HIS MAJESTY THE KING.....PLAINTIFF;

AND

MYERS CANADIAN AIRCRAFT CO., LTD., ET AL ..... } DEFENDANTS.

1926

Nov. 19.
Nov. 22.

Practice—Security for costs—Virtual plaintiff—Proceedings before Commissioner of Patents

Plaintiff alleged that the defendant Myers had applied to the Commissioner of Patents, under section 48 of the Patent Act, to determine what should be reasonable compensation to him for the use of his invention by the plaintiff. That on such application plaintiff could not raise the validity of the patents involved and was forced to take the present action to impeach the same. That his action was in the nature of a defence to defendant's claim, that the said defendant was really a plaintiff and should give security for costs of the present action. By the defense Myers only sought to maintain his patents, and no more.

Held (affirming the decision of the Registrar), on the facts disclosed, that there was no relation proximate or remote between the proceedings before the Commissioner and the present action and, as the defendant herein did not assert any substantive right whereby he would become a virtual plaintiff, he should not be compelled to give security for costs.

APPEAL from decision of the Registrar dismissing application of plaintiff for an order to compel the defend-

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ant Myers to give security for costs on the ground that he was virtually a plaintiff.

The appeal was heard by the Honourable Mr. Justice Maclean, President of the Court at Ottawa.

W. L. Scott, K.C., for plaintiff.

R. S. Smart, K.C., for defendants.

The facts and questions of law involved are stated in the reasons for judgment.

THE PRESIDENT, this 22nd day of November, 1926, delivered judgment.

In March, 1913, there was issued in Canada to the defendant Myers, a patent relating to improvements in flying machines. In December, 1918, another patent was issued to the same defendant, also relating to flying machines. In April, 1918, the defendant Myers granted to the defendant Company a license for the use within the Dominion of Canada of the first-mentioned patent, and by assignment he conveyed the last-mentioned patent to the defendant company in April, 1924. The defendant Myers claiming that the Government of Canada during the war, manufactured and used aeroplanes which infringed certain claims of these two patents, applied to the Commissioner of Patents under section 48 of the Patent Act, to determine thereunder what should be a reasonable compensation to him for such use of his inventions by the Government of Canada. The plaintiff alleges that he was not able on such application to urge as an answer to the fixing of such compensation the invalidity of the patents in question, and accordingly this action was commenced asking for a declaration that the patents be declared null and void, and that they be revoked. In the meanwhile the proceedings under sec. 48 have been stayed. The defendant company is within the jurisdiction, while the defendant Myers is without the jurisdiction.

The plaintiff made application before the Registrar of this Court for security of costs from the defendant Myers, which application was refused, and this proceeding is an appeal from such refusal.

The ordinary rule is that security for costs is ordered when the person bringing an action is out of the jurisdiction, the reason being that if the application or action fails, there will be a tangible opportunity of recovering the costs of the failure. Here it is the original patentee and the present registered owner and licensee of the patents who are attacked with a view of revoking the patents, and it is said that this application does not come within the usual rule. It is the plaintiff who brings the defendant Myers into court to decide whether the patents in question are valid, and I fail utterly to see why that defendant Myers should be asked to give security for costs. He is making no application to the court whatever in connection with the patents. If he were, in any way, the rule that where a defendant is asserting a substantive right and so becomes a virtual plaintiff might be applied to him, and he might be compelled to give security for costs of any such proceeding by him. When this action comes to be heard the sole issue will be the validity of the patents, and whether or not they should be revoked. To say that sec. 48 of the Patent Act does not enable the plaintiff to raise the issue of the validity of the patent, on the proceedings before the Commissioner, has nothing to do with this action to revoke the patents, and there is no relation, proximate or remote, between the two. If sec. 48 has failed to make proper provision for one thing or another, the defendant Myers is not responsible for it. That does not necessarily force the plaintiff to bring this action, nor does it in any sense make him really a defendant in this action. Supposing that the Commissioners held that the plaintiff was a statutory licensee and liable for compensation, or that the plaintiff on moral or equitable grounds admitted liability for compensation to Myers, or that the defendant Myers withdrew his application for compensation, not one of these three grounds would be an answer to the action to revoke the patents for want of subject matter, and neither of these suppositious situations would have any relevancy whatever to the issue of the validity of the patents. The plaintiff's action is a simple one involving the validity of the patents in question, and that issue is unaffected and uninfluenced by the user of the plaintiff, or any one else,

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Maclean J.

or by the question as to whether compensation is properly or reasonably payable for the use of such inventions, by the plaintiff. I see no reason whatever for departing here from the usual rule. I am of the opinion, therefore, that the appeal cannot be entertained, and that the decision of the Registrar was proper. The case of *Luke Miller's Patent* (1), will be found quite illuminating upon the point.

I would therefore dismiss the appeal and the application, with costs.

Judgment accordingly.