Federal Court  Cour fédérale

Date: 20141112

Docket: T-2792-96

Citation: 2014 FC 1058

Toronto, Ontario, November 12, 2014

PRESENT: The Honourable Mr. Justice Hughes

BETWEEN:

MERCK & CO.,
MERCK FROSST CANADA & CO.,
MERCK FROSST CANADA LTD.,
SYNGENTA LIMITED,
ASTRAZENECA UK LIMITED AND
ASTRAZENECA CANADA INC.

Plaintiffs

and

APOTEX INC.

Defendant

ORDER AND REASONS

[1] This is an appeal from an Order of Prothonotary Lafrenière dated September 16, 2014 cited as 2014 FC 883, wherein he dismissed the Defendant Apotex's motion to file an amended Statement of Issues in the reference as to damages in the matter scheduled to be heard in January, 2015.

[2] For the reasons that follow I agree with Prothonotary Lafrenière with respect to what can be characterized as the *Teva* or patent validity issues and will vary his disposition in respect of the *Competition Act* issues having regard to submissions made by Apotex's Counsel. Therefore the appeal will be allowed in part.

[3] This action was brought by the Plaintiffs eighteen years ago alleging infringement of certain claims of Canadian Patent 1,275,350 ('350 patent) by the Defendant Apotex. The Defendant counterclaimed seeking a declaration of invalidity of that patent. In a Judgment dated April 26, 2006 released together with reasons cited as 2006 FC 524 I held the patent to be valid and infringed. The Federal Court of Appeal in a Judgment dated October 10, 2006 together with reasons cited as 2006 FCA 323 upheld this decision. The Supreme Court of Canada denied leave to appeal. The patent expired October 16, 2007.

[4] On July 24, 2000, well before the trial of this matter was held before me, Prothonotary Aronovitch issued a bifurcation order stating:

> *THIS COURT ORDERS THAT:*
>
> *1. This matter may proceed to trial without requiring the parties to adduce evidence at trial or to conduct discoveries on any issue of fact relating solely to:*
>
> *(a) the quantum of damages arising from any infringement by the Defendant of Canadian Patent No. 1,275,350, or*
>
> *(b) the Defendant's profits arising form any infringement by the Defendant of Canadian Patent No. 1,275,350;*
>
> *2. Subject to paragraph 3, if, following trial, it appears that any of the issues set out in paragraph 1 above require determination, a hearing under Rule 107 shall be conducted*

> *to determine same, including necessary documentary and oral discovery.*
>
> *3. The determination of whether the Plaintiffs are entitled to elect to recover profits of the Defendant shall be reserved to the trial judge;*

[5] The Plaintiffs were denied profits thus the hearing under Rule 107 relates only to damages. I will be the person hearing this matter beginning in January of next year, some two months from now.

[6] Earlier this year the Defendant brought a motion to amend its Statement of Issues in two respects. The first was a request to add a number of paragraphs to that Statement to plead, in effect, that my decision as to validity of the '350 patent would have been different had the Judgment and Reasons of the Supreme Court of Canada in *Teva Canada Ltd. v Pfizer Canada Inc.*, 2012 SCC 60 *(Teva)* been given before I decided this case in 2006. I call these the *Teva* amendments. The second was an amendment to existing paragraph 26 to add certain details including a reference to certain sections of the *Competition Act*. I call this the *Competition Act* amendments. All of these proposed amendments are set out at paragraph 28 of Prothonotary Lafrenière's Reasons.

[7] I commend Prothonotary Lafrenière in the manner in which he set out the relevant history of this matter and the manner in which he reasoned why the *Teva* amendments should not be allowed. I accept that these amendments may be vital to an issue in the reference and should be reviewed *de novo*, however I am in substantial agreement with him and accept and adopt his reasoning as my own with respect to those amendments.

[8] I note one matter with respect to the *Teva* amendments and it relates to a nuance of Defendant's position as argued before me. Prothonotary Lafrenière, at paragraph 2 of his Reasons says:

> *Apotex wishes to argue before a referee appointed under Rule 153 of the Federal Courts Rules that the Plaintiffs are not entitled to any damages for infringement of their patent…*

[9] Defendant's Counsel argued before me that this was not quite the situation. Counsel argued before me that it wanted the referee, in this case me, to take into account the likelihood that the patent would have been declared invalid, in assessing the quantum of damage. Counsel conceded that there was no precedent for doing so.

[10] However nuanced, I reject this argument. The '350 patent has been declared valid by a final judgment of this Court an all avenues of appeal have been exhausted. Unlike the *Virgin Atlantic Airways Limited v Zodiak Seats UK Limited*, [2013] UKSC 46, relied upon by the Defendant and reviewed at some length by Prothonotary Lafrenière, the here patent has not been declared invalid whether in this proceeding or in any other proceeding. It has been fully and finally declared to be valid. I fully agree with Prothonotary Lafrenière that the Defendant is, in reality, seeking to make a collateral attack on the judgments of this and appellate Courts upholding the validity of the patent.

[11] Further, I agree with Prothonotary Lafrenière in his disposition of the Defendant's arguments respecting novel claims dealt with at paragraphs 32 to 39 of his reasons.

[12] I turn to the amendments sought in paragraph 26 of the Defendant's Statement of Issues, the *Competition Act* plea. I reproduce the amendments sought which are to add the underlined portions of the pleading:

> *26. Apotex states that the Plaintiffs agreed, <u>whether tacitly or overtly,</u> not to compete in the Lisinopril market in Canada so as to maintain an artificial price for their Lisinopril, <u>in contravention of sections 45, 47 and 61 of the Competition Act in force at all material times.</u> Accordingly, by reason of their anti-competitive behaviour, <u>they</u> are <u>each</u> disentitled from claiming damages, or in the alternative, are disentitled from claiming damages at the profit margin calculated based on the selling prices maintained by the Plaintiffs.*

[13] Defendant's Counsel points out that the unamended form of this paragraph has been in the case since the beginning, several years ago. The Plaintiffs have completed whatever discovery they choose in respect thereof, as has the Defendant.

[14] Defendant's Counsel made important concessions at the hearing before me.

- The reference to sections 41 of the *Competition Act* should be confined to subsection 41(1)(a).
- The amendments sought will narrow, not expand, the existing plea.
- Whatever facts and documents the Defendant may rely upon in support of this plea at trial have already been disclosed by the Defendants to the Plaintiffs on discovery to date.

[15] I will allow the amendments and craft my Order in such a way as to incorporate those concessions. In addition, I will permit the Plaintiffs to file a reply, if they choose, for instance to

plead a limitation period or other pertinent matter. I will also permit the Plaintiffs, but not the Defendant to conduct further discovery if they wish.

ORDER

FOR THE REASONS provided:

1. The appeal is allowed only to the extent that the Defendant may file an Amended Statement of Issues containing an amended paragraph 26 as submitted provided:

    - The reliance upon section 41 of the *Competition Act* is amended to read section 41(1)(a)
    - The amendments are to be construed as to restrict and not to expand the pleading previously made in paragraph 26.
    - The Defendant cannot rely upon any facts or document not disclosed by it to the Plaintiffs on any discovery previous to the date of this Order.
    - The Plaintiffs may reply to the Amended Statement.
    - The Plaintiffs may, if they choose, have further discovery of the Defendant in respect of the amended paragraph 26.

2. The appeal is otherwise dismissed.

3. Costs to the Plaintiffs in the cause.

"Roger T. Hughes"

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-2792-96
STYLE OF CAUSE:	MERCK & CO., MERCK FROSST CANADA & CO., MERCK FROSST CANADA LTD., SYNGENTA LIMITED, ASTRAZENECA UK LIMITED AND ASTRAZENECA CANADA INC. v APOTEX INC.
PLACE OF HEARING:	TORONTO, ONTARIO
DATE OF HEARING:	NOVEMBER 6, 2014
ORDER AND REASONS BY:	HUGHES J.
DATED:	NOVEMBER 12, 2014

APPEARANCES:

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