Federal Court  Cour fédérale

Date: 20100621

Docket: T-1327-05

Citation: 2010 FC 669

Vancouver, British Columbia, June 21, 2010

PRESENT: Roger R. Lafrenière, Esquire
Prothonotary

BETWEEN:

WENZEL DOWNHOLE TOOLS LTD.
and WILLIAM WENZEL

Plaintiffs

and

NATIONAL-OILWELL CANADA LTD.,
NATIONAL OILWELL NOVA SCOTIA COMPANY,
NATIONAL OILWELL VARCO, INC.,
DRECO ENERGY SERVICES LTD.,
VECTOR OIL TOOL LTD. and FREDERICK W. PHEASEY

Defendants

AND BETWEEN:

NATIONAL-OILWELL CANADA LTD.,
NATIONAL OILWELL NOVA SCOTIA COMPANY,
DRECO ENERGY SERVICES LTD.,
VECTOR OIL TOOL LTD. and FREDERICK W. PHEASEY

Plaintiffs-by-Counterclaim

and

WENZEL DOWNHOLE TOOLS LTD.
and WILLIAM WENZEL

Defendants-by-Counterclaim

REASONS FOR ORDER AND ORDER

[1] After a pre-trial conference was conducted with the parties, but before the Judicial Administrator could fix the trial dates, the Defendants filed a motion for summary dismissal of the action on the grounds that the Plaintiffs' patent is obvious and anticipated.

[2] The issue on this pre-emptive motion brought by the Plaintiffs is whether the Court should decline to schedule a special sitting to hear the Defendants' motion for summary judgment in light of the Defendants' representations at the pre-trial conference that obviousness and anticipation were issues for trial.

Facts

[3] The main proceeding is a patent infringement action. The Plaintiff, William Wenzel, alleges that he is the inventor of Canadian Patent No. 2,206,630 ('630 Patent). The Plaintiff, Wenzel Downhole Tools Ltd., claims to be the owner of the '630 Patent by way of assignment. The Defendants deny that William Wenzel is the true inventor of the subject matter of the claims in the '630 Patent. The Defendants have also counterclaimed that the '630 Patent is invalid on the grounds of obviousness, anticipation, and lack of inventiveness and utility.

[4] The proceeding has been specially managed since the close of pleadings back in 2006, and was the subject of numerous interlocutory motions and orders.

[5] The Plaintiffs served and filed a requisition for pre-trial conference on May 4, 2009, along with their pre-trial conference memorandum, in accordance with Rule 258 of the *Federal Courts Rules*. The Defendants filed their pre-trial conference memorandum on June 11, 2009. The Defendants' memorandum lists eleven patents and other materials that they allege are prior art, including U.S. Patent No. 1,643,338 filed March 16, 1921 (Halvorsen).

[6] A pre-trial conference was held with representatives of the parties and their solicitors at the Federal Court in Edmonton, Alberta on July 17, 2009. The matters discussed at the pre-trial conference are reflected in detailed minutes prepared by the parties and filed on September 16, 2009.

[7] The pre-trial conference began with a review of motions being contemplated by the parties before trial. Counsel for the Plaintiffs advised that he was awaiting responses to written questions he provided to the Defendants' counsel and that the content of those outstanding responses might lead to a motion for further discovery or other relief. The Defendants were directed to provide their responses by September 30, 2009. The Plaintiffs could then decide whether to bring a motion.

[8] Counsel for the Defendants advised that the Defendants may wish to bring a motion pursuant to Rule 237(4) to continue an aborted examination of Douglas Wenzel as the assignor of the '630 Patent. After counsel for the Plaintiffs objected about the lateness of the request, the Defendants were directed to bring any motion necessary to

compel re-attendance of Douglas Wenzel and to complete the examination by September 30, 2009.

[9] Counsel for the parties did not identify any other motions that they were contemplating bringing before trial.

[10] After counsel confirmed that this was not an appropriate case for bifurcation of the issues of liability and damages, the issues to be determined at trial, as well as the witnesses to be called by the parties, were canvassed in detail. Both the Plaintiffs and the Defendants agreed that the question of invalidity of the ‘630 Patent based on obviousness and anticipation were issues for trial.

[11] At the conclusion of the pre-trial conference, the parties were advised that the matter would be referred to the Judicial Administrator to schedule a 30-day trial in Edmonton before a judge.

[12] An Order resulting from the pre-trial conference was signed on October 13, 2009. The Order permits the Plaintiffs to bring a motion regarding further discovery and permits the Defendants to bring a motion regarding the examination of Douglas Wenzel. The Order is silent with respect to any other motions.

[13] On December 14, 2009, without notice or leave of the Court, the Defendants served and filed a motion for summary dismissal of the Plaintiffs’ action. The Defendants claim in

their notice of motion that the subject matter defined by the claims in the '630 Patent was disclosed before the claim date in the patent by persons other than the named inventor, namely in the Halvorsen prior art. The grounds for summary dismissal are that the '630 Patent was obvious or anticipated by Halvorsen and, as such, the '630 Patent is invalid and void.

Position of the Parties

[14] The Plaintiffs submit that the Defendants should be bound by the following representations they made at the pre-trial conference: (a) that anticipation and obviousness are issues for trial; (b) that the Defendants' only anticipated motion related to the examination of Douglas Wenzel; and (c) that bifurcation of the issues of liability and damages is not appropriate in this case. The Plaintiffs submit that the Defendants' motion for summary judgment is at odds with the position by the Defendants at the pre-trial conference, and should accordingly be dismissed.

[15] The Defendants submit that at no time during the pre-trial conference was it understood or agreed that any of the motions contemplated at that time were a complete bar to bringing any other possible motion thereafter. They note that there is nothing in the *Federal Courts Rules* cited by the Plaintiffs concerning pre-trial conferences that requires or even mentions that the pre-trial conference memorandum of a party must outline all contemplated or possible motions, or that all contemplated or possible motions must be discussed or raised at the pre-trial conference.

[16] The Defendants maintain that whatever implications or impressions the Plaintiffs may have drawn from the Defendants' pre-trial conference memorandum or statements at the pre-trial conference should not be a basis to prevent the Defendants from bringing a proper motion for summary dismissal that may ultimately end this litigation and free both time and expense to the parties and the Court.

[17] The Defendants also submit that they are fully entitled to bring a motion for summary judgment since it is brought before the trial dates were fixed. Their submission is based on the wording of subsection 1 of Rule 213, which reads as follows:

213. (1) A party may bring a motion for summary judgment or summary trial on all or some of the issues raised in the pleadings at any time after the defendant has filed a defence but before the time and place for trial have been fixed.	213. (1) Une partie peut présenter une requête en jugement sommaire ou en procès sommaire à l'égard de toutes ou d'une partie des questions que soulèvent les actes de procédure. Le cas échéant, elle la présente après le dépôt de la défense du défendeur et avant que les heure, date et lieu de l'instruction soient fixés.

Analysis

[18] The Defendants apparently view the pre-trial conference as an inconsequential, non-binding step in the litigation process. They are mistaken.

[19] The purpose of the pre-trial conference is to allow the Court to canvass with the parties whether discoveries are completed, whether settlement discussions have taken place, and whether the issues to be determined at trial and the witnesses to be called by the parties

have been properly considered and identified. Once the Court is satisfied that the parties are ready for trial or that clear deadlines have been established for completing any outstanding tasks, trial dates may be scheduled.

[20] If the parties were not properly prepared or were only required to put forward expressions of present intentions during the pre-trial conference, the principal function of conference would be undermined. Despite the fact that pre-trial conferences are generally conducted outside the courtroom, it remains that they are court hearings. In the circumstances, it is not only just, but necessary, to hold parties to any representations or agreements made to the Court.

[21] The Defendants submit that there is no basis for the Plaintiffs to dispute the entitlement of the Defendants to bring their motion for summary dismissal under Rule 213. However, the issue on this motion is not whether the Defendants are barred from bringing their motion by virtue of Rule 213(1).

[22] Were it not for the Defendants' representations at the pre-trial conference, there was nothing preventing them, from a procedural point of view, from moving for summary dismissal before trial dates were fixed. However, the Court should not countenance what amounts to interference by the Defendants in the Court's ability to schedule trial dates in an efficient and expeditious manner.

[23] If the Defendants are permitted to proceed with their summary judgment application, either the action will be dismissed, or it will survive. Whether the action is summarily dismissed or is not, the time, resources and costs of the parties and the Court in preparing for and conducting the pre-trial conference will have been wasted. In both cases, an appeal is possible, which could delay the trial of the proceeding, currently scheduled to commence in September 2011.

[24] The Defendants' motion for summary judgment is not based on any new facts discovered after the pre-trial conference. In fact, counsel for the Defendants acknowledges that it was only after the pre-trial conference that the idea of a summary dismissal motion was raised and explored. I do not think a change of heart in itself can justify reneging on representations made to the Court. In the absence of any new facts or other compelling circumstances that may have arisen since the pre-trial conference, the Defendants should be held to their agreement that anticipation and obviousness are issues for trial and that a separate determination of issues of liability is not appropriate in this case.

[25] Being substantially in agreement with the Plaintiffs' written representations, I conclude that the Plaintiffs' motion should be granted in part. The Defendants' summary judgment motion shall be referred to the trial judge to determine at a trial management conference whether the matter should be heard prior to the trial, or at all. At the conclusion of the hearing, counsel for the parties agreed that costs of the Plaintiffs' motion should be in the cause no matter what the disposition. An order shall go accordingly.

ORDER

THIS COURT ORDERS that:

1. The Defendants' motion for summary judgment is referred to the trial judge for directions.

2. Costs of the Plaintiffs' motion shall be in the cause.

"Roger R. Lafrenière"
Prothonotary

SOLICITORS OF RECORD

DOCKET:	T-1327-05
STYLE OF CAUSE:	WENZEL DOWNHOLE TOOLS LTD. ET AL. v. NATIONAL-OILWELL CANADA LTD. ET AL

MOTION HELD VIA TELECONFERENCE ON JUNE 2, 2010, FROM VANCOUVER, BRITISH COLUMBIA AND EDMONTON, ALBERTA

REASONS FOR ORDER AND ORDER:	LAFRENIÈRE P.
DATED:	June 21, 2010

ORAL AND WRITTEN REPRESENTATIONS BY:

Grant S. Dunlop	FOR THE PLAINTIFFS
Kevin P. Feehan, Q.C. Dennis R. Schmidt	FOR THE DEFENDANTS

SOLICITORS OF RECORD:

Ogilvie LLP Edmonton, Alberta	FOR THE PLAINTIFFS
Fraser Milner Casgrain LLP Edmonton, Alberta	FOR THE DEFENDANTS