Date: 20070912

Docket: T-161-07

Citation: 2007 FC 906

Edmonton, Alberta, September 12, 2007

PRESENT: The Honourable Mr. Justice Harrington

BETWEEN:

SANOFI-AVENTIS CANADA INC. and SCHERING CORPORATION

Plaintiffs

and

APOTEX INC. INC.

Defendant

AND BETWEEN:

APOTEX INC.

Plaintiff by Counterclaim

and

SANOFI-AVENTIS CANADA INC., SCHERING CORPORATION, SANOFI-AVENTIS DEUTSCHLAND GmbH and RATIOPHARM INC.

Defendants by Counterclaim

REASONS FOR ORDER AND ORDER

[1] In her order of 25 June 2007, Prothonotary Milczynsky set this patent infringement action down for a thirty-day trial commencing on January 12, 2009. Apotex has appealed that order.

[2] It submits not only that did it not agree to those dates, but also that it was denied the opportunity to make representations. It goes on to say that in any event the Prothonotary lacked the jurisdiction to fix trial dates but even if she did she exercised her discretion on wrong principles in that she should have taken into account a similar action taken by the plaintiffs against Novopharm Ltd. with respect to the same patent. Finally, it alleges discrimination in that she did not allow this case to creep along as Apotex had the right to expect from the handling of other patent cases.

[3] I hold that the Prothonotary had the power to set this matter down for trial. In exercising her discretion, she neither acted upon a wrong principle nor upon a misapprehension of the facts. She was not obliged to take into account another action on the same patent, an action which had just got under way, and was not disentitled from expediting the hearing of this action, simply because other actions had not been expedited.

THE FACTS

[4] The plaintiffs Schering and Sanofi-Aventis are the owner and licensee of Canadian patent no. 1,346,206, which only expires in 2018. It relates to Ramipril, useful in the treatment of high blood pressure. Sanofi-Aventis markets it under the name Altace. They seek a declaration that Apotex infringed certain claims therein, a permanent injunction, damages or an accounting of profits and other relief. In its statement of defence, Apotex denies that it has infringed the patent.

Furthermore, as plaintiff by counterclaim, it seeks a declaration that the patent claims in issue are invalid, damages for conspiracy to violate the Patent Act, damages pursuant to both the Competition Act and the Trade-marks Act and other relief.

[5] The statement of claim was only filed on 26 January 2007. On 28 May 2007, at a very early stage in the action, as pleadings were not even complete, Sanofi-Aventis moved for case management, a schedule and trial date. The motion was presentable 4 June. It sought eight weeks of trial starting as early as October 2008. The basis of the motion was that it wanted to regain its patent monopoly as soon as possible, a monopoly lost when the Minister of Health issued a notice of compliance to Apotex, which now has its generic version of Ramipril on the market. According to Sanofi-Aventis, the aftermath has been a catastrophy. Approximately 100 persons have been laid off, with, in all likelihood, more to come. It was also prepared to consent to a bifurcation order, reserving damages or profits until after the determination of liability, which would have the effect of shortening the time required for discoveries and trial.

[6] Solicitors for Apotex wrote to the Court the next day seeking a postponement. Among other things, they suggested that it was simply too early to fix a trial date, given the state of the pleadings. They also pointed out that Sanofi-Aventis' motion record confirmed that it would be taking a parallel action against Novopharm which had also obtained the Minister's approval to market its own version of Rampiril. The issues in that case would be "largely identical". Apotex suggested that it would be sensible and efficient to consolidate the two actions, but no trial before its time.

[7] That letter sparked a teleconference on 31 May during which Prothonotary Milczynsky denied Apotex's request for an adjournment and indicated the motion would proceed on 4 June in that "dates for procedural steps would be discussed but a trial date would not". That position was reiterated in her order of 13 June 2007 in which she held that the action would continue as a specially managed proceeding, which was referred to the Chief Justice to name a case manager or managers. The parties were called upon to communicate with each other on a number of issues, including the appropriateness of a bifurcation order. Absent agreement, a formal motion had to be brought on. It appears an agreement was not reached as Sanofi-Aventis then filed a motion for, among other things, a bifurcation order. That motion was heard by Prothonotary Milczynsky 25 June.

[8] In the recital portion of her order issued that day she said: "With respect to that part of the motion seeking a Bifurcation Order, the need to consider whether or not to make such order, is in large part eclipsed by the ability to schedule a date for the hearing of all issues in the action which is agreeable to all parties." She then ordered "The bifurcation motion is dismissed. The Trial of this action is scheduled to commence at the Federal Court in Toronto on Monday, January 12, 2009 and will be conducted over thirty (30) days."

[9] On 29 June, counsel for Apotex wrote to the Registry with a request that its letter be brought to Prothonotary Milczynsky's attention. That letter reads in part:

> The final recital of the Order provides as follows:
>
> > With respect to that part of the motion seeking a Bifurcation Order, the need to consider whether or

> not to make such order, is in large part eclipsed by the ability to schedule a date for the hearing of all issues in the action which is agreeable to all parties.

Paragraph 3 of the Order then fixes a 30 day trial in this matter to commence January 12, 2009 in Toronto. Contrary to what the preamble appears to indicate, the trial date was not fixed with the agreement of Apotex. It was, and remains the view of Apotex that it was and is premature to schedule the trial herein. Indeed, Apotex's counsel was taken by complete surprise in this regard as Sanofi-Aventis' outstanding motion seeking, among other things, the fixing of a trial date, had been adjourned *sine die* and had not been brought back on.

In response to the Prothonotary's request for available dates in the middle of Apotex's oral submissions on the issue of bifurcation, counsel to Apotex advised the Court that it would inquire as to lead counsel's availability for a trial of all issues in October 2008. At the conclusion of Apotex's submissions, the Court recessed for 15 minutes to determine the Court's availability for a trial. Upon resuming the motion, the Court was advised that counsel to Apotex was unavailable for a trial until early 2009. The parties were then advised that the Court had available dates in January 2009 and that the trial of this action would be set.

[10] Counsel for Sanofi-Aventis took issue with Apotex's recollection of the hearing and on 4 July wrote to say there was no error in the preamble of the Order. More specifically:

> The Court will recall that counsel for all parties confirmed on June 25, 2007 that they were agreeable to a 30 day hearing of all issues beginning on January 12, 2009. In this regard, the parties were initially considering dates in October 2008 for a hearing of all the issues. However, counsel for Apotex indicated to the Court that lead counsel was not available during that time. Counsel for Apotex subsequently confirmed that lead counsel was available for a hearing beginning in January 2009. After assessing the Court's availability, the Court indicated that a 30 day hearing of all issues could be held beginning on January 12, 2009. Counsel for all parties confirmed that they were agreeable to such a hearing.

[11] If the letter of 29 June was an informal request by Apotex to have the Prothonotary reconsider or correct a mistake in her Order, in accordance with rule 397, she did not do so.

[12] As to exactly what happened in Court on 25 June, none of the solicitors has cared to file an affidavit. However, Apotex's motion record includes the minutes of hearing. These minutes show that the Court raised the topic of trial dates and that counsel for Sanofi-Aventis and Apotex responded. The matter was recessed. On resumption, one of Apotex's solicitors commented on the availability of its lead counsel, Mr. Radomski, who was not in court that day. He is reported to have said that he was available for trial in early 2009. Then the other parties discussed availability. After a further adjournment the registrar wrote: "The Court tells counsel that a hearing of this matter will take place beginning 12 January, 2009 for 30 days in Toronto."

THE ISSUES

[13] The issues are:

a) Did the Prothonotary have the power to set the action down for trial?

b) Did she wrongly exercise her discretion in failing to take into account the action by the plaintiffs against Novopharm, and that expedited hearings had not been granted in other patent actions?

c) Should her finding that the January 2009 trial dates were agreeable to all parties be disturbed?

Did the Prothonotary have the power to set the action down for trial?

[14] Rule 264 of the *Federal Courts Rules* provides:

264. A judge or prothonotary who conducts a pre-trial conference shall fix the place of trial and assign a date for trial at the earliest practicable date after the pre-trial conference.	**264.** Le juge ou le protonotaire qui préside la conférence préparatoire à l'instruction fixe le lieu et la date de l'instruction, aussitôt que possible après la conférence préparatoire.

A pre-trial conference can normally only be sought after pleadings are closed and discoveries have been completed.

[15] Those rules, however, do not serve as a roadblock to an expedited hearing. The general principle under rule 3 is that the rules are to be interpreted and applied so as to secure the just, most expeditious and least expensive determination of every proceeding on its merits. The Court has control over its own process and may, in appropriate circumstances, vary a rule or dispense with compliance. It is certainly not unheard of , especially in case management, for the Court to fix trial dates before pleadings are closed, and before examinations for discovery are complete. I do not consider the fact that although an order had been issued that the case be specially managed, but that no one had yet been appointed case manager, to be particularly relevant.

Was the Prothonotary's discretion misplaced?

[16] Counsel for Novopharm was given leave to address the Court. It supported Apotex's position. It has been sued by the plaintiffs for alleged infringement of the same patent and was just

in the course of filing its statement of defence. Its position is that it will be prejudiced if it is not able to fully participate in the first patent infringement action arising from this patent.

[17] There is no reason to believe that Apotex and Novopharm will be the only generic pharmaceutical companies receiving notices of compliance from the Minister of Health. Who is next in line? The Prothonotary was under no obligation to take Novopharm into account in setting this matter down for trial.

[18] Apotex's complaint of inconsistent judicial treatment is completely misplaced. Since its efforts in other actions to expedite matters were not granted, Sanofi-Aventis's motion should not have been granted either. This submission completely misses the point. The question is whether the Prothonotary exercised her discretion upon wrong principles or upon a misapprehension of the facts in this case.

[19] It may well be that whoever dealt with motions in the actions that were referred to by Apotex had a different sense of the urgency, or early trial dates were simply not available. If anything the Court should be applauded for the great strides taken recently, particularly in intellectual property matters, to shorten the delays between the serving of the statement of claim and day one of trial.

[20] Prothonotary Milcynsky's order was not vital to, and could not have been vital to, the outcome of the case. Consequently, her discretion should only be disturbed if based on a wrong

principle or a misapprehension of the facts. (*Canada* v. *Aqua-Gem Investments Ltd.* [1993], 2 F.C. 425; *Z.I. Pompey Industrie v. ECU-Line* N.V. [2003] 1 S.C.R. 450; *Merck & Co. Inc.* [2004] 2 F.C.R. 459, *Fieldturf v. Winnipeg Enterprises Corp.* [2007] F.C.J. No. 334.

Audi alterem partem

[21] Let it not be thought for a moment that all parties must consent before the Court fixes trial dates. Apotex's submissions are far more fundamental. It submits that when it went into Court on 25 June trial dates were not on the agenda. Although it allowed that counsel could be ready for trial in January 2009, it believed there would be a subsequent hearing at which time it would be permitted to reiterate and expand upon its objections to an early trial date as set out in its letter of 29 May 2007. It argues one of the basic tenets of natural justice; its right to be heard; its right to make its case, was breached.

[22] I am asked to infer its continued objection to trial dates from its pre-hearing and post-hearing conduct as set out in correspondence to the Court. The minutes of the hearing are not determinative.

[23] The Prothonotary found as a matter of fact that the January 2009 trial dates were agreeable. That finding should only be disturbed if it was palpably and overridingly wrong. (*Stein v. The Ship " Kathy K"* [1976] 2 S.C.R.802; *Housen* v. *Nikolaisen* [2002] 2 S.C.R. 235)

[24] There is no basis for me to conclude that she made such an error. Apart from the post-letter hearing from Sanofi-Aventis' counsel referred to above, the motion record included an affidavit by Mr. Sherman, the principal of Apotex, together with a transcript of his cross-examination thereon. He was objecting to a bifurcation order. His opinion, based on his considerable litigation experience, was that it was in the overall interests of justice to determine liability and damages at the same time. However, he was as anxious as anyone else to get the trial on as soon as possible.

ORDER

THIS COURT ORDERS that the appeal is dismissed with costs.

"Sean Harrington"

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-161-07
STYLE OF CAUSE:	*SANOFI-AVENTIS CANADA INC. and SCHERING CORPORATION v. APOTEX INC. INC.* *APOTEX INC. v. SANOFI-AVENTIS CANADA INC., SCHERING CORPORATION, SANOFI-AVENTIS DEUTSCHLAND GmbH and RATIOPHARM INC.*
PLACE OF HEARING:	Toronto, Ontario
DATE OF HEARING:	August 27, 2008
REASONS FOR ORDER AND ORDER:	HARRINGTON J.
DATED:	September 12, 2007

APPEARANCES:

Mr. Gunars A. Gaikis Mr. Jeremy Want	FOR THE PLAINTIFF (DEFENDANT BY COUNTERCLAIM), SANOFI-AVENTIS CANADA INC. AND THE DEFENDANT BY COUNTERCLAIM, SANOFI-AVENTIS DETUSCHLAND GmbH
Mr. Marc Richard	FOR THE PLAINTIFF (DEFENDANT BY COUNTERCLAIM), SCHERING CORPORATION
Mr. Andrew Brodkin Mr. Ben Hackett	FOR THE DEFENDANT (PLAINTIFF BY COUNTERCLAIM), APOTEX INC.
Mr. Jonathan Hood	FOR THE DEFENDANT BY

	COUNTERCLAIM RATIOPHARM INC.
Mr. Jonathan Stainsby	FOR NOVOPHARM LTD. (AN INTERESTED NON-PARTY)

SOLICITORS OF RECORD:

Smart & Biggar Barristers & Solicitors Toronto, Ontario	FOR THE PLAINTIFF (DEFENDANT BY COUNTERCLAIM), SANOFI-AVENTIS CANADA INC. AND THE DEFENDANT BY COUNTERCLAIM, SANOFI-AVENTIS DETUSCHLAND GmbH
Gowling Lafleur Henderson LLP Barristers & Solicitors Ottawa, Ontario	FOR THE PLAINTIFF (DEFENDANT BY COUNTERCLAIM), SCHERING CORPORATION
Goodmans LLP Barristers & Solicitors Toronto, Ontario	FOR THE DEFENDANT (PLAINTIFF BY COUNTERCLAIM), APOTEX INC.
McMillan Binch Medelsohn LLP Barristers & Solicitors Ottawa, Ontario	FOR THE DEFENDANT BY COUNTERCLAIM RATIOPHARM INC.
Heenan Blaikie LLP Barristers & Solicitors Toronto, Ontario	FOR NOVOPHARM LTD. (AN INTERESTED NON-PARTY)