

Date: 20061214

Docket: T-341-02

Citation: 2006 FC 1500

Ottawa, Ontario, December 14, 2006

PRESENT: The Honourable Mr. Justice Phelan

BETWEEN:

**LILLY ICOS LLC and
ELI LILLY CANADA INC.**

Plaintiffs

and

PFIZER IRELAND PHARMACEUTICALS

Defendant

**REASONS FOR ORDER AND ORDER
(Re: Examination of Dr. Ellis)**

I. INTRODUCTION

[1] This is an appeal of the learned Prothonotary's Order of March 6, 2006 in which he refused to order the Defendant to answer certain questions set out in Schedule A to this Order. This appeal was part of three appeals heard by the Court and was conventionally referred to as Motion #1.

Motion #2 was an appeal in respect of the claim of privilege under U.K. law as between the inventor and the patent agents, which appeal has already been disposed of.

[2] This particular appeal asks for:

- an Order setting aside the Prothonotary's Order which refuses to compel the Defendant to answer certain questions;
- an Order requiring the attendance of the Defendant's representative to answer the questions so ordered; and
- an Order granting leave to file new evidence for purposes of this appeal consisting of answers provided to the Plaintiffs subject to the examinations for discovery of Dr. Peter Ellis, the Defendant's representative, and Dr. Nicholas Terrett, the inventor.

II. BACKGROUND

[3] This is an impeachment action for a declaration that the claims in the '446 Patent (Canadian Patent No. 2,163,446) are invalid and void. By agreement, the discoveries in this action are also to be used in a related infringement action, Court File No. T-1721-03.

Given that agreement, the Defendant's objection that some of the questions are irrelevant because they relate to infringement is readily disposed of against the Defendant.

[4] In this impeachment action, the Plaintiffs claim that the '446 patent is invalid on the basis of:

- (a) anticipation;
- (b) lack of novelty;
- (c) obviousness;
- (d) covetous claiming;
- (e) insufficiency of disclosure;

- (f) added subject matter: “oral”; and
- (g) improper disclaimer.

[5] These are the same bases on which the claim of infringement is based.

[6] The patent at issue relates to a method for treating erectile dysfunction using a selective inhibitor of cGMP-specific PDEv. The details of its function are not particularly relevant but the technicalities are such as to make even sex sound boring.

[7] The Prothonotary’s decision covered many more questions and documents than those in issue. The core of the decision is contained in a 65-page tabular format which lists the disposition of each objection and its basis but not the reasoning behind the result. It would have been unworkable for the learned Prothonotary to frame his decision in any other manner but it poses the problem of discerning the detailed rationale for each decision. Further, there is no way to know what submissions were made to him on each of the objections.

III. ANALYSIS

A. *Standard of Review*

[8] There is no real dispute as to the standard of review. The principles are set forth in *Merck &*

Co. v. Apotex Inc. (2003) 30 C.P.R. (4th) 40 at 53 (F.C.A.):

Discretionary orders of prothonotaries ought not be disturbed on appeal to a judge unless:

- a) the questions raised in the motion are vital to the final issue of 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 the facts.

[9] There has been no suggestion that the decision in this matter is vital to the final issues of the case. Therefore, the Plaintiffs must establish that the learned Prothonotary exercised his discretion based upon a wrong principle or upon a misapprehension of the facts.

[10] It is not for the Court to embark upon a *de novo* review of the Prothonotary's decision and to substitute its own view of the matters for that of the Prothonotary. In this case, the Prothonotary is the Case Management Prothonotary and is fully familiar with the file. To the extent that the Court may depart from the Prothonotary's decision, it does so because it is not possible to determine the rationale for the disposition made and therefore to accord it the deference to which it is usually entitled. The vast majority of instances where an objection has been sustained, it has been done on the basis of a notation "relevance" or "too broad".

B. *Discovery Principles*

[11] The starting point for a consideration of objections to questions posed on discovery is the applicable rules for production and discovery and the purpose of the discovery process.

[12] Rule 222 requires production of relevant documents in that they are documents a party intends to rely upon or tends to adversely affect the party's case or support another party's case. A document is also relevant if it may fairly lead to a chain of inquiry that may have the consequence

of advancing or damaging a party's case. (See *Everest & Jennings Canadian Ltd. v. Invacare Corporation*, [1984] 1 FC 856)

[13] The production principles feed into those governing discovery as articulated in Rule 240(1) which requires the person being discovered to answer questions relevant to any unadmitted allegation of fact in a pleading filed by either party.

[14] The application of the Rule has been articulated in *Reading & Bates Construction Co. et al v. Baker Energy Resources Corp. et al* (1988) 24 C.P.R. (3d) 66 (F.C.T.D.) at 70-72:

1. The test as to what documents are required to be produced is simply relevance. The test of relevance is not a matter for the exercise of the discretion. What documents parties are entitled to is a matter of law, not a matter of discretion. The principle for determining what document properly relates to the matters in issue is that it must be one which might reasonably be supposed to contain information which may directly or indirectly enable the party requiring production to advance his own case or to damage the case of his adversary, or which might fairly lead him to a train of inquiry that could have either of these consequences: *Trigg v. MI Movers Int'l Transport Services Ltd.* (1986), 13 C.P.C. (2d) 150 (Ont. H.C.); *Canex Placer Ltd. v. A.-G. B.C.* (1975), 63 D.L.R. (3d) 282, [1976] 1 W.W.R. 644 (B.C.S.C.); and *Compagnie Financière et Commerciale du Pacifique v. Peruvian Guano Co.* (1882), 11 Q.B.D. 55 (C.A.).

2. ...

3. The propriety of any question on discovery must be determined on the basis of its relevance to the facts pleaded in the statement of claim as constituting the cause of action rather than on its relevance to facts which the plaintiff proposes to prove to establish the facts constituting the cause of action. Additionally, where a reference has been directed, the application of Rule 465(15) requires that the answers on discovery be restricted to questions as to facts that may prove or tend to prove or disprove or tend to disprove any unadmitted allegation of fact placed in issue on the reference: *Armstrong Cork Canada Ltd. v. Domco Industries Ltd.* (1983), 71 C.P.R. (2d) 5, 48 N.R. 157 (F.C.A.).

4. The court should not compel answers to questions which, although they might be considered relevant, are not at all likely to advance in any way the questioning party's legal position: *Canex Placer Ltd. v. A.-G. B.C.*, *supra*; and *Smith, Kline & French Laboratories Ltd. v. A.-G. Can.* (1982), 67 C.P.R. (2d) 103 at p. 108, 29 C.P.C. 117 (F.C.T.D.).

5. Before compelling an answer to any question on an examination for discovery, the court must weigh the probability of the usefulness of the answer to the party seeking the information, with the time, trouble, expense and difficulty involved in obtaining it. Where on the one hand both the probative value and the usefulness of the answer to the examining party would appear to be, at the most, minimal and where, on the other hand, obtaining the answer would involve great difficulty and a considerable expenditure of time and effort to the party being examined, the court should not compel an answer. One must look at what is reasonable and fair under the circumstances: *Smith, Kline & French Ltd. v. A.-G. Can.*, *per Addy J.* at p. 109.

6. The ambit of questions on discovery must be restricted to unadmitted allegations of fact in the pleadings, and fishing expeditions by way of a vague, far-reaching or an irrelevant line of questioning are to be discouraged: *Carnation Foods Co. Ltd. v. Amfac Foods Inc.* (1982), 63 C.P.R. (2d) 203 (F.C.A.); and *Beloit Canada Ltée/Ltd. v. Valmet Oy* (1981), 60 C.P.R. (2d) 145 (F.C.T.D.).

[15] The test of relevance is a generous one, as noted in the above decision, because the purpose of an examination for discovery is to allow a party to fully explore the issues raised in the pleadings, to understand the position of the party being examined and to gain admissions with respect thereto. However, a court retains the discretion to restrict the scope of discovery where there is marginal relevance or where it is oppressive, vexatious or unnecessary. (See *Eli Lilly and Co. et al v. Apotex Inc.* (2001), 12 C.P.R. (4th) 127 (F.C.A.))

[16] In considering the merits of any question or objection, it is not only necessary to consider whether it goes to an issue between the parties but also the precise wording of the question itself.

C. *Matters in Issue*

[17] The parties have conveniently categorized the questions in issue into five headings:

1. Prior Research;
2. Tests Performed on Salts;
3. “Selective”, “Effective Amount” and “Selectivity”;
4. Research and Development of Sildenafil and Sildenafil Citrate; and
5. Making of Disclaimers.

It is more convenient and clear to deal with each heading rather than question by question – with such comments about a particular question as may be appropriate or to carve out an exception to the conclusion with respect to the class of documents.

(1) Issue 1: Prior Research

[18] The questions under this category cover the areas of prior art and general knowledge. Those questions relate to the issue of obviousness which is a basis for the Plaintiffs’ claim of both invalidity and infringement.

[19] While the actual knowledge of the inventor may not be relevant to the issue of obviousness, evidence that there was prior art and admissions related thereto are relevant. There may be limits as to the purpose for which the answer may be used; for example, it may have no relevance to claim construction, nevertheless the question is relevant to other issues.

[20] Questions related to prior art were sufficiently relevant that the learned Prothonotary ordered the Plaintiffs to answer the Defendant's questions on this issue but not the Defendant to answer the Plaintiffs' question. It is not possible to understand the learned Prothonotary's rationale in respect of refusing to order answers by the Defendant to those types of questions.

[21] Since unadmitted allegations are a relevant area of inquiry in this litigation, those questions should be answered (Questions 151-152, 162, 1638, 3841 and 3905).

[22] In like manner, questions as to the Defendant's understanding of its own documents and those relied on are relevant as admissions about prior art (Questions 4009 and 4083).

[23] A series of questions were asked of Dr. Ellis as to his own publications. To the extent that the question addresses prior knowledge and its source in respect of the subject matter of the litigation, the questions are relevant. Open-ended questions as to all publications are not relevant. Therefore, Questions 115-117 and 124 are relevant.

(2) Issue 2: Tests Performed on Salts

[24] This Issue 2 and Issue 4 (Research and Development of Sildenafil and Sildenafil Citrate) are essentially the same category of documents.

[25] The Plaintiffs claim, principally, that these questions need to be answered because they go to the matter of "sound prediction". However, the current pleadings do not raise the issue of sound

prediction. The Plaintiffs, in paragraph 38 of the Amended Statement of Claim, plead that there was no inventive step required to the acceptable salts in the compounds claimed in the patent.

[26] The Plaintiffs have not made out their assertion that the learned Prothonotary misapprehended the facts or acted on an erroneous principle. There is no basis upon which to overturn the Prothonotary's exercise of discretion.

(3) Issue 3: Use of Terms "Selective", "Effective Amount" and "Selectivity"

[27] Bearing in mind that the learned Prothonotary was exercising his discretion in concluding that the use of the terms is better dealt with through the use of expert evidence, I can find no error in principle or misapprehension of the facts. This is the type of circumstance where deference should be acknowledged and the learned Prothonotary's decision left undisturbed.

(4) Issue 4: Research and Development of Sildenafil and Sildenafil Citrate

[28] These questions are said to be relevant to the issue of "sound prediction". For the reasons given with respect to Issue 2, the learned Prothonotary's decision will stand.

(5) Disclaimers

[29] I have already concluded that certain of these questions related to Dr. Ellis (Questions 115-117 and 124) should be answered.

[30] The learned Prothonotary concluded that questions regarding a legal opinion of Bereskin & Parr was privileged and had not been waived. I am not persuaded of any error or misapprehension of facts which would justify overturning the decision on this issue. Mere reference to the existence of a legal opinion does not remove its privileged nature.

[31] The Plaintiffs have withdrawn their demand for answers to Questions 2995 and 3183-3184. I can find no basis for overturning the learned Prothonotary on the few other questions which remained in issue.

D. *New Evidence*

[32] I have, for purposes of this appeal, allowed the Plaintiffs' new evidence so as to give context to the matters in issue.

IV. CONCLUSION

[33] With the exception of the limited number of questions ordered under Issue 1, this appeal is otherwise dismissed. Costs will be in the cause.

ORDER

IT IS ORDERED THAT the appeal is allowed in part as per the Reasons, and the Defendant shall answer the questions identified and make its representation available for discovery arising from these questions. Costs shall be in the cause.

“Michael L. Phelan”

Judge

FEDERAL COURT

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET: T-341-02

STYLE OF CAUSE: LILLY ICOS LLC and
ELI LILLY CANADA INC.

and

PFIZER IRELAND PHARMACEUTICALS

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**REASONS FOR ORDER
AND ORDER:** Phelan, J.

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