

Date: 20080526

Docket: T-237-02

Citation: 2008 FC 666

[ENGLISH TRANSLATION]

Montréal, Quebec, May 26, 2008

PRESENT: Richard Morneau, Esq., Prothonotary

BETWEEN:

NIKE BAUER HOCKEY INC.

and

NIKE INTERNATIONAL LIMITED

**Defendants/
Defendants by Counterclaim**

and

EASTON SPORTS CANADA INC.

**Defendant/
Defendant by Counterclaim**

REASONS FOR ORDER AND ORDER

[1] This is a motion by the defendants and defendants by counterclaim (the defendants) under rule 75 of the *Federal Courts Rules* (the Rules) for the purpose of amending (for the third time) their

statement of claim (the “statement of claim”) to essentially include a new cause of action based on the infringement of Patent No. 2,214,748 (patent ’748) issued on August 7, 2007, to the defendant, Nike International Limited (Nike International). Nike Bauer Hockey Inc. (Nike Bauer) is licensed under this patent.

[2] The defendants are also seeking an order to set a timeframe in the case. We will revisit this item when we have disposed of the defendants’ motion to amend.

Background and analysis

[3] Although I am aware of the liberalism expressed in the case law regarding amendments (see, inter alia, *Canderel Ltd. v. Canada* [1994] 1 FC 3 (C.A.) and *VISX Inc. v. Nidek Co.*, [1998] F.C.J. No. 1766), I do not believe, for the reasons that follow, that it is fair and in the interests of justice in this case that the motion to amend be allowed.

[4] As case manager, I believe that adding the challenge based on patent ’748 at this very advanced stage of the case would cause the defendant and defendant by counterclaim (Easton) an irreparable injustice in terms of costs and would run counter to the spirit of rule 3.

[5] It should be noted that the defendants’ interest in including patent ’748 in the debate materialized before the eyes of all parties in this case in June-July 2007, at the time when this case involving patent No. 2,302,953 (patent ’953) was in its pre-trial conference and mediation stages.

[6] Patent '953 involves a “quarter portion of the skate boot and the skate boot that includes this quarter portion.”

[7] In the action that they instituted in 2002, more than six years ago, the defendants essentially argued that Easton was counterfeiting various claims of patent '953 by manufacturing and marketing various models of skate boots in Canada.

[8] Easton, for its part, denies that it has infringed any claim of this patent and has filed a counterclaim in which it alleges that said patent is invalid, noting inter alia the obviousness of the subject patent, the lack of invention, the fact that the subject was already known to the public, its lack of utility and the misrepresentations in the section on the context of the so-called invention.

[9] It must be noted that the pre-trial conference held in June 2007 in this case meant that the case was ready to proceed to trial on the debate on patent '953.

[10] As mentioned earlier, this pre-trial phase took more than six years during which, inter alia, the Court gave the defendants the opportunity to amend their statement of claim on two occasions, nearly three rounds of examinations for discovery were held and motions were filed for adjudication of objections arising from these examinations.

[11] Easton also argued that during the course of this case, it changed the way it manufactured its skate boots around 2004 in order to circumvent an essential element of claim 1 of patent '953.

Through this modification, Easton sought to ensure that what can be seen as a tendon guard not be

secured to the quarter medial portion in a side-by-side fashion, but in a manner that would have these two parts overlap.

[12] However, in August 2007, the original patent application filed in Canada on September 5, 1997, resulted in the granting of patent '748. It is known that the September 5, 1997, patent application also led—via an international application filed a year later—to the granting of patent '953 on November 20, 2001.

[13] Patent '748 is also related to the quarter portion of the skate boot. However, unlike patent '953, patent '748's claims do not require that the tendon guard be secured to this quarter portion in a side-by-side fashion or even that there be a piece of material seen as a tendon guard. Thus, although Easton modified its skate boots in 2004, the inclusion of patent '748 significantly changed the situation and annihilated the position Easton had taken since 2004 in law and in fact, because all of Easton's skates could now be seen as violating the claims of patent '748.

[14] Easton flatly repudiates the granting and validity of patent '748, arguing, inter alia, that the validity of this patent cannot stand because this patent would violate the provisions of subsection 36(1) of the *Patent Act*, R.S. 1985, c. P-4, which, in essence, provides that an invention cannot be the subject of more than one patent. According to Easton, the invention in patent '748 is the same as the invention referred to in patent '953, and therefore there cannot be two patents for the same invention.

[15] It further argues that the implied undertaking rule was infringed by the defendants, since the defendants' interest in reinitiating the process for obtaining patent '748 would have arisen from information the defendants obtained in August 2003 during the examination for discovery of the Easton representative; information to the effect, as previously mentioned, that Easton had modified its skate boots in 2004 to skirt the monopoly of patent '953.

[16] Although Easton's arguments against the granting and validity of patent '748 do have some appeal, I do not find them plain and obvious enough to decide on this motion. In other words, the amendment cannot be clearly rejected here on this basis.

[17] However, if the past is any indication of the future, as I think it will be, it is clear to me— notwithstanding the defendants' submissions—that adding patent '748 to this debate would significantly delay the trial in this case and otherwise cause Easton to suffer irreparable damages in terms of costs.

[18] In this respect, and even if it can be held in principle, as strongly argued by the defendants, that patents '953 and '748 are, by and large, related and involve a similar subject, the skate boot, and that a separate action in this Court under patent '748 is possible in principle, I am nevertheless of the opinion that we cannot rule out that adding patent '748 in this case would give rise to the vast majority of the incidents that Easton describes in paragraph 69 of its written submissions below against the motion under consideration:

- (a) an amendment to the statement of defence and counterclaim to address infringement and invalidity of the '748 patent;
- (b) an amendment to the counterclaim to plead a breach of the implied undertaking rule and the tort of abuse of process;
- (c) the possibility of requiring further particulars by either party;
- (d) motions to strike on behalf of Easton and/or Nike;
- (e) motion to sever and stay counterclaim of abuse of process;
- (f) additional documentary productions;
- (g) motion to remove Nike's solicitors of record from the file as material witnesses and participants in obtaining the '748 patent;
- (h) multiple sessions of oral discovery, which, to date, have taken at least twelve (12) days over six (6) years;
- (i) motions to compel answers (at least one round, most likely a few);
- (j) follow up oral discoveries; and
- (k) additional expert reports.

[19] Moreover, it does not appear that the defendants have truly sought to move forward with this case since patent '748 was issued on August 7, 2007, notwithstanding the February 2008 filing of the motion we are currently considering. On January 22, 2008, Easton filed an action (the Ontario action) before the Ontario Superior Court of Justice in which it listed or stated its challenges regarding the invalidity of patent '748. In this Ontario action, Easton demanded, *inter alia*:

- (a) a declaration that the '748 patent was improperly obtained by reason, *inter alia*, of double patenting, and improperly asserted against Easton in restraint of trade and in unlawful interference with the rights of Easton;

- (b) an injunction prohibiting Nike from asserting the '748 patent against Easton;
- (c) damages, including PST and GST, for unlawful interference with Easton's economic relations and interests in the amount of \$1,000,000;
- (d) punitive, exemplary or aggravated damages in the sum of \$10,000,000;
- (e) pre-judgment and post-judgment interest; and
- (f) Easton's costs of the action on a substantial indemnity basis.

[Emphasis added.]

[20] Thus, adding patent '748 to this case would, to a very large extent, duplicate the action in Ontario where, furthermore, the defendants could argue in this case, which is in its incipient stages, their claims that patent '748 was infringed.

[21] Overall, I think the defendants are trying to do too much too late. It seems to me that the current situation is very similar to that in *Dynaflair Corporation Canada Inc. v. Mobiflex Inc. et al*, 2003 FCT 395. Seen from another angle, it could also be argued that adding the debate on patent '748 verges on abuse of process or an abuse of tactics on the part of the defendants.

[22] The defendants' motion to amend will therefore be dismissed, the whole with costs, as specified in the Order section.

[23] Moreover, the timeframe for this case will be the following:

- a) The pre-trial conference held in this case on June 13, 2007, which was adjourned *sine die*, will proceed as follows. A trial chart similar to the one that the defendants included as “Appendix 1” to their motion record will need to be completed and submitted jointly by the parties on or before July 7, 2008. The Court would be extremely disappointed if the parties’ counsel failed to complete this exercise on their own.

- b) This trial chart will, inter alia, set precise deadlines (reasonably close to the trial chart filing date) for the filing of the senior experts’ reports and the replies of the parties. All the foregoing is to be completed so that this trial chart can be sent as is to the judicial administrator, with a short common cover letter, for the purpose of setting trial times and dates.

ORDER

THIS COURT’S JUDGMENT is that:

- 1 - The defendants’ motion to amend be dismissed, the whole with the maximum costs listed in column III of the Rate. Any other findings with respect to costs be hereby denied;

- 2 - The timeframe for this case will be the following:

- a) The pre-trial conference held in this case on June 13, 2007, which was adjourned *sine die*, will proceed as follows. A trial chart similar to the one that the defendants included as “Appendix 1” to their motion record will need to be completed and submitted jointly by the parties on or before July 7, 2008. The Court would be extremely disappointed if the parties’ counsel failed to complete this exercise on their own.
- b) This trial chart will, inter alia, set precise deadlines (reasonably close to the trial chart filing date) for the filing of the senior experts’ reports and the replies of the parties. All the foregoing is to be completed so that this trial chart can be sent as is to the judicial administrator, with a short common cover letter, for the purpose of setting trial times and dates.

“Richard Morneau”

Prothonotary

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-237-02

STYLE OF CAUSE: NIKE BAUER HOCKEY INC.
and
NIKE INTERNATIONAL LIMITED
Defendants/Defendants by Counterclaim

and

EASTON SPORTS CANADA INC.
Defendant/Defendant by Counterclaim

PLACE OF HEARING: Montréal, Quebec

DATE OF HEARING: May 12, 2008

REASONS FOR ORDER: PROTHONOTARY MORNEAU

DATED: May 26, 2008

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