Federal Court		Cour fédérale

Date: 20090915

Docket: T-1610-08

Citation: 2009 FC 914

Ottawa, Ontario, September 15, 2009

PRESENT: The Honourable Mr. Justice Zinn

BETWEEN:

MERCK-FROSST - SCHERING PHARMA GP and SCHERING CORPORATION

Applicants

and

THE MINISTER OF HEALTH and NOVOPHARM LIMITED

Respondents

REASONS FOR ORDER AND ORDER

[1] Novopharm Limited (Novopharm) seeks to set aside and reverse the Order of Prothonotary Milczynski dated August 13, 2009, dismissing its motion for leave to serve and file reply evidence.

[2] It is well established that the Court should not interfere with discretionary orders of a prothonotary, such as that under appeal, unless the questions raised are vital to the final issue in the case or the order is "clearly wrong" in the sense that the exercise of discretion was based upon an

incorrect principle of law or upon a misapprehension of the facts. In that event, the Court must exercise its discretion anew.

[3] The motion did not deal with any matter vital to the final issues and accordingly my analysis is restricted to determining whether the Prothonotary's Order was clearly wrong in the sense that the exercise of discretion was based upon an incorrect principle of law or upon a misapprehension of the facts.

[4] This application was commenced on October 12, 2008, by the Applicants under the *Patented Medicines (Notice of Compliance) Regulations* (the Regulations). Novopharm has applied for approval to market a generic version of the drug EZETROL® ezetimibe which the Applicants assert is covered by Canadian Patent 2,172,149 (the '149 Patent).

[5] As appears to have become common-place in NOC matters, both parties rigorously avoided specificity in the early stages of the proceeding. Novopharm filed a Notice of Application (NOA) with the Minister that was aptly described by the Applicants to have been "very broad" and which cited 223 pieces of prior art which were claimed as relevant to the '149 Patent. The Applicants responded with a Notice of Application that Novopharm aptly describes as being "devoid of substance." Although it contains some 48 paragraphs relating to the specifics of the NOA, it is not much of an exaggeration to say the response to the NOA could have been reduced to a single paragraph, paragraph 25 of the application, which reads as follows:

> Each and every allegation in the NOA is unjustified. Each and every matter of opinion alleged in the NOA is wrong. Each and every fact

> alleged is false. Each and every assertion of law is incorrect. Each and every conclusion, inference or step of logic is incorrect and unsupported by the basis alleged.

[6] The sequencing of evidence was ordered reversed from the usual practice; Novopharm served its Rule 307 evidence before the Applicants served their Rule 306 evidence. Novopharm served three affidavits: the affidavit of Dr. John Sutherland, an expert, and two non-expert affidavits. The Applicants served 7 affidavits: the affidavits of 5 experts Dr. Antonio M. Gotto, Dr. Neal Castagnoli, Dr. John Clader, Dr. Leslie Z. Benet and Professor Mark Wentland, and two non-expert affidavits.

[7] Novopharm sought leave to file one affidavit in reply to the affidavits of the Applicants' experts. Its motion was accompanied by an affidavit of a law clerk employed by the Respondent's counsel in which she swears as follows at paragraph 16:

> I am informed and verily believe that the document attached as Exhibit "J" to my affidavit constitutes the reply evidence Dr. Sutherland will attest to if leave to file reply evidence is granted.

[8] Exhibit "J", the proposed reply evidence, is an unsworn affidavit of Dr. John Sutherland. Paragraphs 1 to 3 are relevant for the purposes of this appeal.

> 1. I am the same John D. Sutherland who swore an affidavit on April 6, 2009. I have reviewed the following affidavits, all of which I received only on July 6, 2009:
>
> (a) The Affidavit of Mark Wentland, sworn July 3, 2009.
>
> (b) The Affidavit of Leslie J. Benet, Ph.D., sworn July 2, 2009.

(c) The Affidavit of Dr. John Clader (Inventor), sworn June 26, 2009.

(d) The Affidavit of Neal Castagnoli, Ph.D., sworn July 2, 2009.

2. I disagree with a number of the statements made in those affidavits, but have been asked by counsel for Novopharm to restrict my comments to matters that I could not have anticipated before reviewing these affidavits. I have limited the evidence that follows, accordingly.

3. My evidence directly responds to the following:

(a) Dr. Wentland's comparison of in vivo activity of the cis series compounds with their otherwise identical trans counterparts in the 007 Patent;

(b) Conclusions of Dr. Wentland, Dr. Benet and Dr. Castagnoli which are based on the skilled person having hindsight knowledge of the ezetimibe structure or invalid assumptiopns about the C4 substituent;

(c) Dr. Wentlan's assertion that the skilled person would have relied upon logP calculations in respect to the compounds of the 007 Patent;

(d) Comparisons, examples and assertions of Dr. Wentland, Cr. Benet and Dr. Castagnoli pertaining to the skilled person's expectations about benzylic hydroxylation and the N1 phenyl group at the *para*-positions;

(e) The assertions of Dr. Benet and Dr. Castagnoli that the skilled person would have assumed metabolites were inactive; and

(f) The assertion of Dr. Benet and Dr. Castagnoli that the skilled person would have considered (1) phase II biotransformation in designing a compound and (2) that the possibility of glucoronidation would have taught away from a *para*-substituted C4 phenyl ring.

[9] The "007 Patent" referenced in the affidavit is a reference to Canadian Patent 2,114,007. Novopharm, in its NOA, asserts that claims 1, 2, 4, 5, 7 and 9 of the '149 Patent are inevitably anticipated by the 007 Patent.

[10] In considering the motion to file reply evidence, the Prothonotary correctly set out the relevant test as enunciated in *Pfizer Canada v. Canada (Minister of Health)*, 2007 FC 506, *Eli Lilly Canada v. Apotex Inc.*, 2006 FC 953, and other decisions of this Court. The test has four components as follows:

(i) whether the further evidence serves the interests of justice;

(ii) whether the further evidence assists the Court in making its determination on the merits;

(iii) whether granting the motion will cause substantial or serious prejudice to the other side; and

(iv) whether the reply evidence was available and/or could not be anticipated as being relevant at an earlier date.

[11] Novopharm submits that the decision of the Prothonotary was clearly wrong in the following respects:

(i) She based her decision on a wrong principle by requiring sworn evidence from Dr. Sutherland as to why the evidence proposed in reply was not available and could not have been anticipated in his affidavit in chief;

(ii) She based her decision on a wrong principle by holding that reply evidence that contradicts or critiques the Applicants' evidence does not constitute proper reply evidence; and

(iii) She based her decision on a misapprehension of the facts, finding that "the proposed reply seeks to contradict or critique the Applicants' evidence, and have the 'last word' on the points of critique aimed at Dr. Sutherland's original affidavit, when in fact the proposed response does not merely address the points of critique but new purported facts and matters raised by the Applicants for the first time in their evidence.

[12] The Prothonotary makes much of the fact that the proposed reply evidence was contained in an unsworn affidavit of Dr. Sutherland and that he had not sworn an affidavit swearing that the proposed reply evidence was not available and/or could not be anticipated by him as being relevant at an earlier date:

> It should be noted from the outset that the proposed reply affidavit of Dr. Sutherland was not sworn, and was before the Court as an exhibit to the affidavit of a law clerk for counsel for Novopharm. There was also no affidavit from Dr. Sutherland upon which the Court could assess some of the factors to be taken into consideration on a motion under Rule 312, in particular whether the evidence proposed in reply was available and could or could not be anticipated in the first round, and whether the proposed reply evidence would be of assistance to the judge hearing the application on its merits. By shielding Dr.

> Sutherland from cross-examination, the Court is left on this motion with Novopharm's arguments on these points.

[13] The Prothonotary later describes the consequences of filing an unsworn proposed reply affidavit:

> In respect of whatever might be considered to be "new" in Dr. Sutherland's proposed reply*, it is also not clear in Novopharm's record by way of admissible evidence, why Dr. Sutherland could not anticipate or include the information in his original affidavit. Having shielded him from cross-examination on these points, and relying upon unsworn assertions, the Court cannot adequately weigh the factors on this motion and find that Novopharm is not splitting its case*. (emphasis added)

[14] In large measure the Prothonotary adopted the submissions of the Applicants on these issues as set out in paragraphs 5 to 7 of their Memorandum on the motion before the Prothonotary.

[15] The Applicants submit that although the Prothonotary pointed out that there was no admissible evidence of Dr. Sutherland's subjective view as to whether or not he could have anticipated the evidence as being relevant at an earlier date, she did go on to do an objective assessment as to whether the evidence was "new".

[16] With great respect to the Prothonotary, I find that she placed far too great an emphasis on the fact that the affidavit was not sworn and that her analysis as to the newness of the proposed reply evidence was flawed.

[17] Contrary to the view expressed by the Prothonotary, an affidavit in which the affiant states that the evidence proposed in reply could not have been anticipated earlier as being relevant is of marginal, if any, value. It is unlikely to warrant any greater weight than an affidavit from the opposite party, such as was provided in this case, in which an affiant swears that the evidence proposed in reply could have been anticipated. In this respect, I agree with the comment of Prothonotary Tabib in *Solvay Pharma Inc. et al. v. Apotex Inc. et al.* (T-427-06, June 15, 2007), quoted by Prothonotary Aalto in *Astrazeneca Canada Inc. et al. v. Novopharm Limited et al.*, 2009 FC 902:

> I would add, as a general comment, that the bald statement by any expert that he or she could not have anticipated a certain approach or argument, or that a certain approach or argument is not in the notice of allegation, should be accorded very little weight, if any. To the extent the matter can be assessed on the plain reading of the notice of allegation and affidavits by a lay person, then a bald statement by an expert to the contrary will not carry weight. To the extent the assessment cannot be made without an expert's assistance, then a bald statement is of no assistance in understanding or justifying the subtle distinctions that apparently need to be made.

[18] What is required is an analysis of the materials filed and proposed to determine on an objective analysis whether the proposed reply evidence could reasonably have been anticipated as relevant. That was not done in this case as the learned Prothonotary permitted form to rule over substance.

[19] It is certainly true that the proposed reply affidavit of Dr. Sutherland was unsworn; however, that is not an uncommon or objectionable way of proceeding in such motions. Therefore, that fact alone ought not to have been fatal to Novopharm's application. Moreover, the unsworn affidavit

was an exhibit to a sworn affidavit that attested that if reply evidence was allowed, it would be sworn, served and filed in the form that was before the Prothonotary. Accordingly, it was entitled to be given more consideration than a mere unsworn statement alone.

[20] Although the burden was on Novopharm to show why reply evidence was required, the Applicants do not appear from the record to have indicated any desire to cross-examine Dr. Sutherland on the proposed affidavit prior to the motion. It is simply inappropriate to suggest, as it was, that he was "shielded from cross-examination" by Novopharm.

[21] The focus of the Prothonotary's decision, and of the Applicants in opposition to the motion, was that the proposed reply evidence failed to meet the fourth test set out above at paragraph 10. No submissions were made before me that the first three tests had not been met and based on my review of the proposed evidence and the record, I am satisfied that the proposed reply evidence does meet the first three parts of the test for the reasons set out in paragraphs 12 to 16 of Novopharm's Memorandum filed on the motion before the Prothonotary.

[22] When examining whether the proposed evidence is proper reply evidence that was not available and/or could not be anticipated as being relevant at an earlier date, the following two step analysis is required.

[23] The first step is to ask whether the proposed evidence is properly responsive to the other party's evidence. It is responsive if it is not a mere statement of counter-opinion but provides

evidence that critiques, rebuts, challenges, refutes, or disproves the opposite party's evidence. It is not responsive if it merely repeats or reinforces evidence that the party initially filed.

[24] In my view the Prothonotary over-stated the law when she held that "engaging in a debate, critique, argument, rebuttal or disagreement is not proper reply – but may more properly [be] the subject of cross-examination and/or argument." The Prothonotary's statement is accurate only if there is nothing new in the evidence to which a reply is proposed. If the evidence to which the reply is proposed relates to evidence that is new and was not previously considered relevant by that first party, then it may well be proper reply evidence.

[25] If the proposed evidence is found to be responsive, one must then ask whether it could have been anticipated as being relevant at an earlier date. If it could have been anticipated earlier to be relevant, then it is being offered in an attempt to strengthen one's position by introducing new evidence that could and should have been included in the initial affidavit. Such evidence is not proper reply evidence as the party proposing to file it is splitting his case. A party must put his best case forward for the other to meet, he cannot lie in the weed and after the party opposite has responded file additional evidence to bolster his case in light of the defence that has been mounted. It is improper because it could have been filed in the initial instance and the other party now has no opportunity to respond to it.

[26] It can be a difficult task to analyze whether the proposed reply evidence could have been anticipated as relevant, particularly in NOC applications where there is such an abundance of

scientific evidence available that may or may not be relevant based on the claims advanced by the second party as defined in the Regulations and the defence submitted by the first party. In this respect, I whole-heartedly endorse the following observation of Prothonotary Aalto in *Astrazeneca* at para. 15:

> It is not for a generic/respondent to speculate [where the filing of evidence has been reversed] in its evidence as to every piece of evidence that an applicant may choose to put forward to support its application. This is especially so, as noted, where the notice of application contains mere denials.

[27] In this case the Prothonotary concluded that the proposed reply affidavit did in fact address the six matters set out at paragraph 3 of Dr. Sutherland's affidavit, set out above, finding that it "relates the analysis to the Applicants' evidence." It was therefore found to be responsive. However, in my view, she then failed to conduct a proper second step analysis.

[28] The Prothonotary saw the proposed reply evidence as seeking to contradict or critique the Applicants' evidence without first examining whether the areas that it sought to contradict or critique were matters that Novopharm could not have anticipated would be relevant.

[29] Novopharm is alleging that claim 21 of the '149 Patent is invalid under the *Patent Act*, as obvious in light of the state of the art at the relevant time. It was certainly foreseeable that the Applicants would file evidence disagreeing that claim 21 was obvious. To the extent that the Applicants' evidence is that Dr. Sutherland's analysis is faulty or misleading, that response and perhaps the details of it are unlikely to generate proper reply evidence. In such a circumstance,

while arguably responsive, reply evidence in most instances would not be proper as it would likely be a reiteration of previously made points or a boot-strapping exercise.

[30] However, to the extent that the Applicants' evidence is that claim 21 was not obvious and they set out reasons why that is so, those reasons and the facts behind them are likely to warrant reply evidence, as they are new. Further, where the Applicants' evidence is that Novopharm's expert is wrong in his opinion and they are not merely challenging his science but are raising new matters by way of different science, different authorities, different assumptions, and the like, that too at first blush will raise new matters that may require reply. While this type of evidence may be said to respond to the evidence of Novopharm in a very general and overarching manner, the detail of it may well be new. Novopharm could anticipate that some science and argument would be put forward for the inventiveness of the claim and challenging its expert's evidence, however, it need not deal with every argument it can anticipate being put forward because, until the Applicants put forward their evidence Novopharm has no way of knowing which of the possible arguments and supporting evidence it may have anticipated are truly relevant. To require it to do so earlier will result in lengthy affidavits containing many irrelevant paragraphs of "anticipatory evidence".

[31] I turn now to consider the proposed reply affidavit evidence anew. In doing so, I acknowledge that Dr. Sutherland may have repeated some assertions in his initial affidavit in order that his proposed reply reads well. That is unobjectionable. Further, it is appropriate to acknowledge that the Court is not skilled in the science of chemistry as are the parties' experts. Accordingly, it is inappropriate at this early stage of the litigation to parse each sentence or

paragraph in detail to ascertain whether it is truly reply evidence. In my view, at this stage, it is better to err on the side of inclusion in the record especially as there has not yet been any cross-examination on these affidavits. Accordingly, the following is my analysis of the proposed reply under the six heading described by Dr. Sutherland.

Proposed Reply Evidence

(a) Proposed Paragraphs 4 – 6: Dr. Wentland's comparison of in vivo activity of the cis series compounds with their otherwise identical trans counterparts in the 007 Patent;

[32] At paragraphs 4 to 6 of the proposed reply affidavit, Dr. Sutherland responds to paragraphs 72-74 of Dr. Wentland's affidavit. In those paragraphs Dr. Wentland responds to the assertion in Dr. Sutherland's first affidavit that the '007 Patent would have led the skilled person to make a compound having a trans configuration. Dr. Sutherland compares selected cis and trans compounds and concludes that there is a general trend in the '007 Patent favouring trans compounds.

[33] Dr. Sutherland, in the proposed reply, asserts that Dr. Wentland's conclusion that trans compounds would not have been favoured is based on "incorrect facts" relating to the number of pairs of compounds in the '007 Patent, the number of pairs in which the cis compound has greater activity at either SC or CE than the trans counterpart, the number of pairs in which the trans has greater activity than the cis partner, the number of pairs in which the cis and trans compounds have similar activity and the number of pairs in which both cis and trans have no activity.

[34] Novopharm submits that it could not have been anticipated that in an attempt to contradict Dr. Sutherland's conclusion, Dr. Wentland would analyze only a favourable subset of data, but represent that the data was complete.

[35] I fail to see anything "new" in the evidence of Dr. Wentland. Dr. Sutherland referred to some pairs of cis/trans comparator compounds in his first affidavit and Dr. Wentland responded by considering others. The validity of those choices and the relevance to the parties' arguments may be properly tested through cross-examination. These paragraphs are not proper reply evidence.

(b) Proposed Paragraphs 7 – 16: Conclusions of Dr. Wentland, Dr. Benet and Dr. Castagnoli which are based on the skilled person having hindsight knowledge of the ezetimibe structure or invalid assumptions about the C4 substituent;

[36] The paragraphs of the Applicants' experts' affidavits to which Dr. Sutherland proposes to reply directly respond to his assertion in his initial affidavit where he does his cis/trans comparative analysis, concluding that it would have been obvious to the skilled person to design a trans compound and that a hydroxy substituent at the *para*- position of the C4 substituent was optimal. Having reviewed the relevant paragraphs of the affidavits filed, I find that Dr. Sutherland's proposed reply cannot be said to be responsive to "new" matters raised. Rather, the parties have engaged in a debate regarding the C4 substituent that can be tested through cross-examination. There is no proper foundation for reply evidence.

(c) Proposed Paragraphs 17 – 20: Dr. Wentland's assertion that the skilled person would have relied upon logP calculations in respect to the compounds of the 007 Patent;

[37] Dr. Sutherland proposes to reply to the assertion of Dr. Wentland at paragraph 69 of his affidavit that "the lipophilicity of a compound could have been easily determined by calculating its logP using software that was available to the skilled person in 1993" and that a skilled person might have attempted to design a compound based on a computer-calculated logP value greater than that of compounds 8F and 1L.

[38] Novopharm submits that the suggestion from Dr. Wentland that quantitative analysis should have been done is new and clearly falls outside Dr. Sutherland's previous affidavit evidence dealing with the '007 Patent and is not found in the cited prior art on which Dr. Sutherland's opinion was based. This appears to be accurate. Accordingly, the proposed reply is responsive to new evidence and these paragraphs are proper.

(d) Proposed Paragraphs 21 – 33: Comparisons, examples and assertions of Dr. Wentland, Dr. Benet and Dr. Castagnoli pertaining to the skilled person's expectations about benzylic hydroxylation and the N1 phenyl group at the para-positions.

[39] Dr. Wentland references the molecules enalapril and lisinopril as examples of compounds that do not undergo benzylic hydroxylation. Novopharm submits that these examples from Dr. Wentland are new, clearly fall outside Dr. Sutherland's previous affidavit evidence and are not found in the cited prior art on which Dr. Sutherland's opinion was based. This appears to be accurate. Accordingly, paragraphs 21 – 24 of the proposed reply are responsive to new evidence and are proper.

[40] Dr. Sutherland also proposes to reply to Dr. Wentland and Dr. Castagnoli and specifically to their reference to compound 5AA. Although Dr. Castagnoli states in his affidavit that he is responding to "Dr. Sutherland's evidence regarding compound 5AA and other compounds contained on page 52 of his affidavit", it is not obvious to the Court that compound 5AA was referenced by Dr. Sutherland in his first affidavit and thus paragraphs 25 - 30 appear to respond to new evidence and are proper reply.

[41] Dr. Sutherland also wishes to reply to what he characterizes as Dr. Castagnoli misconstruing his initial evidence regarding compounds 5D, 5, 5S, 5T, 7M and 7P. He may disagree with Dr. Castagnoli's analysis and his understanding of his previous evidence but that is a matter that may properly be explored in cross-examination. It is not new and proposed paragraphs 31 – 32 are not the proper subject of reply.

[42] Dr. Sutherland also wishes to reply to Dr. Wentland's reliance on a paper written in 1965. That authority appears to be raised for the first time by Dr. Wentland and paragraphs 32-33 are proper reply evidence.

(e) Paragraphs 34 – 35: The assertions of Dr. Benet and Dr. Castagnoli that the skilled person would have assumed metabolites were inactive.

[43] I am satisfied that the impugned paragraphs of the affidavits of Dr. Benet and Dr. Castagnoli were responding to Dr. Sutherland's initial affidavit evidence and raise nothing new. Accordingly, paragraphs 34 and 35 are not proper reply evidence.

(f) *Paragraphs 36 – 46: The assertion of Dr. Benet and Dr. Castagnoli that the skilled person would have considered (1) phase II biotransformation in designing a compound and (2) that the possibility of glucoronidation would have taught away from a para-substituted C4 phenyl ring.*

[44] Novopharm submits that these paragraphs are proper reply as Dr. Sutherland in his initial affidavit discusses only Phase I biotransformation and Phase II only became relevant when it was raised by the Applicants' experts. I agree. It may be that one could have anticipated that the Applicants' experts might raise Phase II, but until they did, that was mere speculation. It only became relevant after it was raised. Accordingly, paragraphs 36-46 of the proposed affidavit are relevant reply evidence.

[45] In summary, the following paragraphs of the proposed reply affidavit are proper reply evidence and Novopharm is granted leave to file an affidavit from Dr. Sutherland incorporating them: Paragraphs 1 – 3, amended as required to reflect this decision, paragraphs 17 – 30, 32 – 33 and paragraphs 36 – 46.

ORDER

THIS COURT ORDERS that:

1. Novopharm Limited is granted leave to file reply evidence consisting of: Paragraphs 1 – 3, amended as required to reflect this decision, paragraphs 17 – 30, 32 – 33 and paragraphs 36 – 46 of the proposed affidavit of Dr. Sutherland.

2. Costs of this appeal and the motion before the Prothonotary are to Novopharm, in any event of the cause.

"Russel W. Zinn"
Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-1610-08
STYLE OF CAUSE:	MERCK-FROSST - SCHERING PHARMA GP and SCHERING CORPORATION v. THE MINISTER OF HEALTH and NOVOPHARM LIMITED
PLACE OF HEARING:	Toronto, Ontario
DATE OF HEARING:	August 31, 2009
REASONS FOR ORDER AND ORDER:	ZINN J.
DATED:	September 15, 2009

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