

CANADA / JUDGMENT

Schlumberger Canada Ltd. v. Trican Well Service Ltd.

2005 FC 1344

COURT

Federal Court

DECIDED

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20050930 Docket: T-1007-03 Citation: 2005 FC 1344 BETWEEN: SCHLUMBERGER CANADA
LIMITED Plaintiff

- and - TRICAN WELL SERVICE LTD. Defendant REASONS FOR ORDER AND ORDER
HUGESSEN J.

Introduction

- [1] I have before me two motions for summary judgment brought by the plaintiff and the defendant respectively. The underlying action is between the plaintiff, Schlumberger Canada Ltd. ("Schlumberger") and the defendant Trican Well Service Ltd. ("Trican").
- [2] At issue are certain fluids claimed in Schlumberger's patents for use in the "hydraulic fracturing" process. In hydraulic fracturing, fluids are pumped down a wellbore to fracture subterranean formations, which thereby improves oil and gas flow from the formation. Schlumberger holds Canadian Patents No. 2,380,311 (the "'311 Patent") and No. 2,217,659 (the "'659 Patent") for fracturing subterranean formations. Trican's "NeutralClean" and "NeutralClean HT" fluids are used as a method of fracturing subterranean formations. Schlumberger alleges that these two Trican products infringe Schlumberger's patents.
- [3] In its motion the plaintiff Schlumberger seeks partial summary judgment for a declaration that it is the owner of the '311 and '659 Patents, and that claims 1, 2, 5, 6, 12, 13, 15, and 26 of the '311 Patent are infringed by Trican; it also asks that the remaining issues be remitted for trial.
- [4] For its part, Trican moves for partial summary judgment on its statement of defence and to dismiss certain claims of infringement made by Schlumberger with respect to Schlumberger's '311 and '659 Patents. It also seeks partial summary judgment on its counterclaim that certain claims of Schlumberger's '311 and '659 Patents are invalid.

- [5] In my opinion, for the reasons which follow both motions should be dismissed. The plaintiff's motion
- [6] Schlumberger submits that its expert Mr. Jennings has established in his Supplementary Affidavit that all of the elements of claims 1, 2 and 26 of the '311 Patent were present in the NeutralClean products and that those products accordingly infringed these claims. It says that Trican has not adduced any evidence responding to or disputing Mr. Jennings' conclusion and that there is therefore no genuine issue with respect to the claim of infringement.
- [7] The plaintiff recognizes that Trican has pleaded invalidity of the '311 Patent as a defence to its infringement. It therefore seeks a declaration of infringement of the specified claims subject to an order remitting the validity issue to trial. It argues that even were Trican's defence of invalidity to forestall summary judgment on the Schlumberger claim of infringement, it does not forestall summary judgment on Trican's defence of non-infringement. It submits that Rule 218 allows the Court to declare that there is no genuine issue with respect to the facts constitutive of infringement, and direct a trial of the issue of validity only.
- [8] The plaintiff also submits that while Trican has not admitted that Schlumberger is the owner of either of the patents in suit, the plaintiff has produced an affidavit establishing that Schlumberger Canada is the owner of both patents and that the defendant has neither cross-examined on that affidavit nor produced any evidence to the contrary. On this basis, it is argued, the Court should now declare that plaintiff is the owner of the '311 and '659 Patents.
- [9] I would dismiss that part of the plaintiff's motion which requests a declaration of ownership on the simple grounds that such relief was not sought in the statement of claim in any of the latter's iterations. Since summary judgment is judgment "on all or part of the claim set out in the statement of claim", (Rule 213(1)) the relief should not be granted. Reference may also be had to Rule 182, which requires that "every statement of claim... shall specify...any other specific relief being claimed, other than costs...". This is not to let form triumph over substance. Pleadings are crucial to the determination of the issues in a case and of the relief to be given to the litigant; what has not been sought cannot be granted. That is a matter of substance. In any event, and for the reasons adverted to below in my consideration of the effect of Rule 218, it is my view that a declaration such as this will not effect any saving of time or money and that is more than a mere matter of form.
- [10] That part of the plaintiff's motion which seeks a declaration of infringement should also not be granted since issues of validity of the patents in suit still remain lively. It is surely trite to point out that an invalid patent cannot be infringed. Counsel's attempt to distinguish between a declaration of infringement subject to defences and a declaration of infringement simpliciter is not one for which there is any authority.

- [11] On the contrary, the late Jactett P. of the Exchequer Court expressly refused a similar request in 1968 in *Libbey-Owens-Ford Glass Co. v. Ford Motor Co. of Canada Ltd.* (1968), 57 C.P.R. 72 (Ex. Ct.): If orders are granted in the terms sought by the applications, they would only determine that the defendant "has infringed" a particular Canadian patent. In such event, there would be no determination that the defendant has infringed the monopoly defined by any particular claim in a patent. There is, however, an attack on the validity of the patents and it may well transpire that some of the claims are valid and others are invalid. Such an order would, in such an event, be no basis for an ultimate judgment in the action in which it was made because it would not determine that there had been an infringement of a valid claim.
- [12] In my view, that rationale is equally applicable here and the fact that there have been changes in the Rules since that time has no bearing on the matter.
- [13] Nor, in my opinion, can plaintiff find support for its summary judgment motion in the terms of Rule 218. The opening words of that rule ("Where summary judgment is refused or is granted only in part, the Court may...") make it plain that it grants a discretionary power to the Court to make an Order in the nature of a pre-trial order when it refuses a summary judgment motion in whole or in part. Since a similar order can still be made at the pre-trial conference (which has yet to be held) it seems to me that the Court should exercise caution and should only invoke the power where it is satisfied that it will have the effect of substantially shortening the trial. I am not persuaded that such is the case here since the still lively issues of validity will require the trial judge to construe and interpret not only the patents in suit but also the various pieces of prior art invoked. If the "issue" of ownership is really as straightforward as plaintiff suggests, it will not occupy any serious trial time. The defendant's motion
- [14] The defendant has moved for partial summary judgment dismissing certain claims of infringement made by plaintiff with respect to the patents in suit. It also seeks summary judgment on its counterclaim that certain claims of those patents are invalid. The motion for dismissal of the claim of infringement of the '311 Patent is based on three grounds. First, that practicing the prior art cannot be infringement. Trican submits that the two fracturing fluids that it is using are in the public domain. They are allegedly described in a 1968 U.S. Patent known as the "Rice Patent" and in a 1993 U.S. Patent known as the "Bonekamp Patent". It is said that the Rice Patent describes a fracturing fluid containing precisely the same components as NeutralClean, and a fracturing fluid containing exactly the same components as NeutralClean HT. It submits, furthermore, that preparing and using a fracturing fluid containing the components of NeutralClean is practicing the Rice Patent and that the foamed versions of these fluids are disclosed when the teachings in the Bonekamp Patent are combined with the teachings of the Rice Patent.
- [15] The defendant's second argument is that the '311 Patent should also be invalid because it claims subject matter that is within the prior art. It is asserted that the defendant's expert, Dr. Marangoni has compared the fracturing fluids described in the Rice Patent to those in

the '311 Patent and concluded that in the case of each of claims 1, 2, 5, 6, 12, 13 and 15 the composition of the fracturing fluids and the method of using them is disclosed in the Rice Patent. It also submits that Schlumberger's expert, Mr. Jennings, has admitted that references to a "gel structure" in the Rice Patent "implies viscoelasticity."

- [16] Trican also submits that if one were to follow the instructions in the Bonekamp Patent, using the fluids disclosed in Rice, and foaming them in accordance with the Bonekamp Patent, one would infringe claim 26 of the '311 Patent. Since if the '311 Patent was valid, the owners of the Bonekamp Patent would be precluded from practicing their own patent, the '311 Patent must be claiming something within the prior art and is therefore invalid.
- [17] The defendant's third argument is that the '311 Patent claims at issue are invalid because they overclaim the invention by claiming matters that are "inoperable species", or embodiments that do not work as described in the invention. It submits that the viscoelasticity of fluids is required in each of the eight claims of the '311 Patent. It says, based on Dr. Marangoni's review, that at least three examples of surfactant systems do not form viscoelastic fluids in water. Trican submits that some of the claims in the '311 patent do not work or are not useful to the invention. The claims are therefore overbroad and not valid. The '659 Patent
- [18] Trican submits that claims 8 to 10 of the '659 Patent are invalid as they claim inoperable species. According to Trican, the '659 Patent claims the use of viscoelastic fracturing fluids. Dr. Marangoni alleges that three surfactant-salt combinations described in the '659 Patent do not create viscoelastic fluids as described in the patent. As such, these combinations are inoperable species.
- [19] Both the defendant's "Gillette" defence to the effect that it is only practicing the prior art (see *Gillette Safety Razor Company v. Anglo-American Trading Company Ltd.*
- (1913) R.P.C. 465 (H.L.)), and its argument that the '311 Patent is invalid because it claims subject matter that is within the prior art are not appropriate bases for the grant of summary judgment on the evidence in this case. First, the argument that foamed versions of fluids are disclosed when the teachings in the Bonekamp Patent are combined with the teachings of the Rice Patent fails because the prior art must be found in a single publication or direction that would lead the person skilled in the art to the claimed invention (*Freeworld Trust v. Electro Sante Inc. et al.* (2000), 9 C.P.R. (4th) 168 at paras. 25-26.) at the very least, there is a genuine issue for trial as to whether the Rice Patent by itself anticipates the '311 Patent by implying viscoelasticity.
- [20] More important, however, is the need to determine who the person skilled in the art should be. The experts called by each of the parties disagree as to the proper description and qualifications of the person skilled in the art to whom the patents in suit and the prior art references are addressed. Given the arcane subject matter of the patents this is a case where the Court will almost certainly be seriously hampered in its construction of the patents if it does not have available to it evidence as to the state of the common general knowledge of

such persons, an impossible task unless the Court is also in a position to determine who such persons are. Since the evidence on the point conflicts, the Court is unable, on a motion for summary judgment, to resolve the conflict (See *Trojan Technologies, Inc. v. Suntec Environmental Inc.* [2004] F.C.J. No. 636 (F.C.A.)). Thus, the Court is unable to take even the first step required of it in patent interpretation and construction and the route to summary judgment is blocked by an impassable barrier. As I had occasion to say recently in *M.K. Plastics Corp. v. Plasticair Inc.*, 2005 FC 881: The essential elements of each patent must be identified, and the competing patents must be compared in the light of the expert evidence. The interpretation of the plaintiff's patent here in suit in the light of the conflicting evidence constitutes, in my view, a genuine issue for trial. That issue cannot and should not be resolved on affidavit evidence alone."

- [21] The same conclusion follows with regard to the defendant's submissions to the effect that certain claims of the '311 and '659 Patents are invalid because they claim inoperable species. It is a common place that a skilled person will know that certain things are to be read "in" and others read "out" of the claims of a patent but unless the Court is in a position to determine who that person is, it will not know what he or she would include and what exclude from consideration. Again, the road to summary judgment is barred.

Conclusion

- [22] I conclude that both motions should be dismissed with costs. ORDER The motions for summary judgment are dismissed with costs. "James K. Hugessen" Judge Ottawa, Ontario September 30, 2005 FEDERAL COURT NAME OF COUNSEL AND SOLICITORS OF RECORD DOCKET: T-1007-03 STYLE OF CAUSE: SCHLUMBERGER CANADA LIMITED v. TRICAN WELL SERVICE LITD. PLACE OF HEARING: Ottawa, Ontario DATE OF HEARING: September 22, 2005 REASONS FOR ORDER AND ORDER: HUGESSEN J. DATED: September 30, 2005 APPEARANCES: Kevin L. LaRoche Christine Collard FOR PLAINTIFF Nicholas McHaffie Eugene F. Derényi Laura Bradshaw FOR DEFENDANT SOLICITORS OF RECORD: BORDEN LADNER GERVAIS LLP Ottawa, Ontario FOR PLAINTIFF STIKEMAN ELLIOTT LLP Ottawa, Ontario FOR DEFENDANT

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