

Federal Court



Cour fédérale

Date: 20230628

Docket: T-1534-20

Citation: 2023 FC 906

Ottawa, Ontario, June 28, 2023

PRESENT: The Honourable Mr. Justice Zinn

BETWEEN:

**SECURE ENERGY (DRILLING SERVICES)
INC**

Applicant

and

**CANADIAN ENERGY SERVICES L.P. AND
JOHN EWANEK**

Respondents

and

THE ATTORNEY GENERAL OF CANADA

Respondent

JUDGMENT AND REASONS

Introduction

[1] This application under the *Patent Act*, RSC 1985, c P-4, concerns Canadian Patent No. CA 2,624,834 [the 834 Patent] entitled *Water-Based Polymer Drilling Fluid and Methods of Use*.

[2] The 834 Patent addresses a problem that occurs when drilling for oil in formations containing heavy crude oil and bitumen-rich oil sands. The bitumen or heavy oil sticks to the drilling components (described as “accretion” in the 834 Patent) resulting in frequent stops in order for it to be removed. This wastes time and decreases productivity. The 834 Patent asserts that the inventor discovered that using a water-based drilling fluid comprising a non-ionic or anionic polymer significantly reduces accretion of bitumen or heavy oil to drilling components during the drilling process.

[3] Canada Energy Services L.P. [CES] is the listed owner of the 834 Patent and John Ewanek [Ewanek] is the listed inventor.

[4] Secure Energy (Drilling Services) Inc. [Secure] brings this application to “correct” the inventorship and ownership of the 834 Patent. It seeks a declaration that Simon Levey [Levey] is the true inventor of the 834 Patent or, alternatively, is a co-inventor with Ewanek. It further seeks a declaration that Secure is the owner or co-owner of the 834 Patent. If these declarations issue, it then seeks an order under section 52 of the *Patent Act* directing the Commissioner of Patents to vary the entry in the records of the Patent Office to reflect the Court’s declarations.

As is discussed below, I have concluded that if the declarations as to inventorship and ownership issue, no order directing the Commissioner of Patents to vary the records is required.

[5] Secure brings a motion for summary judgment on its application. The issue is whether Secure has met its burden in challenging the listed inventorship and ownership of the 834 Patent.

[6] CES opposes both the application and the motion for summary judgment. It has responded with a motion to strike the application as an abuse of process. It says that Secure is seeking to relitigate the issue of ownership which, it asserts, has already been decided in an action between these parties [the Alberta Action] by the Court of Queen's Bench of Alberta in *Canadian Energy Services Inc v Secure Energy Services Inc*, 2020 ABQB 473, an appeal of which was dismissed by the Alberta Court of Appeal in *Secure Energy Services Inc v Canadian Energy Services Inc*, 2022 ABCA 200.

[7] Secure and CES are competitors in the oil-drilling field. The disagreements and challenges focused on the 834 Patent took a detour through the Alberta courts before the present application. That detour forms the basis for the cross-motion to dismiss. In addition to their disagreement as to the effect of the decisions in the Alberta courts, there is disagreement on many material facts underlying the origin of the invention disclosed in the 834 Patent.

[8] There is no dispute that the present parties are corporate successors to the relevant companies originally involved. The 834 Patent was originally filed by Mud King Drilling Fluids

(2001) Ltd. [Mud King], then Ewanek's employer. Mud King's assets were ultimately acquired by CES.

[9] Prior to his employment with Mud King, Ewanek was employed by Genesis International Oilfield Services Inc. [Genesis]. Genesis changed its name to New West Drilling Fluids Inc. [New West]. Lexacal Investment Corp. [Lexacal] was the holding company that owned New West. Marquis Alliance Energy Group Inc. [Marquis] purchased the assets of New West, including its intellectual property and confidential information. Marquis amalgamated with 1658774 Alberta Inc. to form Secure.

Facts Leading to the Invention and 834 Patent

[10] Ewanek joined Genesis in early 2002 and hired Levey in the summer of 2002 to develop alternate solutions to prevent accretion. In addition to testing cationic poly-acrylamides for anti-accretion, Levey tested non-ionic and anionic polyacrylamides. Levey maintained lab notebooks in which he recorded his ideas and test results.

[11] Levey left Genesis in November 2005 and took his notebooks with him. There is no evidence that Genesis was aware of the Levey notebooks until Levey was contacted by the Applicant's counsel in March 2013. Subsequently, Levey discovered the notebooks in his basement on April 13, 2018, and delivered them to counsel.

[12] Within a few weeks of starting his employment with Genesis, Levey developed a cationic polymer for anti-accretion of bitumen. The cationic polymer led to the Canadian Patent

2,508,339 [the 339 Patent]. Both Ewanek and Levey were named inventors on the 339 Patent application and Genesis was named as the owner. Ewanek's name was subsequently removed as an inventor by Court Order: *Secure Energy (Drilling Services) Inc v Canadian Energy Services LP*, 2021 FC 1169 [*Secure FC*].

[13] Levey recorded the idea of using anionic polymers as anti-accretive agents in drilling fluids in his notebook. In about July 2003, Levey tested anionic polymers and a single non-ionic polymer for anti-accretion of bitumen.

[14] On July 18, 2005, Ewanek emailed his resignation to Genesis. He advised that his last day of work would be August 1, 2005 and wrote: "I will be happy to answer any questions you may have, but I am not comfortable discussing my future plans at this time." Around August 1, 2005, Ewanek began working for Mud King.

[15] On September 15, 2005, Lexacal sent Ewanek a letter raising concerns that he was soliciting business from clients and using confidential information obtained while employed at Genesis. Subsequently, on October 11, 2005, the president of Genesis sent a letter to the president of Mud King raising concerns that Ewanek was using its confidential information to solicit business.

[16] On August 8 and 9, 2007, mutual releases were executed between Ewanek and Lexacal, for itself and New West, a successor to Genesis. Lexacal released Ewanek from all actions that Lexacal may have had against him existing up to August 8, 2007 [the Release].

[17] Ewanek and Mud King filed a patent application in October 2006, which became the 834 Patent.

Litigation History

[18] CES commenced an action in the Federal Court on February 5, 2018 [Court File No T-209-18] for infringement of the 834 Patent by Secure [the Federal Court Action]. No defence was filed by Secure. Instead, Secure sought a stay of the Federal Court Action while the ownership of the 834 Patent was determined in the Alberta courts, as Secure “will be commencing an action in the Alberta Court of Queen’s Bench seeking a declaration of ownership of the patent at issue in this proceeding.”

[19] On July 5, 2018, CES commenced an action in the Alberta Court of Queen’s Bench seeking a declaration that it was the owner of the 804 Patent and that Secure had infringed it [the Alberta Action]. Secure defended and counterclaimed, alleging that it was the true owner of the 834 Patent. The facts alleged in support are those it raises in this application, namely that Levey or alternatively Levey and Ewanek, while employees of Genesis, made the invention and Ewanek improperly used the confidential information of Genesis to make the patent application when at Mud King.

[20] Apparently, recourse to the courts of Alberta was taken because the decision of the Federal Court of Appeal in *Salt Canada Inc v Baker*, 2020 FCA 127 [*Salt Canada*], had not yet issued. Prior to that decision, the jurisprudence of this Court was that it lacked jurisdiction

where determination of the ownership of a patent was dependant on the application and interpretation of contract law principles. That changed with the decision in *Salt Canada*.

[21] In *Salt Canada*, the Federal Court of Appeal held that the established approach renders the Federal Courts entirely dependent on provincial courts and such an approach is against the purpose of section 52 of the *Patent Act* and the *Federal Courts Act*, RSC 1985, c F-8, generally. It concluded at paragraph 40: “Where contractual disputes arise within its jurisdiction, the Federal Courts are empowered to resolve these disputes just as any other court does, and they do so all the time.”

[22] Had this current dispute been commenced after *Salt Canada* was determined, we would not likely be here today faced with previous decisions in the Alberta Action which CES submits have a material impact on this matter.

[23] Given the Alberta Action and this Court’s jurisprudence at that time, on consent, the Case Management Judge determined that the Federal Court Action “will stay in abeyance until the parties receive a decision from the Alberta Court.”

[24] Each of CES and Secure brought applications in the Alberta Action which were heard by Justice Gates and which ultimately disposed of that litigation. Justice Gates in his decision described these competing applications at paragraphs 25 and 26, as follows:

[25] First, Secure brought an application seeking:

- a) an order severing the issue of ownership of Patent 834 and a stay of all other issues pending the resolution thereof;

- b) in the alternative, an order directing further Affidavits of Records from CES and Ewanek;
- c) an order for summary judgment dismissing CES' claim against Secure Energy on the grounds that Secure Energy has not undertaken any act that could result in patent infringement and that Secure Energy is not a proper party to this action.

[26] In response, CES brought an application seeking summary judgment and, in the alternative, an order striking out Secure's Counterclaim and Defence, or parts thereof, as having no merit and showing no genuine issue requiring a trial. According to CES, Secure is barred by the *Limitations Act*, RSA 2000, c L-12, from alleging breach of confidence. Further, CES says Secure has no standing to allege infringement of Patent 834 as it is neither the holder of the patent nor a person claiming under the holder of the patent.

[25] Justice Gates heard submissions as to which of the competing applications ought to be first determined. At paragraph 29, he set out the principle submission of Secure that its application ought to be determined first: "Secure argues that CES' arguments on limitations and the Release, even if successful, will not resolve the issue of ownership of Patent 834 because CES has not established that Ewanek is the 'inventor'."

[26] At paragraphs 30 to 34, Justice Gates describes the principal submission of CES as to why its application ought to proceed first. It is based on its submission, relied on by Justice Gates, that "the Patent Act was amended significantly on October 1, 1989, to create a "first to file" regime" and that it is "undisputed that the subject matter of Patent 834 was developed long after 1989" and "CES was first to file its application for what became Patent 834." Based on this reasoning, Justice Gates held "I cannot accept Secure's assertion that it is the owner of Patent 834 by virtue of Levey's alleged inventorship."

[27] Instead, Justice Gates held that “the real threshold question in this matter is, if Patent 834 resulted from confidential information misappropriated from Genesis by Ewanek, could Secure be successful in claiming ownership thereof or is such a claim doomed to failure by virtue of the limitation issue advanced by CES and/or the Release?”

[28] Ultimately, Justice Gates ruled that Secure could not succeed in claiming ownership of the 834 Patent based on the alleged misappropriation of confidential information by Ewanek, for both reasons.

[29] He found at paragraph 52 of his reasons that Secure’s predecessor had actual knowledge in 2005, of the alleged misappropriation of confidential information. “Therefore, by the time Secure filed its Counterclaim on August 3, 2018, both the two-year and the ten-year limitation periods [in paragraphs 3(1)(a) and (b) of the *Limitations Act*, RSA 2000, c L-12] had expired.” Accordingly, “Secure’s claim to ownership of Patent 834 is statute-barred.”

[30] He also noted that the release was executed after demand letters had been issued to Ewanek and after the application for Patent 834 had been made public. Accordingly, he found that Secure’s predecessor “knew, or with reasonable diligence could have known, of a possible issue with respect to the ownership of the subject matter of Patent 834.” Thus, “in the absence of established fraud, to use Secure’s version of the surrounding circumstances to exclude that issue would be to craft a more restricted release than what the parties themselves agreed to.” Justice Gates concludes at paragraph 73: “In the result, I find that Secure is precluded by the Release from pursuing its claim flowing from the alleged breach of confidence.”

[31] Justice Gates issued his formal Order on August 20, 2020, as follows:

IT IS HEREBY ORDERED THAT:

1. The application of CES for an order for Summary Judgment dismissing those portions of Secure's Statement of Defence which relate to the issue of ownership of the 834 Patent and Secure Drilling's Counterclaim, by virtue of the Alberta Limitations Act and the Release is granted.
2. No determination with respect to who the inventor or inventors of the 834 Patent is made.
3. No findings with respect to the validity or infringement of the 834 Patent are made.
4. The application of Secure for an order for Summary Judgment dismissing CES's claims against Secure Energy is dismissed.
5. The application of Secure for an order directing a Summary Trial of the issue of ownership of the 834 Patent is denied.
6. The parties may speak to costs.

[32] An appeal to the Alberta Court of Appeal was dismissed by a majority. The full bench accepted that Justice Gates was in error in not addressing inventorship first “largely because it appeared neither Levey nor Genesis invented the technology relying on CES’ “first to file” argument.” The Alberta Court of Appeal accepted that the first to file provisions of the *Patent Act* have no bearing on the identity of the true and proper inventor.

[33] However, the majority held that “we need not decide the inventorship question in any event” because even if Secure is successful in establishing that it is the rightful owner of Patent 834, “that does not end the matter relative to the Alberta action.” It so concluded because:

[13] The proceedings brought in Alberta are enforcement proceedings and any defences the party might have apply to that action. Available defences include that a claim is statute barred

under the *Limitations Act*, or otherwise precluded because the current lawsuit is governed by the terms of a settlement release. Secure cannot assert a title or an entitlement that was released or is statute barred. In that way, the case is analogous to any other case where a plaintiff has a valid claim but is prevented from enforcing that claim because of the expiry of a limitation period or has previously indemnified or released an otherwise valid claim.

[34] Veldhuis, J.A. dissenting, held that “Only after the determination of inventorship could the chambers judge deal with the remaining issues, such as the relevant limitation periods, the interpretation of the release signed by Mr. Ewanek, and the proper parties.” She describes the approach of Justice Gates and the majority as “putting the cart before the horse.” She would have set aside the entire decision with the issue of ownership to be determined first.

CES Motion to Strike

[35] CES describes the application by Secure under section 52 of the *Patent Act*, variously as being an abuse of process, a collateral attack on the decisions in Alberta, or being prohibited based on issue estoppel.

[36] The doctrine of abuse of process can be used to preclude litigation that would violate the principles of judicial economy, consistency, finality and the integrity of the administration of justice: see *Toronto (City) v CUPE, Local 79*, 2003 SCC 63 [CUPE] at para 37.

[37] The rule against collateral attack is that an order made by a court having jurisdiction to make it stands and is binding and conclusive unless it is set aside on appeal or lawfully quashed: see *Wilson v The Queen*, [1983] 2 SCR 594 at page 599.

[38] For issue estoppel to be successfully invoked, three preconditions must be met: (1) the issue must be the same as that decided in the prior decision, (2) the prior judicial decision must have been final, and (3) the parties to both proceedings must be the same, or their privies: see *CUPE* at para 23.

[39] I am satisfied that none of these applies. For the reasons that follow, I find that the application is not an abuse of process; nor a collateral attack on the decisions of the Alberta courts; nor is it prohibited by application of the doctrine of issue estoppel.

[40] The following portions of the reasons of the majority of the Court of Appeal make it very clear that the court did not make any decision on ownership of the 834 Patent and that Secure was not precluded from advancing an application under section 52 of the *Patent Act* before this Court.

[12] ... Secure is in a better position than the average plaintiff because of s 52 of the *Patent Act*. The chambers judge's decision does not preclude Secure from determining ownership and rectifying the Patent Register under s 52 of the *Patent Act*. They can do that. If they own Patent 834, they can even enforce it going forward. ... [emphasis added]

[13] ... While a successful s 52 *Patent Act* application may assist Secure moving forward, it does not assist in the Alberta action retrospectively.

[21] ... Nothing the chambers judge did prevents Secure from seeking rectification under s 52 of the *Patent Act*. What it might seek under a s 52 *Patent Act* application does not change the nature of what it is seeking in the Alberta action. This is not, in the Alberta action, a case of simply seeking title with the later possibility of some unknown, speculative, potential future claim as is the case where declaratory relief is generally sought. [emphasis added]

[39] In my view, the appeal should be dismissed. In doing so, and consistent with the chambers judge's order at paragraphs 2 and 3, I do not make any determination on who the inventor or inventors of the 834 Patent are, nor with respect to the validity or infringement of the 834 Patent. [emphasis added]

[41] The issue before this Court is the challenge to the inventorship of the 834 Patent and its ownership and whether they are properly reflected in the Patent Register. The issue before the Alberta courts was whether Secure's defence to the action for infringement was statute-barred or otherwise untenable due to the Release signed by its predecessor. As clearly stated by those courts, that issue has nothing to do with the questions of inventorship and ownership, which they specifically excluded from their judgments.

Who Invented the Subject Matter of the 834 Patent?

[42] Secure's expert, Dr. Rivard, opines that the 834 Patent's inventive concept is "that a water-based drilling fluid with either an anionic or non-ionic polymer significantly reduces the accretion of bitumen or heavy oil to drilling components (see paragraph 6 of the '834 Patent) when used in drilling operations in bitumen or heavy oil formations."

[43] CES's expert, Dr. Cywar, was cross-examined on the inventive concept of Claim 1 of the 834 Patent, the sole independent claim. Claim 1 reads as follows:

A water-based drilling fluid for use in subterranean formations containing bitumen or heavy oil, the drilling fluid comprising a polymer chosen from the group comprising non-ionic and anionic polymers, wherein the polymer is present in an amount sufficient for preventing accretion of the bitumen or heavy oil on drilling components, wherein the drilling components comprise tubulars, solid control equipment, and shale shakers.

[44] The relevant portion of the cross-examination is as follows:

Q What is the inventive concept of Claim 1?

A Just it says it right there, pretty much.

Q Okay. Can you just tell me, what is your articulation of the inventive concept of Claim 1?

A It's using nonionic and anionic polymers in sufficient amount for preventing accretion of bitumen or heavy oil on drilling components.

[45] It is fair to say that both experts agreed that the invention is that a water-based drilling fluid with either an anionic or non-ionic polymer significantly reduces the accretion of bitumen or heavy oil to drilling components.

[46] “Inventor” is not a defined term in the *Patent Act*. In *Apotex Inc v Wellcome Foundation Ltd*, [2001] 1 FC 495 (FCA), Sexton J.A. at paragraphs 30-33 described who an inventor is in Canadian law:

[30] An invention is defined in section 2 of the *Patent Act* as:

2. ...

“invention” means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter;

An inventor of an invention must be two things: (i) the person who first conceives of a new idea or discovers a new thing that is the invention; and (ii) the person that sets the conception or discovery into a practical shape.

[31] Mere conception is thus not invention unless combined with the second element of setting the idea into practical shape which acts as proof that the mental act of invention occurred by a certain date. But, for the purposes of dating an invention, setting the idea into practical shape need not rise to the formality of a patent

application. Instead, the date on which an invention is conceived or discovered is “the date at which the inventor can prove he has first formulated, either in writing or verbally, a description which affords the means of making that which is invented.” In other words, the invention must be “reduced to a definite and practical shape.”

[32] It is clear from all of this that, for a person to be considered an inventor, the invention for which patent protection is sought must have originated in the inventor’s own mind. As Mr. Robert B. Frost’s textbook *Letters Patent for Inventions* explains, “a person will not be considered the true and first inventor if he himself did not make the invention, or if the idea of it did not originate in his own mind.” Likewise, as Maclean P. stated in *Gerrard Wire Tying Machine Co. v. The Cary Mfg. Co.*, a true inventor “must not have borrowed it [the idea] from anyone else.” Similarly, Dr. Fox notes that,

In order to be the inventor, the applicant for a patent must have invented the thing himself, and not as a result of suggestion by another or as a result of reading. If it had been in previous use and available to the public, or if the applicant himself did not make the invention, or if it did not originate in his own mind, the applicant cannot be considered to be in law the inventor.

Finally, in *Hughes and Woodley on Patents*, the authors explain that “presenting a problem to another for solution is not an act of invention.” In law, then, an inventor is that person (or those persons) whose conception or discovery gives rise to the invention for which a patent is sought. It should thus be equally clear that a person who does not conceive the idea or discover the thing is not an inventor.

[33] Where a person is directed to engage in a purely mechanical act for the purpose of testing whether an invention will work, in circumstances where “the whole train of ideas put into motion ... were those of others,” the person is not to be treated as an inventor. If a person merely verifies another’s previous predictions, the person is not an inventor. To hold otherwise, would either discourage the inventor from obtaining assistance in realizing the invention or force the inventor to share the fruits of the invention with those retained to assist. The first premise would cause undue delay in bringing important inventions to the public. The second premise would diminish the economic incentive to invent built into

the patent system. Neither premise, from the standpoint of the public, is desirable.

[footnotes omitted]

[47] Secure submits that Levey invented the invention disclosed in the 834 Patent while employed at Genesis. CES submits that Ewanek is the inventor while employed with Mud King, having had the idea to test anionic and non-ionic polymers within days after leaving Genesis.

[48] Having read the affidavits of these men and the cross-examination transcripts, where there is conflict, I prefer the evidence of Levey. Levey, unlike Ewanek, has a clear recollection of how he came to the idea of the invention and how he tested it and when. He made entries in his notebooks that support his evidence. Ewanek offers no documentation to support his evidence and he provides only the most general explanation of how he came to the idea of using these polymers.

[49] Ewanek admitted in his affidavit and on cross-examination to knowing that Levey tested anionic polymers when at Genesis. On cross-examination, Ewanek stated:

Q. Okay. So anionics had been tested?

A. I was aware of it.

Q. What's that?

A. Anionics was tested. I was very well aware of it.

Q. Okay. So anionics had been testing by Simon Levey?

A. Correct.

Q. -- at Genesis.

A. Correct.

Q. You were aware of it at Genesis?

A. Correct.

Q. You supervised Simon Levey at Genesis right?

A. Correct.

Q. You had access to his lab notebooks, and you reviewed the test results with Simon Levey while you were at Genesis?

A. Correct.

[50] Ewanek denied knowledge of anionic polymers passing Levey's test for anti-accretion in his affidavit and on cross-examination. However, based on Levey directly reporting to him, his weekly meetings with Levey, the success of Levey's anionic polymer tests for anti-accretion, and Ewanek testing some of the identical anionic polymers within a couple of weeks of starting at Mud King, I find on the balance of probabilities that Ewanek was aware of the success of anionic polymers for anti-accretion shown by Levey at Genesis.

[51] Moreover, Ewanek's assertion that he thought the anionic polymers tested at Genesis had failed implies that there was communication between him and Levey specifically referencing these polymers for him to have reached this view. To accept the submission of CES that Ewanek thought anionic polymers did not reduce bitumen accretion would mean that the Court would have to accept that Levey only communicated his failed results to Ewanek. This makes no sense. Rather, it is reasonable to infer that it is probable that Levey communicated to Ewanek when the anionic polymers passed his pass/fail test.

[52] I accept Levey's evidence that within days after successfully testing cationic polymers as anti-accretive agents (which formed the basis of the 339 Patent), on or about August 14, 2002, he had the other ideas for anti-accretive agents, which he recorded in his notebook. This included using anionic polymers as anti-accretive agents.

[53] It is accepted that Levey tested both anionic and non-ionic polymers, as he attests in his affidavit sworn February 8, 2021, as follows:

41. Later, while employed by Genesis, I did anti-accretive testing on both non-ionic and anionic polymers. I subjected the non-ionic polymer Magnafloc 351 to anti-accretive testing on or about July 18, 2003 as is recorded on notebook page SL-2-I13. The '834 describes testing of an equivalent of this non-ionic polymer. Specifically, the '834 Patent describes testing of the non-ionic polymer NF 201, and Table 7 of the '834 Patent states that NF 201 is the equivalent of Alcomer 80. Alcomer is a brand name of CIBA. Magnafloc is a brand name of BASF. At some point, BASF acquired CIBA's polymer product line and the non-ionic polymer Alcomer 80 became renamed Magnafloc 351.
42. I also subjected the following anionic polymers to anti-accretive testing on or about the date indicated as recorded on the identified lab notebook pages:

[chart detailing the anionic polymers tested and the test dates omitted]
43. The '834 Patent describes testing of some anionic polymers that are equivalent to the ones I tested. Specifically, on page 125 of Mr. Ewanek's August 14, 2019 cross-examination transcript (which I am told is attached as Exhibit "F" to the affidavit of Eric Rivard), he says that Alcomer 338RD, which I tested, is equivalent to the anionic polymer AF204RD, which was tested and described in the '834 Patent. Table 7 of the '834 Patent also shows that these are equivalent anionic polymers.
44. As was the case when I tested cationic polymers, I only gave a passing grade to non-ionic and anionic formulations which entirely prevented the bitumen from sticking to the rolling

bar and cell. Even though some of my anti-accretion testing of non-ionic and anionic polyacrylamides were recorded as fails, they still prevented bitumen from sticking to the bar or cell (i.e. some but not all bitumen stuck).

[54] To summarize, the Court finds on the balance of probabilities that Levey had the idea of using anionic and non-ionic polymers as anti-accretive agents in drilling fluid and tested them prior to the date Ewanek claims to have had the idea and done his testing. While Levey's tests did not establish that these polymers were necessarily perfect at preventing accretion, they did establish that they were substantially effective in so doing. In short, I find that Levey alone made the invention captured by the 834 Patent. He had the idea and he established the utility of his invention.

[55] This is sufficient to base a finding that Levey is the inventor, not Ewanek. Moreover, it establishes that Levey is the sole inventor.

[56] CES submits that the application under section 52 of the *Patent Act* cannot succeed because of the limitation defence it raises and because of the Release between Genesis and Ewanek. It further submits that there is no chain of title from Genesis to Secure.

Limitation Period

[57] CES submits that the claims in this application are barred under all applicable limitation periods. Section 39 of the *Federal Courts Act* states that:

39 (1) Except as expressly provided by any other Act, the laws relating to prescription	39 (1) Sauf disposition contraire d'une autre loi, les règles de droit en matière de
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and the limitation of actions in force in a province between subject and subject apply to any proceedings in the Federal Court of Appeal or the Federal Court in respect of any cause of action arising in that province.	prescription qui, dans une province, régissent les rapports entre particuliers s'appliquent à toute instance devant la Cour d'appel fédérale ou la Cour fédérale dont le fait générateur est survenu dans cette province.
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(2) A proceeding in the Federal Court of Appeal or the Federal Court in respect of a cause of action arising otherwise than in a province shall be taken within six years after the cause of action arose.	(2) Le délai de prescription est de six ans à compter du fait générateur lorsque celui-ci n'est pas survenu dans une province.
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[58] Subsection 3(1) of the *Limitations Act* of Alberta prevents any remedial order more than “2 years after the date on which the claimant first knew, or in the circumstances ought to have known” or “10 years after the claim arose” whichever period expires first.

[59] CES submits that Secure is seeking a remedial order and these limitation periods apply. Secure contends that no limitation period applies to its section 52 application seeking a declaration as to the true and proper inventor of the subject matter of the 834 Patent.

[60] Neither party offered any jurisprudence specifically on point.

[61] I have concluded that the purported limitations defence does not apply to this application, for the following reasons.

[62] Justice Heneghan in *Calwell Fishing Ltd v Canada*, 2016 FC 312, considered whether the limitation period prescribed by section 39 of the *Federal Courts Act* applied to the application before her, seeking a declaration.

[63] At paragraph 119 she describes the nature of declaratory relief:

Declaratory relief is a discretionary remedy whereby a court can issue a declaratory judgment, that is a judicial statement confirming or denying a legal right or existing legal situation. The Court lacks jurisdiction to make declarations of fact; see the decision in *Administration de pilotage des Laurentides v. Pilotes du Saint-Laurent Central Inc.* (1993), 74 F.T.R. 185 at paragraph 22.

[64] She then turned to examine the *Federal Courts Rules*, SOR/98-106, and the availability of declaratory relief in this Court. She notes that Rule 64 describes the circumstances in which declaratory relief is available and provides as follows:

64 No proceeding is subject to challenge on the ground that only a declaratory order is sought, and <u>the Court may make a binding declaration of right in a proceeding whether or not any consequential relief is or can be claimed.</u>	64 Il ne peut être fait opposition à une instance au motif qu'elle ne vise que l'obtention d'un jugement déclaratoire, et <u>la Cour peut faire des déclarations de droit qui lient les parties à l'instance, qu'une réparation soit ou puisse être demandée ou non en conséquence.</u>
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[emphasis added]

[65] Next, at paragraph 123 she turns to Supreme Court of Canada jurisprudence on the nature of declaratory relief:

In *Manitoba Metis Federation Inc. v. Canada (Attorney General)*, [2013] 1 S.C.R. 623, the Supreme Court of Canada described declaratory relief in paragraph 143 as follows:

Furthermore, the remedy available under this analysis is of a limited nature. A declaration is a narrow remedy. It is available without a cause of action, and courts make declarations whether or not any consequential relief is available. ... [emphasis added]

[66] She concludes at paragraph 140:

I have determined that this proceeding is a claim for declaratory relief. I refer again to the decision in *Manitoba Métis Federation, supra* where the Supreme Court of Canada said that such relief is “available without a cause of action.” I find that this proceeding does not assert a cause of action. It follows that this proceeding does not fall within the scope of section 39. In my opinion, the Plaintiffs’ claim is one that is not subject to a limitation period.

[67] I find in this matter that Secure is seeking only a declaration. It does not assert a cause of action.

[68] In the Notice of Application, Secure states that it seeks:

a declaration that the individual Simon Levey is the sole inventor of Canadian Patent No. CA 2,508,339 (the "339 Patent"), and an order under s. 52 of the *Patent Act* directing the Commissioner of Patents to vary the entry in the records of the Patent Office to list Simon Levey as the sole inventor thereof;

[69] The request for an Order directed to the Commissioner of Patents might arguably lie beyond the request for a declaration and appear to be remedial in nature. There have been judgments of this Court under section 52 directing the Commissioner of Patents to correct the Register, including my own in the case of the 339 Patent: *Secure FC*. However, I am convinced that such an order is unnecessary when the Court issues a declaration of inventorship.

[70] The proper analysis is found in the reasons of Prothonotary Lafrenière (as he then was) in *Grenke v Corlac Inc*, 2007 FC 396 at paras 16 and 17. He there held that in issuing a declaration under section 52 of the *Patent Act*, the Court does not direct the Commissioner of Patents to act:

In performing its jurisdiction under section 52 of the *Patent Act*, the Federal Court does not, and in fact, is not ordering the Commissioner to do anything. The Federal Court is simply determining the rights of private parties as reflected in the Patent Office records, and it is the statutory obligation of the Commissioner to give effect to any such orders. [emphasis added]

If Parliament had intended the Commissioner to have the power to disregard or second guess orders of the Federal Court, it would have had to provide for such powers expressly in the *Patent Act*. No such residual jurisdiction has been reserved to the Commissioner. Instead, Parliament has given exclusive jurisdiction over varying and expunging the Patent Office records to the Federal Court pursuant to section 52. The Commissioner has no more power or authority than would a clerk of the Federal Court to refuse to give effect to such a court order.

[71] Accordingly, this application, as I see it, seeks only a declaration as to the inventor of the subject matter disclosed by the 834 Patent and its owner. That is a matter of a public nature, not a private cause of action. No limitation applies.

[72] This is not to suggest that should Secure commence an action against CES or another for infringement that a defence based on prescription would not be available to the defendant. That will be a matter for that trial judge.

Release

[73] The Release that CES relies on states:

FOR AND IN CONSIDERATION OF the sum of One Dollar (\$1.00), the receipt and sufficiency whereof is hereby acknowledged, Lexacal Investment Corp. does, for itself and New West Drilling Fluids Inc. and their respective subsidiaries, affiliates, directors, officers, employees, servants, agents, administrators, successors and assigns (the "Lexacal Group"), hereby remise, release and forever discharge John Ewanek of and from any and all manner of actions, causes of actions, suits, contracts, claims, demands, and damages of any kind whatsoever, whether corporate or personal, that the Lexacal Group may have against John Ewanek in respect of any matter, cause or thing existing up to the present date.

[74] CES submits that Secure cannot ask the Court to revisit and adjudicate matters its predecessor fully released by way of a contract.

[75] Secure relies, in part, on the reasons of the Alberta Court of Appeal at para 12 of its reasons, where the majority stated that Justice Gates' decision "does not preclude Secure from determining ownership and rectifying the Patent Register under s 52 of the Patent Act." Based on this statement from the court, Secure submits that CES is estopped from arguing that the Release bars its section 52 application.

[76] In my view, the Release does not prevent Secure from seeking a declaration that Levey is the true and proper inventor because that does not fall within the phrase "all manner of actions, causes of actions, suits, contracts, claims, demands, and damages of any kind whatsoever ...

against John Ewanek in respect of any matter, cause or thing existing up to the present date”
[emphasis added].

[77] Although this application names Ewanek as a respondent, this is not a “claim” against him or the other respondent *per se*. As described above, it is not a claim or a cause of action but an application for a declaration. The release was successfully raised in Alberta in an action as a defence to the allegation that Ewanek had misappropriated and misused confidential information. I fail to see how it can be raised to prohibit a party from seeking a declaration as to the true and proper inventor of a patent, even one that names Ewanek as the sole inventor. Indeed, as noted above, this Court issued such a declaration removing Ewanek as an inventor of the 339 Patent and no defence was raised that this Release prevented that declaration from issuing.

Chain of Title

[78] On November 24, 2005, Genesis changed its name to New West. In 2012, Marquis purchased the assets of New West under an asset purchase agreement. In 2014, Marquis amalgamated with 1658774 Alberta Inc and changed its name to Secure. Accordingly, Secure says that it is now the owner of Genesis’ assets, including Levey’s invention.

[79] CES submits that Secure has not established that Levey assigned the invention disclosed in the 834 Patent to Genesis, nor that Marquis purchased particular assets from New West in 2012. They submit that New West did not possess any ownership in the 834 Patent or any trade secrets that could be conveyed to Secure.

[80] I agree with Secure that it has already proven its title to Genesis' intellectual property and confidential information, which was accepted by this Court: see *Secure FC* at para 27. This finding by this Court was in a matter where the current Respondents were named. It is *res judicata* between these parties.

[81] I accept that Levey made the invention while an employee of Genesis. He advances no personal claim to ownership of the invention. At paragraph 48 of his affidavit, he attests as follows: "I believed any right I would have possessed in any ideas covered by the '834 Patent, to the extent that I had conceived of them, would have been retained by my former employer, Genesis."

[82] Moreover, the fact that both Levey and Ewanek filed the 339 Patent listing Genesis as the owner is evidence that they both were of the view that any invention they made during their employment belonged to Genesis.

[83] No assignment of the 834 Patent from Levey to Genesis was required.

Conclusion

[84] For these reasons, the Court will issue a declaration that Levey is the true and proper inventor of the subject matter disclosed in the 834 Patent and that Secure is the proper owner of the 834 Patent.

[85] Secure is entitled to its costs from CES. If the parties cannot agree on costs, each may file a letter, not exceeding three pages, outlining its position and submissions on costs.

JUDGMENT in T-1534-20

THIS COURT DECLARES that

1. Simon Levey is the sole true and proper inventor of the invention disclosed in Canadian Patent 2,624,834;
2. Secure Energy (Drilling Services) Inc. is the true and proper owner of the invention disclosed in Canadian Patent 2,624,834; and
3. Secure Energy (Drilling Services) Inc. is awarded its costs against Canadian Energy Services L.P. in an amount to be agreed or determined as set out in these Reasons.

"Russel W. Zinn"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1534-20

STYLE OF CAUSE: SECURE ENERGY (DRILLING SERVICES) INC v
CANADIAN ENERGY SERVICES L.P. AND JOHN
EWANEK AND THE ATTORNEY GENERAL OF
CANADA

PLACE OF HEARING: CALGARY, ALBERTA

DATE OF HEARING: MARCH 29 AND 30, 2023

JUDGMENT AND REASONS: ZINN J.

DATED: JUNE 28, 2023

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