

Date: 20060329

Docket: T-2159-05

Citation: 2006 FC 399

Toronto, Ontario, March 29, 2006

PRESENT: The Honourable Madam Justice Tremblay-Lamer

BETWEEN:

THE LITEBOOK COMPANY LTD.

**Plaintiff
(Defendant by Counterclaim)**

and

APPOLLO LIGHT SYSTEMS INC.

**Defendant
(Plaintiff by Counterclaim)**

REASONS FOR ORDER AND ORDER

[1] This is a motion by the plaintiff appealing the order of Prothonotary Milczynski, dated February 28, 2006.

[2] The plaintiff's action is for infringement of Canadian Patent 2,403,314 (the '314 Patent).

The '314 Patent relates to a light therapy device intended for treatment of light deficient disorders

like Seasonal Affective Disorder (SAD), circadian sleep disorders and circadian disruptions. The '314 Patent issued on May 24, 2005, and has 38 claims.

[3] The statement of claim was issued on December 6, 2005. On January 18, 2006 the defendant filed a statement of defence and counterclaim (the Apollo Pleading).

[4] The plaintiff brought a motion before Prothonotary Milczynski requesting both particulars and that certain paragraphs of the Apollo Pleading be struck. The Prothonotary granted some of the relief requested. The following relief was dismissed: provide particulars as to why the devices are “not suitable for ocular light therapy” (in paragraph 12(d) of the Apollo Pleading); provide particulars as to why the defendant does not infringe the '314 Patent, including details of any denial of direct, induced, procured or incited infringement (in paragraph 16 of the Apollo Pleading); an order striking paragraphs 12(c), 13, 14, 15, 21, 22 and 24 of the Apollo Pleading.

[5] Discretionary orders of prothonotaries should not to be disturbed on appeal unless (a) the questions raised in the motion are vital to the final issue to the case, or (b) the orders are clearly wrong, in the sense that the exercise of discretion by the prothonotary was based upon a wrong principle or upon a misapprehension of facts: *Merck & Co. Inc. v. Apotex Inc.*, 2003 FCA 488, [2004] 2 F.C.R. 459 (C.A.) at para. 19.

Motion to strike

[6] A pleading in an action may be struck out under Rule 221 of the *Federal Courts Rules*, 1998, SOR/98-106 (Rules). The well-known test to strike out pleadings is whether it is “plain and obvious” that all or part of the pleading discloses no reasonable cause of action: *Hunt v. Carey Canada Inc.*, [1990] 2 S.C.R. 959.

[7] In paragraphs 12(c), 13, 14, 15, 21, 22 and 25 of the Apollo Pleading, the defendant states that the plaintiff filed a voluntary amendment during the prosecution of the ‘314 Patent, adding additional claims. The defendant alleges that the claims were drafted with a view to covering competing products in the marketplace, and that this amendment was made both wilfully and for the purpose of misleading, contrary to section 53(1) of the *Patent Act*, R.S.C., 1985, c. P-4 (Patent Act). The defendant further alleges that by reason of its voluntary amendment, the plaintiff is not entitled to reasonable compensation during the publication period of the ‘314 Application, or in the alternative, is not entitled to reasonable compensation prior to the date of the voluntary amendment.

[8] The defendant relies on section 53(1) of the Patent Act, which provides as follows:

Void in certain case, or valid only for parts

53 (1) A patent is void if any material allegation in the petition of the applicant in respect of the patent is untrue, or if the specification and drawings contain more or less than is necessary for obtaining the end for which they purport to be made, and the omission or

Nul en certains cas, ou valide en partie seulement

53 (1) Le brevet est nul si la pétition du demandeur, relative à ce brevet, contient quelque allégation importante qui n’est pas conforme à la vérité, ou si le mémoire descriptif et les dessins contiennent plus ou moins qu’il n’est nécessaire pour démontrer ce qu’ils sont

addition is wilfully made for the purpose of misleading.	censés démontrer, et si l'omission ou l'addition est volontairement faite pour induire en erreur.
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[9] The allegations in the Apollo Pleading relate to the second portion of section 53(1) – that the plaintiff wilfully for the purpose of misleading made the voluntary amendment to the pending ‘314 Application and represented that they were fully supported throughout the specifications as originally filed.

[10] After stating that references or reliance on file history are not permitted for the purpose of determining the scope and validity of the claims, the Prothonotary ruled:

The defendant argues that if true, the impugned allegations do not go to the validity of the patent, but, as left open by *Free World*, are relevant to the equitable remedies that the plaintiff is seeking in the main action, and the equitable remedies sought by the defendant in its counterclaim. While tenuous, this is sufficient to sustain the allegations and deny that part of the motion to strike.

[11] The plaintiff submits that the Prothonotary’s decision reflects a misunderstanding of the facts, and is clearly wrong. According to the plaintiff, the paragraphs in issue, and reliance on section 53(1), are not limited to a defence to equitable remedies. The defendant has pleaded section 53(1) as both a sword (invalidity) and a shield (defence to an accounting of profits).

[12] The plaintiff finds support in *Eli Lilly and Co. v. Apotex Inc.*, [1998] F.C.J. 233 (T.D.)(QL). In that case, the defendant relied on section 53(1) to support its plea and argued that the failure to bring certain information to the Patent Office’s attention during prosecution rendered the patent invalid. Justice Richard ruled that there is no provision in the *Patent Act* that an untrue allegation,

even amounting to a misrepresentation, made in the course of a prosecution of the application for the patent in the Canadian Patent Office has any effect on the validity of the patent. Once the patent has issued, there is a statutory provision for its prima facie validity. Even if the facts alleged in the statement of defence and counterclaim are presumed to be true, they would have no more effect on its validity than a misrepresentation in the course of a parliamentary debate could have on the validity or meaning of a parliamentary enactment. In the result, he found that the defendant's plea in this regard did not allege anything in the petition itself to be untrue, but rather that the applicant withheld relevant information from the Canadian Examiner during the prosecution of the application. He ultimately struck the paragraph.

[13] The plaintiff submits that the defendant's allegations of wilful misconduct in the Patent Office necessarily imports the file history (also called the file wrapper) into the proceedings for the purpose of determining the scope and validity of the claims. Unlike patent actions in the United States, Canadian Courts have generally closed the door to file wrapper estoppel arguments. In *Free World Trust v. Electro Sante Inc.*, [2000] 2 S.C.R. 1024, Justice Binnie wrote:

66 In my view, those references to the inventor's intention refer to an objective manifestation of that intent in the patent claims, as interpreted by the person skilled in the art, and do not contemplate extrinsic evidence such as statements or admissions made in the course of patent prosecution. To allow such extrinsic evidence for the purpose of defining the monopoly would undermine the public notice function of the claims, and increase uncertainty as well as fuelling the already overheated engines of patent litigation. The current emphasis on purposive construction, which keeps the focus on the language of the claims, seems also to be inconsistent with opening the pandora's box of file wrapper estoppel. If significant representations are made to the Patent Office touching the scope of the claims, the Patent Office should insist [page1062] where necessary on an amendment to the claims to reflect the representation.

67 This is not to suggest that prosecution history can never be relevant for a purpose other than defining the scope of the grant of the monopoly: *Foseco Trading A.G. v. Canadian Ferro Hot Metal Specialties, Ltd.* (1991), 36 C.P.R. (3d) 35 (F.C.T.D.), at p. 47. That point does not arise in this case for decision and lies outside the scope of these reasons. (emphasis added)

[14] Paragraphs 12(c), 13, 14 and 15 of the Apollo Pleading allege that at least the asserted claims of the '314 Patent are void as a result of the plaintiff's conduct in the Patent Office. These allegations are repeated in the counterclaim, which seeks a declaration that all claims are invalid. The plaintiff submits that pursuant to *Eli Lilly*, above, even if a statement that is made during prosecution is untrue, it has no effect on the validity of the patent. According to the plaintiff, a person who files an application for a patent is entitled to file an amendment during prosecution, even if claims are revised or added with an eye on a competitor's product.

[15] I agree with the plaintiff that in characterizing the disputed paragraphs as not going to validity and being limited to equitable remedies, the Prothonotary misunderstood the defendant's pleading and on that point her decision was clearly wrong. Again, I reiterate that the paragraphs in question claim that the plaintiff wilfully for the purpose of misleading added the new claims to the pending '314 application and represented that they were fully supported by the specifications as originally filed, which ran contrary to subsection 53(1), and thus renders the claims of the '314 Patent invalid. Justice Richard, in *Eli Lilly*, above, clearly provided that there is a bar to the use of prosecution file history for the purpose of determining the validity of claims.

[16] Thus, I will order that paragraphs 13, 14, and 15 be struck without leave to amend. It is plain and obvious that this discloses no reasonable defence in law. I will also strike the portion of

paragraph 12(c) reading: “Given this disclosure, Litebook cannot, by introducing new claims to the pending ‘314 Application with the deliberate intent to cover the competing light therapy products of Apollo, widen the scope of the ‘314 Patent to cover any output of light suitable for ocular light therapy, including particularly those which were not common knowledge in the art at the relevant date and not described in the ‘314 Patent.”

[17] The plaintiff next submits that section 53(1) has no application to an exchange of correspondence between an applicant and a patent examiner and thus cannot constitute an equitable defence. The plaintiff notes that if amended or added claims are not supported by the disclosure, they are invalid (claims broader than the invention). This analysis is based on the claims and disclosure, not the file history or intent of the applicant, and therefore the subjective intent of the applicant is irrelevant to whether the claims are supported by the disclosure.

[18] Essentially, the plaintiff’s argument on this point is as follows:

[19] If the defendant is right, and the claims are not supported by the disclosure, the claims will be invalid (claims broader than the invention) and it will follow that there is no infringement. In such a case, no remedies, equitable or otherwise, will flow to the plaintiff. The intention of the plaintiff is immaterial to this consideration.

[20] If the defendant is wrong, and all claims are supported by the disclosure, the claims are valid and, according to the plaintiff, there can be no inequity in a submission that is proven to be correct.

In sum, win or lose, no equitable defence need be considered and so there is no need to discuss what occurred during the prosecution.

[21] In my opinion, the plaintiff's argument is flawed in that it appears to skip a step when hypothesizing the defendant's loss. More properly stated: if the defendant is wrong, and all claims are supported by the disclosure, the claims are valid, and it may follow that there is infringement for which the defendant may have to grant reasonable compensation to the plaintiff. At this point, any possible equitable defences do become relevant and if the defendant's allegations of inequitable conduct by the plaintiff prove to be true, they will have a direct bearing on the amount of compensation granted. It is important to recall that the various equitable remedies may also come into play in the defendant's counterclaim in respect of false and misleading statements made by the plaintiff. Accordingly, paragraphs 21, 22 and 25 shall not be struck.

Motion for particulars

[22] The plaintiff seeks particulars regarding two allegations made by the defendants at paragraph 12(d) (inoperative subject matter) and paragraph 16 (non-infringement).

[23] At paragraph 12(d) of the Apollo Pleading, the defendant alleges that certain claims include inoperative subject matter in that they are not "suitable for ocular light therapy".

[24] As for non-infringement, at paragraph 16, the defendant denies that it has directly infringed, induced or procured or incited others to infringe the '314 Patent.

[25] In denying the plaintiff's motion for particulars, the Prothonotary ruled as follows:

With respect to the particulars sought of paragraphs 12 and 16 of the Statement of Defence and Counterclaim, the information sought by the Plaintiff is more appropriate to be obtained at the examinations for discovery. Information relating to "why" the Plaintiff's devices are not suitable for ocular light therapy or "why" the Defendant's devices do not infringe is not necessary for the Plaintiff to plead a Reply and Defence to Counterclaim and, in any event would, in my view, have the Defendant plead evidence in its Statement of Defence.

[26] The plaintiff submits that this conclusion is clearly wrong as it is inconsistent with Rule 174, which obliges parties to set out the material facts underlying the particular allegations. The plaintiff contends that the Rules do not simply contemplate "notice pleadings" where the parties assert their positions on infringement which are later determined during discovery.

[27] Considering first paragraph 12(d), keeping in mind the high standard necessary to allow an appeal of a prothonotary's discretionary order, I am unable to find that the Prothonotary's conclusion – that the information would be more appropriately dealt with at discovery and that the information was not necessary for the plaintiff to respond – was clearly wrong.

[28] In respect of infringement, a plaintiff's obligation is clear. Simply asserting a general claim of infringement without the specific allegations of the infringing activities is insufficient: *Biosig Instruments Inc. v. Sears Canada Inc. and Icon Due Canada Inc.*, 2006 FC 206, [2006] F.C.J. No. 288 (F.C.) (QL) at paras. 25-27. I agree with the plaintiff that the same standard for infringement should apply to both plaintiffs and defendants. Rule 174 requires that pleadings contain a concise statement of the material facts on which each party relies. This rule does not draw any distinction

between a plaintiff's pleadings and a defendant's pleadings. In my opinion, if a plaintiff is obliged to set out the material facts underlying a claim for infringement, then a defendant should be similarly obliged to set out the material facts denying the infringement. This harks back to the old adage "what is sauce for the goose is sauce for the gander".

[29] Thus, the defendant is required to provide particulars supporting the pleading in paragraph 16 that there is no infringement.

[30] In the result, the plaintiff's appeal of the Prothonotary's order is allowed in part in accordance with the order to these reasons. In view of the divided result, the parties shall bear their own costs.

ORDER

THIS COURT ORDERS that

1. The relief sought by the plaintiff in paragraph 1a of its Notice of Motion will be granted in part. The defendant must provide particulars supporting the pleading in paragraph 16 that there is no infringement.

2. The relief sought by the plaintiff in paragraph 1b of its Notice of Motion will be granted in part. Paragraphs 13, 14, and 15, as well as part of paragraph 12(c) in accordance with these reasons, will be struck without leave to amend.

3. The balance of the motion is dismissed.

4. The parties will bear their own costs.

“Danièle Tremblay-Lamer”

Judge

FEDERAL COURT

NAME OF COUNSEL AND SOLICITORS OF RECORD

DOCKET: T-2159-05

STYLE OF CAUSE: THE LITEBOOK COMPANY LTD.
and
APPOLLO LIGHT SYSTEMS INC.

PLACE OF HEARING: Toronto, Ontario

DATE OF HEARING: March 27, 2006

**REASONS FOR ORDER
AND ORDER:** TREMBLAY-LAMER J.

DATED: March 29, 2006

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