

Federal Court of Appeal



Cour d'appel fédérale

Date: 20110308

Docket: A-175-10

Citation: 2011 FCA 83

**CORAM: LÉTOURNEAU J.A.
NOËL J.A.
TRUDEL J.A.**

BETWEEN:

EASTON SPORTS CANADA INC.

Appellant

and

**BAUER HOCKEY CORP. and
NIKE INTERNATIONAL LIMITED**

Respondents

Heard at Montréal, Quebec, on January 24, 2011.

Judgment delivered at Ottawa, Ontario, on March 8, 2011.

REASONS FOR JUDGMENT BY:

NOËL J.A.

CONCURRED IN BY:

**LÉTOURNEAU J.A.
TRUDEL J.A.**

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REASONS FOR JUDGMENT

NOËL J.A.

[1] We have before us an appeal and a cross-appeal from a judgment of Gauthier J. of the Federal Court (the Trial Judge), wherein she held that Easton Sports Canada Inc. (Easton) infringed Canadian Patent No. 2302935 (the '953 Patent) which relates to a skate boot. The Trial Judge also concluded that Easton induced a third party manufacturer, Les Chaussures Rock Forest Inc. (Rock Forest), to infringe the '953 Patent.

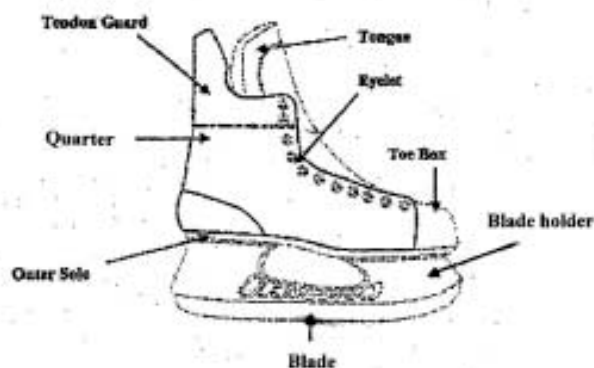
[2] In support of its appeal, Easton submits that the Trial Judge erred in failing to find that the '953 Patent is invalid based on obviousness and anticipation. In the alternative, Easton submits that the Trial Judge's conclusion that it induced Rock Forest to infringe the '953 Patent was reached in error.

[3] In support of its cross-appeal, Bauer Hockey Corp. and Nike International Limited (collectively Bauer) submit that the Trial Judge misconstrued the '953 Patent when she held that some of Easton's skate models did not breach the '953 Patent because they did not embody one of its essential elements.

[4] For the reasons which follow, I would dismiss both the appeal and the cross-appeal.

BACKGROUND

[5] As depicted by the drawing below, a skate boot generally consists of the following elements: quarter, tendon guard, tongue, toe box, eyelet facing, insole and outsole:



Of particular relevance for the purpose of this appeal are the quarter and the tendon guard.

[6] The '953 Patent is entitled "Quarter for Skate Boot" and claims a particular construction of skate boot consisting in a one-piece quarter as well as a process to make it. The patent was applied for on September 4, 1998 and was granted on November 20, 2001. It expires on September 4, 2018.

[7] The '953 Patent has seven claims. At the heart of both the appeal and the cross-appeal is claim 1 and in particular the second subparagraph thereof:

A skate boot comprising a sole, a front portion for enclosing a wearer's toes, a rear portion for enclosing a wearer's heel and ankle, and a medial and lateral portion for enclosing the sides of a wearer's foot, said rear portion and said medial and lateral portions comprising:

- a quarter medial portion and a quarter lateral portion integrally connected together in a one-piece construction and being folded at a symmetry line to form a U-shaped skate boot structure, each said quarter portions extending upwardly along said symmetry line defining a heel and ankle portion of said skate boot structure and extending outwardly from said symmetry line in a narrowing profile for defining both sides of said skate boot structure; and
- a tendon guard secured to said quarter medial portion and quarter lateral portion at a junction line in a side-by-side fashion thereby resulting in said rear portion of said skate boot having an angular profile defined by said tendon guard and said quarter medial and lateral portions at said junction line.

[8] In the statement of claim filed in the Federal Court back in 2002 as later amended, Bauer alleged that a number of skate models manufactured and sold by Easton infringed its '953 Patent and that Easton induced and procured others, including Rock Forest, to manufacture the infringing skates (Fresh Amended Statement of Claim, Appeal Book, Vol. 1, pp. 143, 144, 147 at paras. 1c)(i)

and 11). The trial took place over a period of eight days between November 2, 2009 and January 12, 2010.

[9] By judgment rendered on August 26, 2010, the Trial Judge held that some 38 Easton skate models breached the '953 Patent. She also held that Easton had partaken in the making of the infringing skates in addition to inducing Rock Forest to manufacture these skates. The judgment was accompanied by reasons covering more than 100 pages which deal with numerous issues, most of which are not being pursued on appeal.

DECISION OF THE FEDERAL COURT

[10] The following summary of the reasons is limited to those parts of the reasons that are relevant to the questions which remain in issue and follows the order in which the Trial Judge addressed them.

[11] After having identified the person skilled in the art and the common general knowledge available at the relevant time, the Trial Judge turned to the construction of claim 1. She identified the following as the first three essential elements of claim 1 (Reasons at para. 135):

- A one-piece quarter;
- A separate piece called the tendon guard attached to said quarter at a junction line; and
- An angular profile in the rear portion of the skate boot defined by the tendon guard and the quarter at said junction line.

[12] The Trial Judge then addressed the question whether the method of attachment of the tendon guard to the one-piece quarter was also essential. She held that it was. Even though it was “evident that the inventor knew at the time that the tendon guard could be attached in an overlapping fashion, it is also evident that he chose to limit his monopoly to tendon guards attached in a side-by-side fashion ...” (Reasons at para. 143).

[13] The Trial Judge went on to address the question whether Easton’s skate models infringed the ‘953 Patent so construed. She found that the models where the tendon guard is attached to the one-piece quarter in a side-by-side manner (models using patterns A, E and F) did infringe the ‘953 Patent and that the models where the tendon guard was attached in an overlapping fashion (using pattern C) did not (Reasons at paras. 172, 179).

[14] The Trial Judge also considered whether Easton was involved in the manufacture of the infringing skates. She first found that by making the pattern and the dye used by Rock Forest to manufacture the infringing skates, Easton was directly involved in the making of these skates (Reasons at para. 190). However, given that the argument at trial was directed at infringement by inducement, she focused her analysis on this issue and found that Easton induced Rock Forest into infringing the ‘953 Patent. In her words, “[t] here is no evidence that but for its relationship with Easton, Rock Forest would have made skates embodying the invention claimed in the ‘953 Patent.” (Reasons at para. 191).

[15] The Trial Judge then addressed Easton's contention that the '953 Patent was invalid on the basis of anticipation and obviousness. With respect to anticipation, Easton relied at trial on two events where skates embodying the essential features of the '953 Patent – the Vapor 8 prototype – were exhibited in public. Only one of those (*i.e.* the Test League) is relied upon on appeal. The Test League regrouped hockey teams composed of Bauer employees and others covered by a confidentiality agreement (Reasons at para. 212). Easton relied on the fact that the Test League games were open to the public to argue that the person skilled in the art could, as a spectator, observe the skates being worn by the players and identify the essential elements of claim 1.

[16] The Trial Judge rejected this argument. She noted that the skates were not available for testing or dismantling by anybody present although they could be observed (Reasons at para. 216). In her view, the person skilled in the art attending a Test League game would not have been able to discern all the essential features of the invention. Applying the test for anticipation set out in *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.*, 2008 SCC 61, [2008] 3 S.C.R. 265 [*Sanofi*], she held that the invention claimed in the '953 Patent was neither disclosed nor enabled, and thus not anticipated (Reasons at paras. 219-221).

[17] The Trial Judge then addressed the issue of obviousness also by reference to the test set out in *Sanofi* (at para. 65). Amongst the common general knowledge and the prior art relied upon by Easton were two previously published patents. The Trial Judge addressed both. Only one – the German Utility Model No. 9400085.9 registered on February 24, 1994 (the Chin Patent) – is relevant for the purposes of this appeal. The Trial Judge rejected Easton's argument that the Chin

Patent, when considered with other evidence of prior art, made the inventive concept underlying the '953 Patent obvious. In particular, she held that “there is no detailed evidence as to how this patent would be understood by a [person skilled in the art] in 1994” (Reasons at para. 244).

[18] According to the Trial Judge the inventive concept underlying claim 1 (Reasons at para. 251):

... is the combination of a one-piece quarter that covers the heel and the ankle of the wearer with a separate tendon guard attached side-by-side to the one-piece quarter to make a skate boot with an angular profile formed at the point of attachment.

[19] At paragraph 252 she identified the differences between the common general knowledge and the prior art, and the inventive concept as follows:

There was no traditional lasted or stitched skate boot with a one-piece quarter. Similarly, there was no combination in any type of skate of a one-piece quarter with a separate tendon guard let alone one where the tendon guard would be attached side-by-side to the said quarter in a manner that creates an angular profile at the rear of the skate boot.

[20] Turning to the last step in the *Sanofi* analysis for obviousness – *i.e.* whether the difference identified would be obvious to the person skilled in the art – she found that Easton had not discharged its burden of establishing that these differences were obvious (Reasons at para. 284).

[21] The Trial Judge therefore rejected Easton’s defence based on invalidity.

ERRORS ALLEGED ON APPEAL

[22] Easton submits that the Trial Judge erred in finding that the '953 Patent was neither anticipated nor obvious. In the alternative, it submits that the Trial Judge erred in finding that it had induced Rock Forest to infringe the '953 Patent.

[23] With respect to obviousness, Easton submits that the Trial Judge erred in her application of the last two steps of the analytical approach set out in *Sanofi*. It contends that the common general knowledge included a skate boot with all the essential elements of the patent, except for the use of a one-piece quarter. According to Easton, the Daoust 101 and 501 brand skates, which were filed as exhibits at trial, constitute the "closest prior art" (Easton's memorandum at para. 38). Had the Trial Judge focused on this prior art, she would have been bound to conclude that the inventive concept is limited to the substitution of a one-piece heel construction for a two-piece quarter.

[24] The appellant adds that this substitution was obvious given the teachings of the Chin Patent (Easton's memorandum at para. 39). In this respect, Easton submits that the Chin Patent "tells the notional skilled person that the 'one-part rear boot section' is the solution" to the problems with the prior art which the '953 Patent addresses (Easton's memorandum at para. 47). In sum, the Daoust skates together with the Chin Patent reveal the four essential elements of the '953 Patent, and made the "invention" obvious.

[25] Turning to anticipation, Easton submits that the '953 Patent is anticipated by reason of the disclosure of Bauer's Vapor 8 prototype at the Test League. Easton contends that the Trial Judge

failed to consider the information that was available from a visual inspection to a person skilled in the art using the common general knowledge. According to Easton, such an inspection would have revealed the salient aspects of the inventive concept: the one-piece quarter, the angular profile, and the separate tendon guard attached side-by-side (Easton's memorandum at para. 58).

[26] With respect to the one-piece quarter, Easton contends that the "single wraparound aspect" of the Vapor 8 prototype was intended to differentiate it from other skates and, as such, the "visible one-piece quarter was thus intended by Bauer to be noticeable". Easton also points to the testimony of Mr. Chênevert that it was evident that there was a one-piece quarter (Easton's memorandum at paras. 59, 60).

[27] Easton contends that the angular relationship between the tendon guard and the quarter was also evident from a visual inspection. Easton submits that applying the knowledge identified by the Trial Judge about tendon guard to a visual inspection of the Vapor 8 skate boot, "it is clear that it had a rearwarding-tilting profile and no vertical sew-line. The inevitable conclusion for a person skilled in the art at the time would be that such a skate had the more common of the two possible designs, *i.e.* that the Vapor 8 prototype had a separate tendon guard" (Easton's memorandum at para. 63).

[28] With respect to the side-by-side attachment, Easton submits that even if the line where the tendon guard meets the quarter was hidden, "the evidence was that the practice at the time was to connect a separate tendon guard to the quarter in a side-by-side manner" (Easton's memorandum at

para. 64). If a disclosure teaches two alternatives neither of which can be observed, the fact that the less prevalent alternative does not anticipate should not render the more prevalent alternative irrelevant. In this respect, Easton relies on the decision of Justice Laddie in *PCME Limited v. Goyen Controls Co. UK Limited*, [1999] EWHC Patents 264 at paras. 29-32 [*PCME Limited*] (Easton's memorandum at para. 67).

[29] Easton adds that the Vapor 8 prototype, given that it revealed all the essential elements of the invention, should also have informed the Trial Judge's obviousness analysis (Easton's memorandum at para. 72).

[30] Turning to the finding that it induced Rock Forest to infringe, Easton submits that the Trial Judge "applied the wrong legal test by not considering whether there was evidence that Easton had benefited in any way by such sale of skates in the United States by Easton U.S." (Easton's memorandum at para. 74). Relying on *Dableh v. Ontario Hydro*, [1996] 3 F.C. 751 (C.A.) Easton contends that there is a requirement that the party must benefit from the infringing acts in order for a finding of infringement by inducement to be made. In the present case, there is no evidence that it benefited in any way when Rock Forest sold skates to Easton U.S. Easton submits that in these circumstances, there is no basis in law for the "but for" test applied by the Trial Judge (*Slater Steel Industries Ltd. et al. v. R. payer Co. Ltd. et al.*, (1968) 55 C.P.R. 61 (Exch. Ct.) at p. 76).

ERRORS ALLEGED ON CROSS-APPEAL

[31] Bauer submits that the Trial Judge erred in determining that a side-by-side attachment is an essential element of claim 1. Relying on *Free World Trust v. Électro Santé Inc.*, 2000 SCC 66, [2000] 2 S.C.R. 1024 [*Free World Trust*], Bauer points out that the two conditions set out in that case in order for an element of a claim to be considered non-essential – (i) that on a purposive construction of the claim, the element was clearly not intended to be essential or (ii) that at the date of publication, the skilled addressees would have appreciated that a particular element could be substituted without affecting the working of the invention – are set out in the alternative (Bauer’s memorandum at paras. 124-126). Bauer submits that the Trial Judge rendered her decision based on the first condition and ignored the second (Bauer’s memorandum at para. 132).

[32] Bauer submits that it has discharged its onus of establishing substitutability or equivalence of the two modes of attachment (side-by-side or overlapping) at the date of publication. Bauer first notes that a side-by-side attachment was not novel or inventive at the time of the publication of the ‘953 Patent. It submits that persons skilled in the art would understand that this requirement could be varied slightly without negatively impacting the way the invention worked (Bauer’s memorandum at para. 133). Bauer further submits that the evidence of Easton’s witnesses (MM. Laferrière, Hall and Goldsmith) during cross-examination supports this view (Bauer’s memorandum at paras. 133-137).

[33] According to Bauer, the Trial Judge applied the test set out in *Improver Corp. v. Remington Consumer Products Ltd.*, [1990] F.S.R. 181 (U.K. Pat. Ct.) rather than the one set out in *Free World*

Trust. She required that known and obvious substitutability of the two attachment techniques be demonstrated in addition to establishing that a reader skilled in the art would have understood that the patentee did not intend that strict compliance with the primary meaning was an essential requirement of the invention (Bauer's memorandum at paras. 119-128).

[34] Bauer submits that it has met the second condition identified in *Free World Trust* (Easton's memorandum at paras. 138, 139). In any event, it submits that the first condition is also met (Easton's memorandum at paras. 140, 141).

ANALYSIS AND DECISION

[35] It is useful to recall that questions of law are reviewed on a standard of correctness. The construction of claim 1 gives rise to a question of law as does the identification of the proper legal test for obviousness and anticipation. Factual findings made in applying these tests cannot be reversed absent a palpable and overriding error (*Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235).

The cross-appeal

[36] The cross-appeal being aimed at the Trial Judge's construction of claim 1 should first be addressed since the subsequent findings of infringement and validity are based on this construction.

[37] Bauer's contention simply put is that on a purposive construction of claim 1, the side-by-side attachment was clearly not intended to be an essential element and that, in any event, the skilled

addressee would have understood that an overlapped attachment could be substituted without affecting the invention.

[38] In *Whirlpool Corp. v. Camco Inc.*, 2000 SCC 67, [2000] 2 S.C.R. 1067, the Supreme Court of Canada stated at paragraph 45 that:

[t]he key to purposive construction is ... the identification by the court, with the assistance of the skilled reader, of the particular words or phrases in the claims that describe what the inventor considered to be the “essential” elements of his invention ...

[39] In *Free World Trust*, Binnie J. set forth the following propositions with respect to patent construction (para. 31):

- (a) The Patent Act promotes adherence to the language of the claims.
- (b) Adherence to the language of the claims in turn promotes both fairness and predictability.
- (c) The claim language must, however, be read in an informed and purposive way.
- (d) The language of the claims thus construed defines the monopoly. There is no recourse to such vague notions as the “spirit of the invention” to expand it further.
- (e) The claims language will, on a purposive construction, show that some elements of the claimed invention are essential while others are non-essential. The identification of elements as essential or non-essential is made:
 - (i) on the basis of the common knowledge of the worker skilled in the art to which the patent relates;
 - (ii) as of the date the patent is published;

(iii) having regard to whether or not it was obvious to the skilled reader at the time the patent was published that a variant of a particular element would not make a difference to the way in which the invention works; or

(iv) according to the intent of the inventor, expressed or inferred from the claims, that a particular element is essential irrespective of its practical effect;

(v) without, however, resort to extrinsic evidence of the inventor's intention.

(f) There is no infringement if an essential element is different or omitted. There may still be infringement, however, if non-essential elements are substituted or omitted.

[Emphasis by Bauer]

[40] Although Bauer correctly points out that the conditions on which it relies in the above passage are set out in the alternative, it has failed to show that the Trial Judge overlooked either of these conditions.

[41] The ultimate conclusion reached by the Trial Judge on the construction of claim 1 is set out at paragraph 143 of her reasons:

Having considered the wording of claim 1 and its dependent claims, and although it is evident that the inventor knew at the time that the tendon guard could be attached in an overlapping fashion, it is also evident that he chose to limit his monopoly to tendon guards attached in a side-by-side fashion at the junction line between the lower edge of the tendon guard and the upper edge of the quarter.

[Emphasis added]

[42] As noted by the Trial Judge, the common general knowledge at the relevant time was that there were two methods for attaching or securing the tendon guard to the quarter. The language of claim 1 refers to one of those methods and does not allude to the other. That is the context in which the issue presents itself.

[43] Given that there were two methods for securing the tendon guard to the quarter and assuming, as Bauer contends, that these methods were equivalent or interchangeable, the patentee could have referred to both methods of attachment. Alternatively, claim 1 could have been drafted by stating that the tendon guard “may” be secured in a side-by-side fashion or simply that the tendon guard is “secured” to the quarter without reference to either method. Instead, claim 1 refers to “a tendon guard secured ... in a side-by-side fashion ...”.

[44] Significantly, Bauer’s expert, Dr. Hoshizaki, stated the following with respect to a side-by-side attachment (Appeal Book, Vol. 4, pp. 1209, 1210 at para. 66):

With respect to the attachment of the tendon guard to the quarter, the inventor recognized that this provided an advantage as well, as connecting the tendon guard to the one piece quarter in a side-by-side (or end-to-end) fashion eliminated the extra material associated with overlapping the two components. This helped to decrease the overall weight of the skate (page 1, lines 26-28 and page 4, lines 15-16). In addition, in the industry, when two pieces of material are connected in an overlapping fashion, the ends of the material are usually sanded down or “skived” at the ends to be connected, in order to reduce the overall thickness of the joint and eliminate the possibility of a “bump” where the pieces are connected. By connecting the tendon guard and quarter in a side-by-side fashion, there was no need to skive the material and thus a manufacturing step was eliminated. Finally, when the two components were skived prior to joining, the material was thinner at the point of connection, which often resulted in a weaker connection that could be subject to failure. A side-by-side connection does not have the same problem.

[Emphasis added]

[45] Although Dr. Hoshizaki was quick to add that a side-by-side construction merely served to optimize the invention and was no more than a preferred embodiment or variant (Appeal Book, Vol. 4, p. 1218 at para. 91), the Trial Judge saw the matter differently.

[46] As she notes, the person skilled in the art knew at the relevant time that it was desirable to decrease the weight of the skates by using as little material as possible (Reasons at paras. 237, 238). It was also desirable to reduce the manufacturing operations to as few steps as possible (Examination of Dr. Hoshizaki, Appeal Book, Vol. 35 at pp. 14342:17-14348:9; Vol. 36 at pp. 14416:16-14417:8). The decision to use a side-by-side attachment has a bearing on both these factors. Beyond reducing the material and hence the weight, it eliminates the need to skive in order to smooth off the lip which an overlapping connection creates.

[47] The Trial Judge also accepted that this skiving operation results in a weaker connection that could be subject to failure. In the words of the Trial Judge, “there is no dispute that the advantage [of a side-by-side connection] is real ...” (Reasons at para. 298).

[48] Reading claim 1 against this background, the Trial Judge rejected Bauer’s contention that the person skilled in the art would read claim 1 as referring to one of two interchangeable methods of attachment. Giving effect to the words of claim 1 while taking into account the advantages which a side-by-side attachment were known to procure, she held that the monopoly claimed had, as one of its essential elements, the attachment of the tendon guard to the quarter at the junction line in the manner described in claim 1.

[49] Counsel for Bauer insisted on the fact that the advantages that could be derived from this mode of attachment were minor. He acknowledged the importance of decreasing the weight but emphasized the very small impact which a side-by-side attachment would have in contrast with an overlapping connection. According to counsel, the person skilled in the art would understand that, as a practical matter, the methods of attachment were equivalent.

[50] However, weight decrease was not the only advantage and even then, the evidence shows that at the relevant time no weight decrease was considered too small in the skate industry. As Bauer's representative on discovery made clear, "every area of weight reduction was considered, whether it was a gram here or a gram there" (Examination on discovery of Mr. Ken Covo, Appeal Book, Vol. 10 at p. 3807).

[51] When regard is had to the state of the art, the nature of the invention and the wording of claim 1, it seems clear that the person skilled in the art would read the mode of attachment which it specifies as an essential element.

[52] Counsel for Bauer complained, perhaps rightfully, that this element is such that it allows for the '953 Patent to be by-passed with relative ease. He refers in particular to the fact that Easton decided to make the switch to an overlapped attachment "over a cup of coffee", and that this "solution" was implemented quickly and with ease (Cross-examination of Ned Goldsmith, Appeal Book, Vol. 46 at p. 17320).

[53] I accept that a side-by-side attachment, if essential, makes the '953 Patent vulnerable.

However, viewed from this perspective, the problem identified by counsel falls squarely within the words of Binnie J. in *Free World Trust* at paragraph 51:

... if the inventor has misspoken or otherwise created an unnecessary or troublesome limitation in the claims, it is a self-inflicted wound. The public is entitled to rely on the words used *provided* the words used are interpreted fairly and knowledgeably.

[54] In this case, a fair and purposive interpretation of claim 1 makes it clear that securing the tendon guard to the quarter by a side-by-side attachment is an essential feature of the claim. It follows that the cross-appeal cannot succeed.

The appeal

[55] The first branch of the appeal is based on obviousness. In this respect, section 28.3 of the *Patent Act*, R.S.C. 1985, c. P-4 (the Act) provides:

28.3 The subject-matter defined by a claim in an application for a patent in Canada must be subject-matter that would not have been obvious on the claim date to a person skilled in the art or science to which it pertains, having regard to

(a) information disclosed more than one year before the filing date by the applicant, or by a person who obtained knowledge, directly or

28.3 L'objet que définit la revendication d'une demande de brevet ne doit pas, à la date de la revendication, être évident pour une personne versée dans l'art ou la science dont relève l'objet, eu égard à toute communication :

a) qui a été faite, plus d'un an avant la date de dépôt de la demande, par le demandeur ou un tiers ayant obtenu de lui l'information à cet égard de

indirectly, from the applicant in such a manner that the information became available to the public in Canada or elsewhere; and	façon directe ou autrement, de manière telle qu'elle est devenue accessible au public au Canada ou ailleurs;
(b) information disclosed before the claim date by a person not mentioned in paragraph (a) in such a manner that the information became available to the public in Canada or elsewhere.	b) qui a été faite par toute autre personne avant la date de la revendication de manière telle qu'elle est devenue accessible au public au Canada ou ailleurs.

[56] In *Sanofi*, the Supreme Court of Canada sanctioned the test developed in England in *Windsurfing International Inc. v. Tabur Marine (Great Britain) Ltd.*, [1985] R.P.C. 59 (C.A.) as restated in *Pozzoli SPA v. BDMO SA*, [2007] F.S.R. 37, [2007] EWCA Civ 588:

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, [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?

[57] Easton submits that the Trial Judge erred in her application of steps 3 and 4 of the analysis set out in *Sanofi*. With respect to step 3, Easton contends that the Trial Judge failed to identify the difference between the inventive concept and what it now describes as the “closest prior art”. The Daoust 101 and 510 models which were part of the general knowledge at the relevant time are said to be the closest prior art. According to Easton, they embody three of the four essential elements of the ‘953 Patent, *i.e.* a tendon guard attached to the quarter at a junction line; an angular profile in the rear portion of the skate boot defined by the tendon guard and the quarter at the said junction line; and the tendon guard attached to the quarter in a side-by-side fashion at the junction line.

[58] Easton further submits that the remaining essential feature – the one-piece quarter – is revealed by the Chin Patent which, although it did not form part of the general knowledge (Reasons at para. 226), was available to the public. According to Bauer, the only difference between the Daoust skates and the inventive concept is the substitution of the two-piece quarter for a one-piece quarter, as taught by the Chin Patent.

[59] Based on the foregoing, counsel for Easton took the novel position that the only question which had to be addressed was whether it would have been obvious to the person skilled in the art to adapt the Chin Patent to the Daoust skates or vice versa.

[60] The Trial Judge did not address this question as the case before her was not argued on this basis. Counsel for Easton (who had no involvement in the Trial) acknowledged so much. Although the Daoust skates were part of the prior art, they were given no particular significance during the trial. Bauer produced them as exhibits after Easton's expert reports had been filed. No additional reports were sought to be produced by Easton with the result that none of its experts relied on the Daoust skates.

[61] Given this argument, counsel for Bauer took a closer look at the Daoust skates (Bauer's memorandum at para. 48). Although the Trial Judge indicated in her judgment that the Daoust 101 and 501 skates had a side-by-side tendon guard, neither skate was dismantled at trial to remove the outer overlay pieces and expose the quarter and tendon guard. Upon doing so, counsel was able to demonstrate before us that in the Daoust 101 skate, the two-quarter pieces and tendon guard were overlapped, while the Daoust 501 skate had a two-piece quarter with an integrated tendon guard (Bauer's memorandum at para. 48).

[62] In the course of his reply, counsel for Easton took the position that the inner structure of the Daoust skates should not be considered as it was not before the Trial Judge. In my view, it is not open to Easton to raise this objection since it is clear that this evidence would have been brought to

the attention of the Trial Judge if the issue had been raised before her. As the argument is only now being raised, there is no bar to this Court taking cognizance of this evidence on appeal. Indeed, if the objection was to be maintained, the only alternative would be to prevent Easton from raising its new argument at this stage as it would clearly be prejudicial to Bauer.

[63] Based on this evidence it is apparent that the Daoust skates do not have a tendon guard that is attached in a side-by-side fashion in the manner claimed by the '953 Patent. Given that Easton's case with respect to obviousness rests on the premise that the combination of the Chin Patent and the Daoust skates reveals all the essential elements of claim 1, this suffices to dispose of this aspect of the appeal.

[64] I now turn to anticipation. Pursuant to section 28.2 of the Act, a patent is invalid if its subject-matter is disclosed by or through the inventor more than one year before the filing date of the patent. In *Sanofi*, the Supreme Court stated that a patent will be anticipated if its subject-matter is both disclosed and enabled. Although the Supreme Court was dealing with a genus patent in *Sanofi*, it expressly stated that subject to any limitations in the Act, the analysis for anticipation that it set out would be applicable to patents generally (para. 29).

[65] Easton submits that the Trial Judge failed to view the Vapor 8 prototype tested during the Test League from the perspective of the person skilled in the art willing to understand and with the relevant common general knowledge in mind. It contends that from the perspective of such a person, a visual inspection of the Vapor 8 prototype was "more than sufficient to bring to mind the

salient aspects of the inventive concept: the one-piece quarter, the angular profile and the separate tendon guard attached side-by-side” (Easton’s memorandum at para. 58). The issue is thus whether the essential elements of the ‘953 Patent would have been revealed to the person skilled in the art attending a Test League game and observing the skates worn by the participants.

[66] I pause here to say that the term “visual inspection” used by Easton as well as by the Trial Judge throughout her reasons is somewhat misleading in that it suggests that the skates were available for “careful scrutiny” or “close examination” (see the definition of “inspection”, *Shorter Oxford English Dictionary*, Clarendon Press Oxford, Third Edition). They were not. As the Trial Judge makes clear, the skates were not available for testing (Reasons at para. 216) and the evidence shows that they could only be observed by persons attending the games as spectators or by persons coming onto or leaving the ice surface at the beginning and at the end of each game (Cross-examination of Mr. Langevin, Appeal Book, Vol. 41, pp. 15620-15624).

[67] As to the first alleged error, the Trial Judge was aware that the matter had to be viewed from the perspective of the person skilled in the art. At paragraph 212 of her reasons, she stated:

There was some dispute between the parties as to whether the relevant date here is September 4 or 5, 1997. There is no need for the Court to discuss this further given that it can have no impact whatsoever on the assessment of the defence, which is based on events [including the Bauer Test League] of prior use taking place in the summer of 1997 and involves the common general knowledge and prior art available at that time. ...

[Emphasis added]

[68] The subsequent finding that a person skilled in the art attending a Test League game could not have observed all the essential elements of the '953 Patent is one of fact which cannot be reversed absent a palpable and overriding error. In this respect, the Trial Judge found (Reasons at para. 219):

At best, this evidence would indicate that one would have information about the one-piece quarter, but this does not mean that one would have any information as to the other essential elements of the claimed combination, such as the side-by-side attachment of the tendon guard or the fact that the tendon guard would be a separate piece. This is especially so when one considers that the tendon guard in the Vapor 8 was of the same colour as the quarter. It is also clear that one could use the separate tendon guard attached in an overlapping fashion as opposed to a side-by-side junction to get the same "look". Moreover, there is no evidence that one would not be led to believe that the skate was done with a single quarter going all the way up to the top of the Achilles tendon (as was later done in the CCM Vector skate).

She went on to hold that the Test League did not result in the invention being disclosed or enabled.

[69] Easton made the argument that even if the side-by-side attachment could not be observed, the person skilled in the art would have deduced that this was the method used. The reasoning is that the tendon guard had to be attached to the quarter in one of two ways and since the side-by-side attachment was prevalent in the industry, the person skilled in the art would have concluded that this was the method used (*PCME Limited* at paras. 29-32).

[70] Although there is logic to this proposition, it is not supported by the evidence which shows that overlapping attachments were just as popular, if not more. In this respect, many skates

including the Bauer Supreme series, various Micron skates and Mega skates used overlapping attachments. Significantly, Bauer was the leading manufacturer of hockey skates in Canada at the time, with between 55% and 60% of the National Hockey League market, and between 35% and 50% of the North American Consumer market (Statement of Dr. Hoshizaki, Appeal Book, Vol. 4, p. 01207 at para. 59; Joint Agreed Statement of Facts, Appeal Book, Vol. 3, p. 01168 at para. 8). The evidence falls short of establishing that side-by-side attachments were prevalent in the industry.

[71] Beyond this, the other findings made by the Trial Judge in support of her conclusion that the observation of the Vapor 8 prototype would not have revealed the invention to the skilled observer are amply supported by the evidence (see para. 68, above).

[72] Finally, Easton submits, in the alternative, that the Trial Judge applied the wrong test in holding that it induced and procured infringement. Specifically, she failed to consider that the skates were ordered and purchased by Easton U.S. from Rock Forest and that it did not benefit from the transactions. In that context, the fact that the infringing skates could not have been produced “but for” Easton’s involvement is irrelevant.

[73] There is no need to address this issue. As counsel for Bauer reminded us, the Trial Judge also found that Easton was a direct participant in the manufacture of the infringing skates (Memorandum of the respondent at paras. 81, 82). This finding, which Easton has not addressed, is equally dispositive of the issue of infringement.

[74] Although, as she observed, the argument at trial was devoted exclusively to induced infringement (Reasons at para. 191), the Trial Judge noted that the statement of claim clearly alleged that Easton was (also) engaged in the manufacture of the infringing skates (*idem*, footnote 121). After considering the evidence, she found that (Reasons at para. 190):

If making a skate includes, as I believe it does, the conception of the skate boot, making and adjusting the patterns and the prototypes and having dyes for cutting the pieces, there is no doubt in my mind that Easton was directly involved in the making or constructing of the infringing skates made at Rock Forest.

[Emphasis added]

[75] Later on she found that Easton, through its employees, had actually taken part in the manufacture (Reasons at para. 205):

... Here, through Mr. Laferrière's involvement (as well later as that of Mr. Daniel Chartrand), Easton was actually participating in the making of the skates that are now found to infringe. (Footnote omitted)

[Emphasis added]

[76] The formal judgment gives effect to both the finding of inducement and the finding of direct infringement since it holds that Easton infringed the '953 Patent by "selling or manufacturing or inducing and procuring etc." (Judgment at para. 1). It follows that before asking the Court to address its new argument, Easton had to either challenge the finding of direct infringement or explain why effect should not be given to it. Having done neither, this finding is dispositive of the issue of infringement.

[77] I would dismiss both the appeal and the cross-appeal. Given the divided result, I would make no order as to costs.

“Marc Noël
J.A.”

“I agree
Gilles Létourneau J.A.”

“I agree
Johanne Trudel J.A.”

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET: A-174-10

(APPEAL FROM AN AMENDED JUDGMENT OF THE HONOURABLE JUSTICE JOHANNE GAUTHIER OF THE FEDERAL COURT, DATED AUGUST 26, 2010, DOCKET NO. T-237-02.)

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Bauer Hockey Corp. and Nike
International Limited

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CONCURRED IN BY: Létourneau J.A.
Trudel J.A.

DATED: March 8, 2011

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