendants to New York, those orders being filled and sent here in the ordinary way of business.

Then as regards the importing of parts, I would refer to the judgment of Chancellor Spragge in *Smith v. Goldie* (1), as the judicial interpretation placed upon the question of importation. This question had been fought out in a case before the Minister of Agriculture, that of *Barter v. Smith* (2). Mr. Justice Henry, one of the members of the Supreme Court, who expressed an opinion on the point in *Smith v. Goldie* (3), said, in effect, "The Minister has jurisdiction; he has found in favour of the patentees, that it does not become void; the Act says it is final." Thus he there took the ground that as the question had been determined in the forum of the Minister of Agriculture, it was not open to them to review that case. Chancellor Spragge thought differently; but the Supreme Court did not construe the section of the Act at all, but held that the Minister of Agriculture had decided the case, and that was by the section final,—and that settled the matter so far as they are concerned. So that, I maintain, the only judicial interpretation of that section is in favour of my contention on this question of importing in parts. And that case was a very strong one. The only invention, as I understand it, covered by the patent in the case of *Goldie v. Smith*, was the new application of brushes, in a patent for grain cleaning or bolting process. Before the invention the brushes had to pass along the top of a sill or cloth, and Smith patented, or conceived the idea of applying the brushes under the cloth, to work by machinery. He had seen it done by hand, and he conceived the idea that it would be a

(1) 7 Ont. App. 628.

(2) Ex. C. R. 492.

(3) 9 Can. S. C. R. 68.

good thing to do that by machinery; and the Court of Appeal thought there was no invention *quoad hoc*, while the Supreme Court thought it was an invention which would support a patent. The only novelty there was the application of the brushes. Certain machines were imported and put up in a mill in Thorold. Now, it would be monstrous to say that if you had a patent simply on the position of the brushes, which were proposed to be altered in the placing up of the machine, that you are compelled to build the whole machine for the purpose of not violating the law. You might as well say you need to build a whole mill. But in the case before the court the fact is that they imported all the materials out of which the cover and tube were made—the cover composed of the tread, the lining and the wires—imported in a state which could be handily turned into the completed cover. The tread, the lining and the wires could be put together at a cost of five cents at the outside. Then is that complying with the spirit of the Act? If we are to construe the statute literally all we have to do is to prove the importation of one tire. Then, if we are to construe it so, I submit that the intention of the Act being to foster Canadian industry and to encourage Canadian labour, it should be carried out as nearly to the letter as possible. Now, it is proved that the covers could be obtained; and there is a question about whether the covers made by the Canadian Rubber Company for Fane & Lavender were as good as those imported or not. But, at any rate, the covers could be obtained in Canada, and canvas was used by Fane & Lavender, and not the cotton casings which were imported, and the rim was made by Fane & Lavender, in their factory in Toronto. The tubes were made by the Canadian Rubber Company, and the cement also could be made in Toronto.

1896
 THE
 ANDERSON
 TIRE CO.
 OF TORONTO
 v.
 THE
 AMERICAN
 DUNLOP
 TIRE CO.
 ———
 Argument
 of Counsel.
 ———

1896
 THE
 ANDERSON
 TIRE Co.
 OF TORONTO
 v.
 THE
 AMERICAN
 DUNLOP
 TIRE Co.

So that the only necessary thing, beyond the five cents of labour, was the Canadian air, I suppose, to fill the inner tube. Now, I submit that the statute should be construed to cover this. It is not pretended that the American Dunlop Tire Company should build a rubber factory, a factory for manufacturing cotton casings.

Argument
 of Counsel.

Then I would refer to the cases which have been decided on this subject. The decisions have been to construe the statute strictly. All the decisions of the Minister of Agriculture have been on the assumption that the Minister of Agriculture had a paternal care over patentees. It was a sort of paternal tribunal, which was to see that no forfeiture occurred from the disobedience of the strict letter of the law. But, now that it has been transferred to a judicial tribunal, I think it is impossible to say that anything but strict judicial interpretation should be placed on the statute. Take the case of the *Bell Telephone Company* and the other cases which are collected in the appendix to volume 2 of the Exchequer Court Reports. Although there is a great leaning in favour of patentees in reference to the jurisdiction of the Minister of Agriculture, and an assumption that his duty was not to interpret the statute as strictly as it would be in a court of law, yet in this case of the *Bell Telephone Company*, where telephones were imported in parts and set up in Canada, the very question was decided adversely to the patentees in that case, and the patent rendered void.

W. Cassels, Q.C., for the defendants: In regard to the tribunal, I must call your Lordship's attention to the decision in *Smith v. Goldie* defining the power of the tribunal—that is the Minister of Agriculture—to declare a patent avoided by a condition subsequent. The expression of opinion by the judges of the Supreme Court in regard to that, refusing to entertain jurisdic-

tion, was based upon the fact that that was something given to the Minister peculiarly as representing the commercial interest of the country ; while His Lordship, Chancellor Spragge, held that under *The Patent Act*, as it was framed, it was the subject-matter of an appeal. The Court of Appeal reversed that, and the Supreme Court upheld it; and it was based upon the ground, as I have stated, that an application of that kind was something to be considered, or treated, as having regard to the commercial interests of the country, and the loss, in a commercial sense, by a failure to comply with what was there called a contract. Now, Parliament never intended, nor could have contemplated, that the rulings which the late Dr. Taché had made should be set aside or overruled; but what was contemplated and what was intended, no doubt, was this, that the question should be left with a tribunal that was continuous, and would settle the matter on principle, but not to vary the principles previously followed. It was expressly pointed out there was no right to raise it by way of defence; there was no right to raise it except by a substantive action.

Practically, what the higher courts held was that the defence there intended was something that went to the root of the patent *ab initio*, something which made the patent void. At all events, that is the view the Court of Appeal took of the matter. Now, in the judgment of the Court of Appeal and in the Supreme Court, they refer with approval to the judgment of Dr. Taché given in regard to that very matter. The patent in that case, *Smith v. Goldie*, was a patent for a combination, pure and simple, because it was conceded, as your Lordship will see on a reference to the case, that every element was old, with the exception of the brush underneath. All that Smith did was to take elements, all of which were old, and

1896
 THE
 ANDERSON
 TIRE Co.
 OF TORONTO
 v.
 THE
 AMERICAN
 DUNLOP
 TIRE Co.
 ———
 Argument
 of Counsel.
 ———

1896
 THE
 ANDERSON
 TIRE Co.
 OF TORONTO
 v.
 THE
 AMERICAN
 DUNLOP
 TIRE Co.
 Argument
 of Counsel.

attach them to the brush under the sill instead of working it by hand; and the improvement was so great that the Supreme Court came to the conclusion, as against the judgment of the Court of Appeal, that it was a valid patent for an invention of a combination. What Smith has done in this case was to sell, by an out and out sale, to the Thorold Mill Company one of the machines. Chancellor Spragge thought that was an importation, but Dr. Taché thought differently; and the judges of the Court of Appeal and the Supreme Court were of the view that Dr. Taché's interpretation of the statute was the correct one. Now, there is no begging the question here that if we are bound in point of fact to manufacture one of the elements of this combination that we must manufacture all; because it is absolute want of logic, and it is in the face of the statute, to contend that we are bound to buy the elements in Canada.

Take this particular case; at the time this Fane and Lavender patent was brought in, the Dunlop patent was in existence. Now, the only difference of practical moment between the old Dunlop and the Fane and Lavender was this: that the old Dunlop was a non-detachable tire. The rubber tread, instead of being put with the wires inside the rim, was brought round the rim and cemented to the rim. That was the state of the art when the Welsh patent was obtained. Now, in the face of that, this patent was obtained for what is beyond question a most important combination, which has revolutionized the trade in bicycles. But every element that was in the old Dunlop is here, with the exception, instead of being cemented round the rim, the wire is put at the edge, and that wire automatically holds itself in place. Supposing we take the old Dunlop tire and simply undo the cement, and put the wire into the outer casing by

means of a canvas, and fasten it in, could it be said that that was not manufacture? Because what we are bound to manufacture is our invention. Now, what is the invention? By the patent itself it is a combination of old elements every one of which is admittedly old, and admittedly, as far as we are concerned, a matter of commerce; anybody can buy it or anybody can use it. And when we go to the Crown, and ask the Crown for a patent, that patent being composed of elements none of which are claimed as new, your Lordship will see, according to the patent law, that is an admission that each element is old, but it is the peculiar manner in which they are put together that forms the invention. Then all the Crown exacts from us is this: take your invention and *manufacture* it. Then what are we to do? The manufacture is the putting together of old elements in a particular way, and when put together then it becomes a combination, the subject-matter of our patent.

Then as to the racing tires. Surely it cannot be contended that a patent of this magnitude and importance is to be set aside because they come forward and bring in evidence of twenty racing tires being imported? The statute does not mean that. The decisions of Dr. Taché, and all the other decisions, have not so interpreted it. I do not want to trouble your Lordship with the decisions; they are all together in the second volume of the Exchequer Court Reports; and they expressly point out that they will not deal with trifles. It is not a question of avoiding a patent even if twenty machines were brought in, as against about 10,000 to 12,000 manufactured and sold. The statute does not say that if one is brought in unwittingly that the patent is to be avoided on that ground.

The importation was only for the purpose of improving the Canadian manufacture and helping on the

1896
 THE
 ANDERSON
 TIRE CO.
 OF TORONTO
 v.
 THE
 AMERICAN
 DUNLOP
 TIRE CO.
 Argument
 of Counsel.

1896 Canadian trade ; because the very fact of the importations was with a view of enlarging and benefiting the Canadian trade, and there was no intent in sending them in of treating them as commercial articles.

THE
ANDERSON
TIRE CO.
OF TORONTO
v.
THE
AMERICAN
DUNLOP
TIRE CO.
Argument
of Counsel.

The Crown enters into this contract away back in 1892 ; and the parties taking the patent from the Crown have the right to say : " Now, here, the Crown officials have interpreted what our rights are, and if in good faith we rely on such interpretation, we are not to have our rights destroyed because of one or two importations."

I would submit there is really no case. The whole thing is trifling, as far as the tires go. With regard to the Welch patent, that is a patent from the Crown, which at present is perfectly valid, and must prove perfectly valid. There is a right to import under the Welch patent till 11th October, 1894 ; and there is nothing imported after that date. Now, the Welch patent and the Fane & Lavender patent are held in the same hands ; and under the Welch patent and the extension of the Welch patent there is the right, as a matter of contract with the Crown, to bring these things in ; and if there were any wrong, surely it cannot be imputed to them that they intended to commit the wrong, and surely these importations must be imputed to that patent under which they had the right to import it up to 11th October, 1894. Why should these importations be attributed to the Fane & Lavender patent ? For the purposes of this argument the Welch patent is a valid patent and gives the right up to 11th October, 1894, to bring in these very things. And why should the Fane & Lavender patent be set aside if, in another aspect of the case, we had a right to bring them in ?

Z. A. Lash, Q. C., followed : Adverting to the question of jurisdiction, your Lordship threw out the sug-

gestion that the original jurisdiction here was not in a judicial body, but was within one of the Government departments having special reference to what we might call the trade of the country. The jurisdiction conferred upon it gave it a discretion to construe the statute, and it did construe it, having in view not the mere fact that there was a technical breach of the words of the statute, but that the reason for making the provision was the encouragement and protection of Canadian labour. Now, the moment you make the reason for the passing of the statute a part of its construction—which has been done here—and it is re-enacted with these decisions in existence, such decisions not only being those of the Department, but, as such, approved of and acquiesced in by the courts before which this matter came—the moment, I say, you depart from the strict construction of the statute, and construe it in reference to the reason of the enactment, there must be a discretion used. That discretion has been conferred, and must be exercised, and no fault can be found with the tribunal which exercises it; it is in the tribunal to whom the law refers the exercise of this jurisdiction, having specially in view the reason why this discretion should be conferred in that way. The question now arises as to whether your Lordship is justified, as a court of first instance, to change the construction which has been placed upon it in the previous cases. That, I think, is a matter for the legislature. We find the Court of Appeal in Ontario approving of the construction of the statute, and we find remarks of the judges of the Supreme Court approving of it; and we find it re-enacted by Parliament, with all that before them. That is in a special sense a confirmation of the decisions. It was merely because of the inconvenience that was felt in putting the decision of such questions before the Department of Agriculture instead of before a court that

1896

THE

ANDERSON
TIRE CO.

OF TORONTO

v.

THE

AMERICAN
DUNLOP
TIRE CO.Argument
of Counsel.

1896 the Exchequer Court was given jurisdiction over patent
 THE matters. The thing was relegated to the Exchequer
 ANDERSON Court as a matter of jurisdiction only, but with the
 TIRE Co. law as it was. The whole question is one of common
 OF TORONTO law as it was. The whole question is one of common
 v. sense, and what is convenient and reasonable.

THE
 AMERICAN J. Ross replied: On the general questions of law
 DUNLOP involved, apart from the matter of the jurisdiction
 TIRE Co. where the matter is raised as a defence, I would simply
 Argument say that some rule must be elucidated which will cover
 of Counsel. the cases, so that the public may understand what that
 view is; and it must not be some elastic thing, some
 vague idea of complying with the mere spirit of the
 law, some very indefinite thing, which cannot be
 reduced to any rule, or founded upon any particular
 reason. On account of the decisions of the Minister of
 Agriculture, it was found that his was not a good
 tribunal for the determination of these important
 questions.

It cannot be established that his decisions are in any
 way binding on your Lordship.

THE JUDGE OF THE EXCHEQUER COURT now (Feb-
 ruary 3rd, 1896) delivered judgment.

The question to be now decided in these cases is as
 to whether or not patent, number 38,284, granted on
 the 15th day of February, 1892, to Thomas Fane and
 Charles F. Lavender, for an improvement in tires for
 bicycles, is void for importation contrary to the pro-
 visions of the 37th section of *The Patent Act*. On the
 18th of October, 1893, Fane & Lavender assigned the
 patent to the American Dunlop Tire Company, who
 were then about to commence to carry on, at Toronto,
 the business of manufacturing and selling what was
 known as the Dunlop tire. This tire is made in accord-
 ance with the improvements or combination protected
 in Canada by the Fane & Lavender patent. The same

combination is also covered by the Welch patent, number 40,630, which was issued on the 11th October, 1892, to The Pneumatic Tire and Booth's Cycle Agency, limited, and under which The American Dunlop Tire Company also work, and for the use of which in Canada they pay the patentees a royalty. The time within which the invention covered by the Welch patent might be imported was duly extended for one year, and did not expire until the 11th of October, 1894, while the time within which the invention might be imported under the Fane & Lavender patent had expired on the 15th of February, 1893. From the time when, in 1893, the American Dunlop Tire Company opened their factory at Toronto, to the 30th June, 1894, they sold of their own manufacture 4,247 tires, and from the latter date to August 31st, 1895, 7,667 tires. The average number of persons employed by the company was twenty, to whom they paid wages amounting in the aggregate to the sum of \$10,764.

1896
 THE
 ANDERSON
 TIRE Co.
 OF TORONTO
 v.
 THE
 AMERICAN
 DUNLOP
 TIRE Co.
 ———
 Reasons
 for
 Judgment.
 ———

The importations which were proved, and on which the Anderson Tire Company ask the court to declare the Fane & Lavender patent void are of three classes.

First, it was proved that the American Dunlop Tire Company imported the materials used in the manufacture of the Dunlop tire in a form in which they could be used at the factory with as little labour and waste as possible. That applies to all the materials used—the rubber bands or treads, the cotton covers, the wires, the rubber tubes, the cement, the valves, and the rims to which the tires were attached. The rim and valves were in a finished state when imported, the cement ready for use, the rubber tubes and bands and wires of the requisite length, and the cotton of a convenient width. The cost of manufacturing a tire without the rim is \$3.10, and with the rim about \$3.60. Of these sums from five to seven cents represent labour,

1896
 THE
 ANDERSON
 TIRE CO.
 OF TORONTO
 v.
 THE
 AMERICAN
 DUNLOP
 TIRE CO.
 ———
 Reasons
 for
 Judgment.
 ———

and the balance, in each case, the cost of the materials. But the materials were, I think, articles which, in the form in which they were imported, any one was free to buy or make, and to use so long as he did not combine them so as to infringe on the company's patent. No one of such materials separately could in any sense be said to be the invention for which the patent was granted; and the whole of them together did not constitute that invention, until they were fitted and put together, or combined in accordance with the improvements covered by the patent. It is clear, it seems to me, that the importation of the articles mentioned, was not an importation of the invention for which the patent in question was granted.

In the second place the plaintiff company complain that defendant company in February, 1895, and after the time limited had expired, imported 310 cotton cases with the wires fitted into them; and later there was apparently another importation of 50 cotton cases in the same state. On these cases it is clear that work had been done before importation which it was usual to do at the factory at Toronto, and which completed one step or process in the manufacture of the tire. The value of such work was, it appears, six dollars and thirty-two cents (\$6.32). If the intention of the company in making the importation were in any view of the case thought to be material, it would, it seems to me, be fair to conclude from the very inconsiderable amount of labour displaced, and the fact that they had in Canada a factory where this work could have been done at perhaps no increased cost to themselves, that there was no intention on their part to evade the law as to the employment of Canadian labour in the manufacture of the invention. But that, it seems to me, is not the question here. The facts of the case do not raise that issue. The importation of the cotton cases,

in the condition in which they were, was not, it seems to me, an importation of the invention ; and, if not, the patent cannot by reason thereof be void.

Then, in the third place, the defendant company imported some 22 tires in a complete and finished state and 59 covers that required only the insertion of the rubber tube to complete them. In the completed tires, without doubt, and I think in the covers in the state in which they were imported, was to be found the invention protected by the Fane & Lavender patent. These tires and covers were not, however, imported for sale, but to be given to expert riders to be tested, and for the purpose of advertising the Dunlop tire. One pair of such tires was, it seems, sold through inadvertence or otherwise, but they were not imported for sale ; and if the company had a right to import them for the purposes and under the circumstances mentioned I should not think that the subsequent sale of two of them would render the patent void. The statute in fact says nothing about the sale of the invention. Either the patent is void or not void because of the importations mentioned, and the sale of the tires would be in no way material unless it were thought to have some bearing upon the question of the motives and intentions of the importer. But as the total value of the labour displaced by the importations complained of amounts only to two dollars and eighteen cents, and in the case of the two tires sold did not exceed fifteen cents, it is out of the question to suppose for a moment that there was any deliberate purpose of evading the law, or anything to be gained by breaking it.

The question as to whether or not a patent is void where the patentee, contrary to the letter of the statute, imports the invention, but with no intention on his part of evading or defeating the condition that requires

1896

THE
ANDERSON
TIRE Co.
OF TORONTO
v.
THE
AMERICAN
DUNLOP
TIRE Co.

Reasons
for
Judgment.

1896
 ~~~~~  
 THE  
 ANDERSON  
 TIRE CO.  
 OF TORONTO  
 v.  
 THE  
 AMERICAN  
 DUNLOP  
 TIRE CO.

Reasons  
 for  
 Judgment.

him to manufacture in Canada, and without in fact displacing, to any appreciable or considerable extent, Canadian labour and industry, is not a new question. If it were, I should for myself be inclined to think that I had nothing to do with the importer's motives or intentions, or with the effect of the importation; that if the fact of importation contrary to the statute were clearly proved, as it was in this case, my duty would be to give effect to the law, and to declare the patent void. But to see how the matter now stands it may, perhaps, be well briefly to look at the history of the provision in question.

By the 28th section of the Revised Statutes of New Brunswick, chapter 118, repealed by *The Patent Act*, 1869 (32-33 Vic., c. 11, s. 52), it was provided that all patents granted under the chapter should be void if the patentee should not within three years after the granting thereof establish in the province the manufacture of, or introduce the article, improvement or composition for which the same was granted. That provision was satisfied if the thing patented was manufactured or introduced into the province within three years, and in that way became accessible to the public. In *The Patent Act of 1869* the Parliament of Canada went farther and provided (sec. 28) that every patent granted under the Act should be subject to, and expressed to be subject to, the condition that the patent should be void, and all rights and privileges thereby granted should cease and determine, and the patent should be null and void at the end of three years from the date thereof, unless the patentee should within that period have commenced and carried on in Canada the construction or manufacture of the invention or discovery patented, in such manner that any person desiring to use it might obtain it or cause it to be made for him at a reasonable price at some manufactory or establishment for making it or constructing it in Canada; and

that such patent should be void if, after the expiration of eighteen months from the granting thereof, the patentee or his assignee, or assignees, for the whole or a part of his interest in the patent, imported or caused to be imported into Canada, the invention or discovery for which the patent was granted. The objects of the enactment were two-fold: to secure to the public the use of the invention at a reasonable price, and to the labour and industry of Canada the advantage of its being made or produced here. At that date patents were not granted to persons who were not residents of Canada. By *The Patent Act, 1872*, (sec. 6) this restriction was removed, and it was provided that any inventor who was within the provisions of the Act might obtain a patent. By the 28th section of the Act of 1872 the time within which the patentee was to commence the manufacture in Canada, of the invention patented, was reduced to two years, and the time after which importation was prohibited was limited to one year; and it was also provided that in case disputes should arise as to whether a patent had or had not become null and void under the provisions of the section, such disputes should be settled by the Minister of Agriculture, or his deputy, whose decision should be final. In 1875 (38 Vict., c. 14, s. 2) the 28th section of *The Patent Act, 1872*, was amended by providing that whenever a patentee had been unable to carry on the construction or manufacture of his invention within the two years mentioned, the Commissioner might at any time, not more than three months before the expiration of that period, grant to the patentee a further delay on his adducing proof, to the satisfaction of the Commissioner, that he was, for reasons beyond his control, prevented from complying with the condition. In 1882 (45 Vict., c. 22) a like provision was enacted in respect of the time for importation. The patentee, or his assignee,

1896

THE

ANDERSON  
TIRE CO.

OF TORONTO

v.

THE

AMERICAN  
DUNLOP  
TIRE CO.Reasons  
for  
Judgment.

1896  
 ~~~~~  
 THE
 ANDERSON
 TIRE Co.
 OF TORONTO
 v.
 THE
 AMERICAN
 DUNLOP
 TIRE Co.
 ———
 Reasons
 for
 Judgment.
 ———

was to apply to the Commissioner within three months before the expiry of the twelve months, and on showing cause satisfactory to the Commissioner, might obtain an extension of time not exceeding one year, during which the patent might be imported. These provisions recur without any material change in the 37th section of *The Patent Act*, as enacted in *The Revised Statutes*, chapter 61. In 1890, by 53 Vict., chapter 13, section 2, this court was given jurisdiction in the place of the Minister of Agriculture or his deputy, to decide any question that might arise as to whether or not a patent had become void by reason of the provisions of the statute to which reference has been made. In 1892, in the 6th section of 55-56 Vict., c. 24, these provisions respecting the manufacture and importation of anything patented are repeated, the material difference in substance being that it is provided that in the case of importation the patent shall be void as to the interest of the person importing the invention or causing it to be imported.

Now, it is clear that in enacting that a patent should be void for importation of the invention contrary to the terms of the statute, Parliament intended to secure the construction or manufacture in Canada of anything that was protected by a Canadian patent. There is no difference of opinion so far as I know as to that. But it has been thought that the question for decision under the importation clause of the statute is not the comparatively simple and direct issue of importation or no importation of the invention, but the more difficult questions of the intention of the importer, of the object he had in view, and as to whether or not the importation was considerable, or substantially displaced or interfered with Canadian labour. This was the view of the statute taken in 1877 by Dr. Taché,

then the deputy of the Minister of Agriculture. In the case of *Barter v. Smith* (1), he concluded a learned and elaborate opinion, that has been much commended, as follows:—

The conclusion is, that the respondent having refused no one the use of his inventions and the importation assented to by him to be made being inconsiderable, having inflicted no injury on Canadian manufacturers, and having been so countenanced, not in defiance of the law, but evidently as a means to create a demand for the said inventions, which the patentee intended to manufacture, and did in fact offer to manufacture, in Canada, has not forfeited his patents.

In 1880 the validity of the patent in question in *Barter v. Smith* came again in question in *Smith v. Goldie* (2), and Chancellor Spragge appears to have taken a stricter view of the statute. He evidently thought that the question to be determined was as to whether or not the patentee had imported the invention for which the patent had been granted to him. In the Court of Appeal the impeached patents were held void on other grounds, but speaking of Dr. Taché's opinion, to which I have referred, Patterson, J. A., said:—

But if the subject were one for our decision I should be content to follow the very careful and able judgment of Dr. Taché, the deputy Minister, which commends itself to me as a sound exposition of the principles upon which the law laid down by this section should be administered, as well as a judicious and discriminating investigation of the facts.

Smith carried his case to the Supreme Court of Canada, where the judgment of the Court of Appeal was unanimously reversed, and the patents in question sustained (3). Mr. Justice Henry, in his reasons for judgment, in which Mr. Justice Fournier and Mr. Justice Taschereau concurred, expressed the opinion that Dr. Taché's decision was final, and then he added:—

(1) 2 Ex. C.R. 492.

(2) 7 Ont. App. 628.

(3) 9 Can. S. C. R. 46.

1886
 ~~~~~  
 THE  
 ANDERSON  
 TIRE Co.  
 OF TORONTO  
 v.

THE  
 AMERICAN  
 DUNLOP  
 TIRE Co.

Reasons  
 for  
 Judgment.

But in case of any doubt on that subject, I will add that having well considered the case as presented before him, I would have come to the same conclusion as he did. I think the law as laid down and explained by him in this exhaustive, and, I will add, able judgment, cannot properly be questioned.

Then it is also to be observed that since Dr. Taché's decision was rendered the clause of the statute against the importation of an invention, has, as we have seen, been re-enacted three times, in 1886, in 1890, and again in 1892, and on each occasion without anything to indicate any dissent by Parliament from the view that had been taken of the meaning of the provision. So that whatever my own view might be as to the true construction of the statute, I ought now, it seems to me, to follow the construction that has been put upon it in the cases to which I have referred. At the same time I cannot but think that there is a good deal to be said for the stricter construction of the enactment which appeared to commend itself to Chancellor Spragge ; or at least that there was a good deal to be said for such a construction when the question was before him. And it is clear, I think, that the more liberal interpretation that has prevailed has created some uncertainty, and opened the door to abuses and evasions of the statute. The provisions of the Act against importation are, it is true, the means only by which Parliament seeks to secure the construction or manufacture in Canada of any invention that enjoys the protection of a Canadian patent, and are not directed against the act of importation as such. It differs in that respect from the prohibition against the importation of seditious and immoral books, base or counterfeit coin, or goods manufactured by prison labour. Then, it may, and I have no doubt does, frequently happen, as has happened in this case, that an importation of an invention for which a patent has been granted displaces little or

no Canadian labour, and does not appreciably affect the manufactures and industries of the country. But because that is so I do not see clearly by what authority the tribunal before which the question comes is to cut down the plain and explicit language of the statute, or engraft upon it any such qualification or exception, as that to which I have referred. It is clear, of course, as pointed out in the opinion of Sir John Thompson in *The Royal Electric Company of Canada v. The Edison Electric Light Company* (1) that no patent should be declared void for importation, unless it is manifest that the invention protected by the patent, has been imported. But where it is clear that importation has taken place contrary to the letter of the statute, I do not see, as I have said, what the court has to do with the motives or intentions of the importer, or of the effects of his importation. He holds his patent on an express provision or condition that he will not after a time therein limited, or any authorized extension of such time, import the invention for which the patent is granted, and any exceptional case is met by the provision for the extension of time within which importation may take place. It is possible that some of the hesitation to enforce the plain language of the Act has arisen from the large interests that are at times in peril. But who puts them in peril, and why should the tribunal hesitate to enforce the law when the patentee to gain some trifling advantage, or no advantage, does not hesitate to violate it and to incur the risk of having his patent annulled? Or why should it be thought that to import the invention for sale would avoid the patent, while if it were, as in the present case, imported to be given away, to be experimented with, or to be used as an advertisement, there would be no violation of the statute or breach of the

1896  
 THE  
 ANDERSON  
 TIRE Co.  
 OF TORONTO  
 v.  
 THE  
 AMERICAN  
 DUNLOP  
 TIRE Co.  
 ———  
 Reasons  
 for  
 Judgment.  
 ———

(1) 2 Ex. C. R. 597.

1896  
 THE  
 ANDERSON  
 TIRE Co.  
 OF TORONTO  
 v.  
 THE  
 AMERICAN  
 DUNLOP  
 TIRE Co.  
 ———  
 Reasons  
 for  
 Judgment.

condition, while the commercial advantage to the patentee might be much greater in the latter than in the former case ?

The case is, however, it seems to me, within the rule laid down by Dr. Taché in *Barter v. Smith*, and approved by the learned judges whom I have mentioned ; and following that rule, I am of opinion that patent number 38,284 in question in this case is not void for importation contrary to the statute.

The view I have expressed renders it unnecessary for me to decide the question that was raised as to whether or not any importation during the time that importation was permissible under the Welch patent could be taken to affect the Fane and Lavender patent.

The question of costs, will, as agreed at the trial, be reserved.

*Judgment accordingly.*

Solicitors for the Anderson Tire Co.: *Rowan & Ross.*

Solicitors for the American Dunlop Tire Co.: *Blake,  
 Lash & Cassels.*

---