

Federal Court



Cour fédérale

**Date: 20121203**

**Docket: T-1417-11  
T-1748-11**

**Citation: 2012 FC 1388**

**Ottawa, Ontario, December 3, 2012**

**PRESENT: The Honourable Mr. Justice O'Reilly**

**BETWEEN:**

**BING BAKSH**

**Applicant**

**and**

**PROBIOHEALTH, LLC**

**Respondent**

**REASONS FOR JUDGMENT AND JUDGMENT**

I. Overview

[1] Mr Bing Baksh contends that, in 2011, the Commissioner of Patents wrongfully removed him as a named inventor on Canadian Patent Application No 2,503,510 [the '510 patent]. Out of caution, he has filed both an appeal and an application for judicial review of that decision.

[2] The '510 patent relates to probiotic bacteria used as nutritional supplements. In 1999, Mr Yoshiteru Kiode, managing partner of Probiohealth, LLC, told Mr Baksh that he was attempting to

encapsulate a particular bacterial strain of lactic acid, but was having trouble maintaining its stability and viability. Mr Baksh suggested that suspending the material in oil might solve those problems.

[3] Eventually, Mr Baksh and Mr Kiode agreed that Mr Baksh would provide a nitrogen-purge-instant-bonding packaging system for the probiotic material, while Probiohealth, through a subcontractor, Dr Satyanarayan Naidu, worked on the oil suspension issues.

[4] Dr Naidu determined that certain oils had an unexpected prebiotic effect, which stimulated the activity of the probiotic bacteria. In 2002, Probiohealth filed an application for an invention relating to the preservative and prebiotic potential of certain oils on probiotic bacteria encapsulated by Mr Baksh's process. Probiohealth was the applicant for the patent; Dr Naidu and Mr Baksh were named as co-inventors. This eventually became the '510 patent application.

[5] In 2006, the Canadian Intellectual Property Office [CIPO] asked Probiohealth to provide evidence that it was the legal representative of the inventors. Dr Naidu assigned his rights to Probiohealth. Mr Baksh refused.

[6] Probiohealth also filed a voluntary amendment to its patent application cancelling the claims in the '510 patent application relating to Mr Baksh's encapsulation system. Mr Baksh refiled those claims in a separate divisional patent application which, while originally turned down, was upheld on judicial review (*Vita-Herb Nutraceuticals Inc v Canada (AG)*, 2010 FC 1203).

[7] In 2009, Probiohealth asked the Commissioner to remove Mr Baksh from the '510 patent application, and the Commissioner agreed. However, Mr Baksh objected and noted that Probiohealth had not supported its request with affidavit evidence as required by s 31(3) of the *Patent Act*, RSC 1985, c P-4 (see Annex for provisions cited). He filed both an appeal and an application for judicial review of the Commissioner's decision.

[8] Ultimately, in 2010, the Commissioner and Mr Baksh settled the matter. Mr Baksh agreed to discontinue his legal challenges and the Commissioner agreed to reverse his decision removing Mr Baksh as a co-inventor of the '510 patent application.

[9] However, Probiohealth subsequently filed a second request to remove Mr Baksh as a co-inventor on the '510 patent. In its letter, Probiohealth noted that its sole authorized representative was its law firm, Gowling Lafleur Henderson and, in accordance with s 6(1) of the *Patent Rules*, SOR/96-423, future correspondence should be sent only to Gowlings and not copied to third parties.

[10] This time, in accordance with s 31(3) of the *Patent Act*, Probiohealth supported its request with an affidavit sworn by Dr Naidu. He claimed that he was the sole inventor of the remaining claims of the '510 patent. His discoveries came about as a result of experiments he devised and carried out, and were unrelated to Mr Baksh's encapsulation system, which was the subject of a separate divisional patent application.

[11] In 2011, the Commissioner sent a letter to Probiohealth confirming that Mr Baksh had been removed as a co-inventor on the '510 patent. Mr Baksh appeals and seeks judicial review of that decision.

[12] In my view, the proper remedy is judicial review. However, I can find no basis for overturning the Commissioner's decision and must, therefore, dismiss Mr Baksh's application.

[13] There are four issues:

- i. Is the Commissioner's decision amenable to appeal or judicial review?
- ii. Was the Commissioner estopped from removing Mr Baksh as a co-inventor?
- iii. Did the Commissioner treat Mr Baksh unfairly?
- iv. Was the Commissioner's decision unreasonable?

[14] These reasons relate both to Mr Baksh's appeal and application for judicial review (Court files T-1417-11 and T-1748-11). The original of the reasons will be filed in T-1417-11 and a copy will be placed in T-1748-11.

II. Issue One – is the Commissioner's decision amenable to appeal or judicial review?

[15] Probiohealth applied to the Commissioner for a decision under s 31(3) of the *Patent Act*. It attempted to satisfy the Commissioner that Dr Naidu was the sole inventor of the '510 patent and, therefore, that Mr Baksh should not be named as a co-inventor. The Commissioner agreed.

[16] A decision under s 31(3) can be appealed to the Federal Court (s 31(6)). Had Probiohealth failed to satisfy the Commissioner, it could have appealed that decision.

[17] However, s 31(6) does not give third parties a right of appeal.

[18] The situation is analogous to that addressed in *Ontario Association of Architects v Association of Architectural Technologists of Ontario*, 2002 FCA 218. There, in the context of the *Trade-marks Act*, RSC 1985, c T-13, the Federal Court of Appeal found that persons who were not parties or interveners in the original proceedings could not exercise a right of appeal (at para 40-42). The proper remedy, therefore, is an application for judicial review. The same is true for Mr Baksh.

[19] I will therefore dismiss Mr Baksh's appeal and deal with his submissions only in relation to his application for judicial review.

[20] I must point out, however, that, with rare exceptions, only the evidence that was before the decision maker can be considered on an application for judicial review. Therefore, I cannot consider the affidavit that Mr Baksh filed in his previous application for judicial review. While this affidavit was appended to the settlement agreement that Mr Baksh and the Commissioner reached in 2010, it was not before the Commissioner on Probiohealth's second request to remove Mr Baksh from the '510 patent. Therefore, I cannot consider it. Nor can I consider the subsequent cross-examination on that affidavit.

### III. Issue Two – Was the Commissioner estopped from removing Mr Baksh as a co-inventor?

[21] Mr Baksh argues that the Commissioner was estopped from granting Probiohealth's request to remove him as a co-inventor because the Commissioner, in the 2010 settlement agreement, had accepted that Mr Baksh should not be removed as a co-inventor. The Commissioner could not,

according to Mr Baksh, conclude otherwise simply because Probiohealth presented a second request. The settlement agreement appended Mr Baksh's affidavit in which he claimed inventorship; therefore, the agreement, and the Commissioner, implicitly accepted his claim.

[22] Accordingly, Mr Baksh contends that the circumstances required the Commissioner, at a minimum, to invite him to make submissions before exercising the discretion afforded under s 31(3) of the *Patent Act* to remove him as an inventor.

[23] In my view, the settlement agreement did not prevent the Commissioner from subsequently removing Mr Baksh as a co-inventor. The Commissioner accepted that the original decision removing Mr Baksh was improper because Probiohealth had not supported its request with affidavit evidence, as required by s 31(3). Accordingly, he agreed to reverse his decision in exchange for Mr Baksh's discontinuation of the legal proceedings he had commenced. In a letter to Probiohealth dated May 27, 2010 (a week before the settlement), the Commissioner explained that he was reversing his decision because "the provisions of section 31 of the Patent Act were not strictly complied with". This suggests that the reversal was on technical grounds, not because the Commissioner was satisfied that Mr Baksh actually was a co-inventor.

[24] Therefore, the settlement agreement did not stand in the way of Probiohealth's second request and did not prevent the Commissioner from granting it. The previous agreement did not constitute a promise to Mr Baksh about how any future requests would be decided. As such, the Commissioner was not estopped from granting Probiohealth's second request (*Aurchem Exploration Ltd v Canada*, (1992), 91 DLR (4<sup>th</sup>) 710 (FCTD), at para 13). Indeed, it would have

been improper for the Commissioner to commit to rejecting a future request that was supported by an affidavit, and that satisfied the Commissioner that a named inventor had had no part in the invention.

IV. Issue Three – Did the Commissioner treat Mr Baksh unfairly?

[25] Mr Baksh maintains that the Commissioner treated him unfairly by failing to give him an opportunity to make submissions in response to Probiohealth's request. The settlement agreement created a legitimate expectation that he was properly named as an inventor on the '510 patent. Therefore, the Commissioner had a duty to invite Mr Baksh to make representations when the second request was under consideration.

[26] I disagree.

[27] There was only one named applicant on the '510 patent – Probiohealth. Dr Naidu and Mr Baksh were listed as co-inventors, which meant they fell within the definition of an "applicant" in s 2 of the *Patent Act*. However, Dr Naidu had assigned his interests to Probiohealth, so he was no longer an applicant. Mr Baksh failed to assign his interests to Probiohealth, so he remained an applicant. And, because Mr Baksh failed to assign his interests, the patent application was stalled. Probiohealth could not prosecute the patent until Mr Baksh assigned his interests to Probiohealth or Mr Baksh was removed as a co-inventor.

[28] This is what led to Probiohealth's efforts s 31(3) to remove Mr Baksh as a co-inventor – he would then no longer be an “applicant” and Probiohealth could continue to prosecute the patent on its own.

[29] Subsection 31(3) does not contemplate the holding of a hearing or receiving submissions from other interested parties. The question is whether the remaining applicant (Probiohealth) could satisfy the Commissioner, by affidavit, that Mr Baksh should be removed as a co-inventor. Therefore, the Commissioner did not err in considering only Dr Naidu's affidavit. He did not treat Mr Baksh unfairly, as he was simply following the requirements of the *Patent Act*.

[30] Further, Mr Baksh could not have had a legitimate expectation that he would have an opportunity to make submissions. First, Rule 6(1) prevented the Commissioner from communicating with an unauthorized party. It states that the Commissioner “shall only communicate with, and shall only have regard to communications from, the authorized correspondent”. Here, the authorized correspondent was Probiohealth's legal counsel, Gowlings. Second, the Commissioner could only consider affidavit evidence put forward by the applicant; he could not consider Mr Baksh's affidavit.

[31] Finally, the Commissioner did not have a duty to give reasons to Mr Baksh or any other unauthorized party. Probiohealth might have been able to claim that it was owed reasons had the Commissioner refused its request, but that issue is not before me.

[32] I also note that Mr Baksh had other remedies available to him. He could have applied under s 31(4) to be added as a co-inventor, or he could have moved to correct the patent register under s 52.

V. Issue Four – Was the Commissioner’s decision unreasonable?

[33] Mr Baksh argues that the Commissioner’s decision to remove him as a co-inventor was unreasonable because it represents an indefensible outcome based on the facts and the law. Mr Baksh again submits that the Commissioner should have weighed Dr Naidu’s affidavit against his own. If he had done so, the Commissioner could not have been satisfied that Dr Naidu was the sole inventor of the ‘510 patent.

[34] I cannot conclude that the Commissioner’s decision was unreasonable.

[35] First, the Commissioner had no obligation to weigh the two affidavits. In fact, as explained above, he could not do so. Under the *Patent Act*, if the remaining applicant satisfies the Commissioner on affidavit that it is the sole inventor, then it can prosecute the patent on its own. In deciding this issue, the Commissioner could not have communicated with or considered representations from unauthorized persons, including Mr Baksh.

[36] Second, Dr Naidu’s affidavit provided sufficient evidence to support the Commissioner’s decision. Dr Naidu explained that Mr Baksh’s contribution to the invention was limited to the encapsulation system (which was the subject of a separate divisional patent). Dr Naidu discovered the prebiotic effects of certain edible oils when combined with probiotic bacteria. While Mr Baksh

may have originally planted the idea of using oil emulsions to solve problems with viability and stability, this did not form part of the subject matter of the '510 patent application.

VI. Conclusion and Disposition

[37] As explained above, Mr Baksh's appeal is dismissed because he is not entitled to appeal the Commissioner's decision.

[38] In addition, Mr Baksh's application for judicial review is dismissed. The prior settlement agreement with Mr Baksh did not prevent the Commissioner from removing Mr Baksh as a co-inventor. The Commissioner could not have considered any submissions from Mr Baksh and, therefore, did not treat Mr Baksh unfairly by arriving at his decision without them. Further, the Commissioner's decision was not unreasonable – it represented a defensible outcome based on the facts and the law.

[39] Accordingly, the judicial review is dismissed, with costs.

**JUDGMENT**

**THIS COURT’S JUDGMENT is that:**

1. The appeal is dismissed.
2. The application for judicial review is dismissed with costs.

“James W. O’Reilly”

---

Judge

## Annex

*Patent Act, RSC 1985, c P-4**Loi sur les brevets, LRC 1985, ch P-4*

Procedure when one joint applicant retires

Procédure quand un codemandeur se retire

**31.** (3) Where an application is filed by joint applicants and it subsequently appears that one or more of them has had no part in the invention, the prosecution of the application may be carried on by the remaining applicant or applicants on satisfying the Commissioner by affidavit that the remaining applicant or applicants is or are the sole inventor or inventors.

**31.** (3) Lorsqu'une demande est déposée par des codemandeurs et qu'il apparaît par la suite que l'un ou plusieurs d'entre eux n'ont pas participé à l'invention, la poursuite de cette demande peut être conduite par le ou les demandeurs qui restent, à la condition de démontrer par affidavit au commissaire que le ou les derniers demandeurs sont les seuls inventeurs.

Joining applicants

Codemandeurs

(4) Where an application is filed by one or more applicants and it subsequently appears that one or more further applicants should have been joined, the further applicant or applicants may be joined on satisfying the Commissioner that he or they should be so joined, and that the omission of the further applicant or applicants had been by inadvertence or mistake and was not for the purpose of delay.

(4) Lorsque la demande est déposée par un ou plusieurs demandeurs et qu'il apparaît par la suite qu'un autre ou plusieurs autres demandeurs auraient dû se joindre à la demande, cet autre ou ces autres demandeurs peuvent se joindre à la demande, à la condition de démontrer au commissaire qu'ils doivent y être joints, et que leur omission s'est produite par inadvertance ou par erreur, et non pas dans le dessein de causer un délai.

...

[...]

Appeal

Appel

(6) An appeal lies to the Federal Court from the decision of the Commissioner under this section.

(6) Appel de la décision rendue par le commissaire en vertu du présent article peut être interjeté à la Cour fédérale.

Jurisdiction of Federal Court

Juridiction de la Cour fédérale

**52.** The Federal Court has jurisdiction, on the application of the Commissioner or of any person interested, to order that any entry in the records of the Patent Office relating to the title to a patent be varied or expunged.

**52.** La Cour fédérale est compétente, sur la demande du commissaire ou de toute personne intéressée, pour ordonner que toute inscription dans les registres du Bureau des brevets concernant le titre à un brevet soit modifiée ou radiée.

*Patent Rules, SOR/96-423*

**6.** (1) Except as provided by the Act or these Rules, for the purpose of prosecuting or maintaining an application the Commissioner shall only communicate with, and shall only have regard to communications from, the authorized correspondent.

*Règles sur les brevets, DORS/96-423*

**6.** (1) Sauf disposition contraire de la Loi ou des présentes règles, dans le cadre de la poursuite ou du maintien d'une demande, le commissaire ne communique qu'avec le correspondant autorisé en ce qui concerne cette demande et ne tient compte que des communications reçues de celui-ci à cet égard.

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-1417-11 & T-1748-11

**STYLE OF CAUSE:** BING BAKSH  
v  
PROBIOHEALTH, LLC

**PLACE OF HEARING:** Vancouver, British Columbia

**DATE OF HEARING:** October 4, 2012

**REASONS FOR JUDGMENT  
AND JUDGMENT:** O'REILLY J.

**DATED:** December 3, 2012

**APPEARANCES:**

Paul Smith  
Lawrence Chan

FOR THE APPLICANT

Kevin Sartorio  
James Green

FOR THE RESPONDENT

**SOLICITORS OF RECORD:**

Smiths IP  
Vancouver, British Columbia

FOR THE APPLICANT

Gowling Lafleur Henderson LLP  
Barristers and Solicitors  
Toronto, Ontario

FOR THE RESPONDENT