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**REPORT TO REGIONAL WATER SUPPLY COMMISSION  
MEETING OF WEDNESDAY, 17 JANUARY 2007**

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SUBJECT      CALGON CARBON PATENT INFRINGEMENT

PURPOSE

To provide the Regional Water Supply Commission with an update on the status of the Calgon Carbon Patent Infringement.

BACKGROUND

Calgon Carbon (Calgon) began to manufacture and sell its own line of ultraviolet (UV) water treatment systems under the Sentinel brand in the late 1990's. Calgon owns the 2,331,525 patent (525) and licenses water treatment facilities to use the 525 technology at a fee of 1.5 cents per thousand gallons of water treated. On completion of the UV plant Calgon, through their legal representatives, submitted a claim to the Capital Regional District (CRD) for the fee for use of the patented technology. Their claim was rejected pending resolution of the legal action between Calgon and North Bay, Ontario.

On November 14, 2006 the Federal Court Judgment in the action by Calgon (plaintiff) against North Bay (defendant) Ontario was handed down. (The reasons for judgment and judgment can be viewed at <http://decisions.fct-cf.gc.ca/en/index.html> under Citation 2006 FC 1373.

The judgment was as follows:

*IT IS THE JUDGMENT OF THIS COURT that:*

- 1. The plaintiff's claim for a declaration that Canadian Patent No. 2,331,525 has been infringed by the defendant and claims for an injunction, compensation, damages, interest and costs are dismissed;*
- 2. The defendant's counterclaim is allowed and it is declared that Canadian Patent No. 2,331,325 is invalid;*
- 3. The defendants are entitled to their costs to be assessed on the ordinary scale.*

It is not known at this time if Calgon will choose to appeal the decision to the Federal Court of Appeal. A copy of Calgon's announcement is attached (Attachment 1).

FINANCIAL IMPLICATIONS

If Calgon Carbon successfully appealed, the annual cost to the CRD would exceed \$200,000 per annum. Funds have been set aside to address this contingency.

RECOMMENDATION

That the Regional Water Supply Commission receive the staff report for information.



Overview

Business Units

**CCC News** >>

Events and  
Announcements

Careers

History/Timeline

## CALGON CARBON NEWS

### Canadian Court Declares Calgon Carbon Patent Invalid

Pittsburgh, PA—November 15, 2006—Calgon Carbon Corporation (NYSE: CCC) announced today that the Federal Court of Canada found that the company's Canadian patent for the use of ultraviolet light to prevent infection from *Cryptosporidium* in drinking water is invalid.

The trial judge's ruling followed a trial in April 2006 in which Calgon Carbon alleged that the City of North Bay, Ontario, Canada infringed its patent for the use of ultraviolet light to prevent infection from *Cryptosporidium* in drinking water and that Trojan Technologies Inc. induced or procured North Bay's infringement. In his ruling on the case, the judge found the patent invalid because it was ". . . anticipated by the prior art."

Commenting on the ruling, John Stanik, Calgon Carbon's president and chief executive officer, said, "We are clearly disappointed in the judge's decision, and we are evaluating our options with respect to this decision."

Calgon Carbon Corporation, headquartered in Pittsburgh, Pennsylvania, is a global leader in services and solutions for making air and water cleaner and safer.

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements. This document contains certain statements that are forward-looking relative to the company's future strategy and performance. They involve known and unknown risks and uncertainties that may cause the company's actual results in future periods to be materially different from any future performance.