

The Patent Act Prevails – The Court of Appeal of Alberta Clarifies the Law on Limitation Periods for Patent Infringement Claims

Andrew Skodyn, Kassandra Shortt, Andrew Boyes

February 5, 2025

On January 28, 2025, the Court of Appeal of Alberta released its highly anticipated decision in *JL Energy Transportation Inc. v Alliance Pipeline Limited Partnership*,¹ bringing some clarity to the debate over limitation periods on patent infringement claims in provincial superior courts as opposed to claims brought in the Federal Court.

The appeal follows the summary dismissal of JL Energy Transportation Inc.'s (JL) claim for patent infringement and breach of licensing agreements, where the case management judge determined that the claim was time-barred under the two-year limitation period set out in Alberta's *Limitations Act*, because it had been commenced in Alberta.²

On appeal, the Court of Appeal was asked to reconsider key principles arising out of its 2022 decision in *Secure Energy Services Inc. v Canadian Energy Services Inc. (Secure Energy)*,³ where it held that:

- the two-year limitation period under the Alberta *Limitations Act*—rather than the six-year limitation period under the federal *Patent Act*⁴—applied to patent infringement claims brought before Alberta superior courts; and
- patent infringement is not subject to a rolling limitation period whereby the continued use of intellectual property constitutes an ongoing tort.

In its detailed decision, the Court of Appeal overturned *Secure Energy* on the question of which legislation applies, though it left the issue of rolling limitation periods open. Accordingly, this decision directly establishes that (i) claims for patent infringement are subject to the limitation regime established in section 55.01 of the federal *Patent Act* when the claim is brought before the Alberta superior court and (ii) the two-year limitation period under the Alberta *Limitations Act* does not apply. The nature and extent of the analysis conducted by the Court of Appeal would also make this decision very persuasive as establishing a general principle to be followed no matter what province is involved in some future case.

Background

Cassels

JL owns intellectual property relating to the use of natural gas mixtures to improve the hydraulic efficiency of high-pressure gas pipelines, storage, and extraction facilities (the Licensed Technology). The Licensed Technology prevents the need to separate transport systems for various gases, as well as the need for multiple separation and treatment facilities in production fields. JL granted a limited use license of the Licensed Technology to one or more of the defendants.

The “Alliance System” uses the Licensed Technology under license from JL, including a Canadian pipeline, a US pipeline, and an extraction facility near Chicago. JL alleged that in 2010, the defendants began transporting and processing enriched natural gas using the Licensed Technology on additional, lateral pipelines. All three lateral pipelines were added to the Alliance System between 2010 and 2013.

In May 2016, JL brought an action against the defendants in relation to the use of the Licensed Technology in the lateral pipelines. First, JL alleged that the defendants caused damage to JL by disclosing or using the Licensed Technology in breach of certain licensing agreements.⁵ Second, JL alleged that the defendants infringed its patents associated with the Licensed Technology.

The defendants applied for summary dismissal of the action by relying on the *Limitations Act* to strike and/or summarily dismiss portions of JL’s claim. The defendants argued that JL’s claims were time-barred pursuant to the two-year limitation period prescribed by the *Limitations Act* and that the alleged acts of patent infringement of JL’s US patents taking place in the US were outside the jurisdiction of the Alberta court.

The Court heard the dismissal application in December 2023 and granted it in February 2024.⁶ The Court dismissed JL’s action on the basis that the limitation period had lapsed for both the contractual and the patent infringement claims. The case management judge held that it was not controversial that the two-year limitation period of the Alberta *Limitations Act* applied to the contractual claims. The judge further held that *Secure Energy* was binding, and therefore that the same two-year limitation period applies to claims for patent infringement arising in Alberta. Finally, the judge concluded that the defendant’s alleged breaches arising from its use of the technology or infringement of JL’s patents were not continuous breaches (i.e., that there is no rolling limitation period for patent infringement). JL was granted leave to appeal on May 27, 2024.

The Governing Law: The Provincial Limitations Act or the Federal Patent Act?

At the crux of this appeal was whether the two-year limitation period established under section 3(1) of the *Limitations Act* applies to patent infringement claims, or whether such claims are governed by the six-year limitation period specified under section 55.01 of the *Patent Act*. Since *Secure Energy*, patent infringement

claims brought in Alberta were subject to the *Limitations Act*, while claims brought before the Federal Court were instead subject to the limitation regimes under the *Patent Act* and *Federal Courts Act*. This, in effect, created the possibility for two distinct limitation regimes governing the same claim.⁷

Ultimately, the Court of Appeal concluded that the six-year limitation regime under the *Patent Act* governs patent infringement claims in Alberta's superior courts, ruling that JL's claim was commenced in time and allowing the appeal. The two-year limitation period under the *Limitations Act* does not apply to patent infringement claims brought before the Alberta courts, thus harmonizing the limitations regime for claims under the *Patent Act* across provincial and federal courts.

The Court of Appeal based its reasoning upon principles of statutory interpretation as well as constitutional law. It held that a proper interpretation of the conflict of law provisions under section 12 of the *Limitations Act* affirmed that the provisions were intended to deal with choice of law between different territorial jurisdictions (usually two provinces), and not conflicts arising "where provincial and federal legislation apply in the same province."⁸ Consequently, section 12 of the *Limitations Act* did not necessarily operate to supersede the limitation provisions of the *Patent Act*. Turning to principles of constitutional law, the Court concluded that a claim created under a federal statute would be subject to the limitation regime established under that statute. In this case, claims for a remedy for an act of infringement of the *Patent Act* would therefore be subject to the limitation provisions under the *Patent Act*. Nevertheless, the Court proceeded to affirm that any conflict or inconsistency between the limitation regimes in the provincial and federal statutes would result in the federal legislation prevailing under the doctrine of federal paramountcy.

Rolling Limitation Periods: An Open Question

The secondary issue raised by JL was whether the alleged breaches were "continuing breaches, engaging a 'rolling' limitation period", or whether the initial breach was a "discrete event which commences the running of the limitation period for all subsequent infringing acts."⁹ While the Court did not preclude the possibility of a rolling limitation period contemplated under section 55 of the *Patent Act*, it determined that the point was moot with respect to the claims of patent infringement because of the application of the six-year limitation period described above. However, the Court concluded that it could not fully explore the issue on the existing record and ordered the issue to be fully considered at trial.

Conclusion

The Court of Appeal of Alberta's decision brings welcome clarity to the application of provincial and federal limitation regimes to patent infringement claims, affirming that the *Patent Act* applies to claims brought in Alberta's superior courts. As a fully reasoned decision of a five judge panel that directly considered the issue, it should have significant persuasive value in other provinces as well, if this issue arises again in the

Cassels

future. However, with the issue of rolling limitation periods remaining outstanding, interested parties are advised to stay tuned as the matter proceeds to trial.

¹ 2025 ABCA 26 [JL Energy, ABCA].

² RSA 2000, c L-12. See our earlier Cassels Comment, [Where Does Infringement Arise? Untangling the Knot of Patent Infringement Limitation Periods](#), published July 17, 2024.

³ 2022 ABCA 200.

⁴ RSA 1985, c P-4.1

⁵ JL Energy Transportation Inc. v. Alliance Pipeline Limited Partnership, [2024] 2024 ABKB 72 [JL Energy, 72].

⁶ The hearing of the dismissal application was delayed for many years while a related patent impeachment action proceeded in the Federal Court (see *Aux Sable Liquid Products LP v. JL Energy Transportation Inc.*, 2019 FC 581), and then by various other interlocutory matters.

⁷ JL Energy, ABCA at para 30.

⁸ JL Energy, ABCA at para 17.

⁹ JL Energy, ABCA at para 33.

This publication is a general summary of the law. It does not replace legal advice tailored to your specific circumstances.