Federal Court of Appeal | Cour d'appel fédérale

Date: 20150216

Docket: A-219-14

Citation: 2015 FCA 47

CORAM: **RYER J.A.**
WEBB J.A.
NEAR J.A.

BETWEEN:

NEWCO TANK CORP.

Appellant

and

ATTORNEY GENERAL OF CANADA

Respondent

Heard at Toronto, Ontario, on February 16, 2015.
Judgment delivered from the Bench at Toronto, Ontario, on February 16, 2015.

REASONS FOR JUDGMENT OF THE COURT BY: RYER J.A.

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REASONS FOR JUDGMENT OF THE COURT
(Delivered from the Bench at Toronto, Ontario, on February 16, 2015).

RYER J.A.

[1] This is an appeal by Newco Tank Corp. from a decision of Mosley J. of the Federal Court (2014 FC 287, [2014] F.C.J. No. 300 (QL)) dismissing an appeal by Newco Tank Corp., pursuant to section 48.5 of the *Patent Act*, RSC 1985, c. P-4 (the *Patent Act*), from a decision of a re-examination board (the Board) in respect of the validity of claims 12, 13 and 14 (the Claims) of Canadian patent number 2,421,384 (the Patent).

[2] The Board re-examined the Claims in light of prior art submitted to it by the person who requested the re-examination. The Board concluded that the Claims were invalid as being obvious, in light of six United States patents that were submitted to it as prior art, and therefore non-compliant with section 28.3 of the *Patent Act*. As a result, in accordance with subsection 48.4(1) of the *Patent Act*, the Board issued a certificate cancelling the Claims.

[3] Newco Tank Corp. appealed the Board's decision to the Federal Court which upheld that decision. In doing so, the Federal Court Judge first determined that the proper approach to an obviousness inquiry was the four-step approach stipulated in *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.*, [2008] 3 S.C.R. 265, 2008 SCC 61, which had been used by the Board and which reads as follows:

> [67] It will be useful in an obviousness inquiry to follow the four-step approach first outlined by Oliver L.J. in *Windsurfing International Inc. v. Tabur Marine (Great Britain) Ltd.*, [1985] R.P.C. 59 (C.A.). This approach should bring better structure to the obviousness inquiry and more objectivity and clarity to the analysis. The *Windsurfing* approach was recently updated by Jacob L.J. in *Pozzoli SPA v. BDMO SA*, [2007] F.S.R. 37 (p. 872), [2007] EWCA Civ 588, at para. 23:
>
> > In the result I would restate the *Windsurfing* questions thus:
> >
> > (1) (a) Identify the notional "person skilled in the art";
> >
> > (b) Identify the relevant common general knowledge of that person;
> >
> > (2) Identify the inventive concept of the claim in question or if that cannot readily be done, construe it;
> >
> > (3) Identify what, if any, differences exist between the matter cited as forming part of the "state of the art" and the inventive concept of the claim or the claim as construed;
> >
> > (4) Viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of invention? [Emphasis added.]

> It will be at the fourth step of the *Windsurfing/Pozzoli* approach to obviousness that the issue of "obvious to try" will arise.

[4] The Federal Court Judge stated that he agreed with the parties that the correct standard of review for the issues in the appeal before him was reasonableness. In applying that standard to those issues and concluding that the appeal should be dismissed, the Federal Court Judge made a number of findings to address those issues.

[5] Several of those findings are relevant for the purposes of this appeal. First, the Federal Court Judge found that the Board's factual determination that the common general knowledge of the skilled person included the background information found in the patent was reasonable, having regard to the deference that was owed to the Board, due to its experience in the field of patents. In addition, the Federal Court Judge found that the Board's factual finding that the skilled person's common general knowledge included an understanding that the problem of inefficient heating in the method of oil tank heating described in the patent specification was reasonable. Finally, the Federal Court Judge found that the Board's finding that the reference to inefficient heating under the heading "Summary of the Invention" in the Patent specification was nonetheless part of the background information, rather than part of the invention claimed, was reasonable.

[6] Unsatisfied with the decision of the Federal Court Judge, the appellant brought this appeal. In its factum, it submits that the issue is whether the Board committed a reviewable error of law in construing the specification of the Patent by finding that the problem to be solved by the Patent was an admission of the common general knowledge of the skilled person. The

appellant further asserts that because of this alleged error in construction of the specification, the Court should overturn the decision of the Board.

[7] The critical finding by the Board was that the state of the common general knowledge of the skilled person included the "[…] information presented as background knowledge in the patent itself" (See Appeal Book, page 102).

[8] Before the Federal Court, the appellant argued that this finding was an unreasonable factual finding. Before this Court, the appellant has repackaged the argument as one of faulty patent construction giving rise to an error of law that is reviewable on the standard of correctness.

[9] The appellant asserts that it was an error of law on the part of the Board to construe the specification of the Patent as an admission by the appellant that the skilled person would know what "the problem" was. Essentially the appellant argues that the Board erred by not concluding that the invention claimed in Claim 12 included both the heating apparatus described therein and the recognition that there was inefficiency with respect to the method apparatus that was used for heating liquid storage tanks at well sites prior to the issuance of the Patent.

[10] We are of the view that these assertions are without merit. We do not agree that by making its finding as to what was included in the common general knowledge of the skilled person, the Board was engaged in an exercise of patent construction. In our view, when it made its finding that the common general knowledge of the skilled person included the "[…]

information presented as background knowledge in the patent itself", the Board was simply making a factual finding that was required of it in order to meet the requirement of *Sanofi* factor 1(b).

[11] In reviewing a decision of the Federal Court in which it reviewed the decision of an administrative body, such as the Board, this Court looks to see whether the lower court determined the correct standard of review in respect of the issue before it and then correctly applied that standard (see *Agraira v. Canada (Public Safety and Emergency Preparedness)*, 2013 SCC 36, at paragraphs 45-47, [2013] 2 S.C.R. 559).

[12] The determinative issue in this appeal is whether the Board's decision with respect to *Sanofi* factor 1(b) – the common general knowledge of the skilled person – is sustainable. The Federal Court Judge determined that this was a factual issue that was required to be reviewed on the standard of reasonableness. In our view, the selection of this standard of review was correct (See: *Canada (Attorney General) v. Amazon.com, Inc.* 2011 FCA 328 at paragraph 19, [2011] F.C.J. No. 1621 (QL)).

[13] In terms of applying this standard, we are of the view that the Federal Court Judge correctly held that this factual finding was within the area of expertise of the Board and was therefore deserving of a high degree deference. He found that the Board was not required to describe the level of the skilled person's common general knowledge in any particular level of detail and that it was open to the Board to conclude that the skilled person's common general knowledge was reasonably described by reference to the language presented as background

information in the Patent. In making these findings, we are satisfied that the Federal Court Judge correctly applied the reasonableness standard in his review of this pivotal determination of the Board.

[14] For these reasons, and despite the able argument of the appellant's counsel, the appeal should be dismissed with costs.

"C. Michael Ryer"

J.A.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET:	A-219-14
APPEAL FROM A JUDGMENT OF THE HONOURABLE MR. JUSTICE MOSLEY OF THE FEDERAL COURT, DATED MARCH 24, 2014, DOCKET NO. T-194-13.	
STYLE OF CAUSE:	NEWCO TANK CORP. v. ATTORNEY GENERAL OF CANADA
PLACE OF HEARING:	TORONTO, ONTARIO
DATE OF HEARING:	FEBRUARY 16, 2015
REASONS FOR JUDGMENT OF THE COURT BY:	RYER J.A. WEBB J.A. NEAR J.A.
DELIVERED FROM THE BENCH BY:	RYER J.A.

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