

Federal Court



Cour fédérale

Date: 20120418

Docket: T-1272-97

Citation: 2012 FC 454

Ottawa, Ontario, April 18, 2012

PRESENT: The Honourable Mr. Justice Rennie

BETWEEN:

**MERCK & CO., INC. and
MERCK FROSST CANADA INC.**

**Plaintiffs
(Defendants by
Counterclaim)**

and

**APOTEX INC. and
APOTEX FERMENTATION INC.**

**Defendants
(Plaintiffs by
Counterclaim)**

REASONS FOR ORDER AND ORDER

[1] By way of motion the defendants appeal to this Court from the July 28, 2011 Order of Prothonotary Rosa Aronovitch denying leave to the defendants, Apotex Inc. (Apotex) and Apotex Formation Inc. (AFI) (the Defendants), to amend their respective Fresh as Amended Statement(s) of Defence. For the reasons that follow, the motion is granted.

Facts

[2] This motion is predicated on a question of law; therefore, only a brief recitation of the facts, to the extent that they frame the legal question, is necessary.

[3] The plaintiff, Merck & Co. Inc. (Merck), was granted Canadian Patent No. 1, 161, 380 ('380 Patent) and licensed it to Merck Frosst Canada Ltd. (Merck Frosst) (collectively, the Plaintiffs). The '380 patent was issued in respect of *Lovastatin*, a pharmaceutical drug used to treat cholesterol. On June 12, 1997 Apotex received a Notice of Compliance (NOC) for *Apo-lovastatin*. The following day, the Plaintiffs commenced a patent infringement action. Four years later, for various reasons having to do with the nature of litigation, Apotex delivered its first statement of defence.

[4] On November 14, 2003, on consent of the parties, the action was bifurcated. The trial with respect to liability commenced on February 1, 2010 and concluded on May 21, 2010. In *Merck & Co Inc v Apotex Inc*, 2010 FC 1265, Madam Justice Judith Snider found the Defendants liable for infringement of Merck's patent. The second trial with respect to the determination of damages is scheduled to commence on April 8, 2013. The Defendants sought, and were denied, leave to amend their Statement of Defence in respect of this second trial. It is with respect to this denial of leave that this motion arises.

[5] The Defendants proposed to plead that the Defendants could have employed a non-infringing alternative process for producing *Apo-Lovastatin* and therefore any damages which the Plaintiffs suffered by the Defendants actually employing an infringing process for producing *Lovastatin* are not really damages at all by virtue of the availability of a non-infringing process.

[6] By way of background, at some point after it had been issued the NOC in respect of *Apo-Lovastatin*, Apotex entered into a joint venture with Blue Treasure; a venture located in China and of which AFI is significant shareholder. Initially, Blue Treasure first produced *Apo-lovastatin* using a non-infringing alternative process. It subsequently began producing *Apo-lovastatin* using an infringing process, hence engaging Apotex's liability.

[7] The Defendants claim, however, that the existence of this non-infringing alternative process for producing *Lovastatin*, and which they used for a period of time, constitutes a defence and that the Prothonotary erred by denying leave to amend the Statement of Defence to include it. This amendment would enable the Defendants to make the argument that the losses for which the Defendants may be liable in consequence of Justice Snider's finding of infringement are not really damages at all.

Standard of Review and Issue

[8] The standard of review applicable to decisions of a prothonotary is set forth in *Merck & Co. v Apotex Inc.*, 2003 FCA 488 at para 19. Discretionary orders of prothonotaries ought not be disturbed on appeal to a judge of this Court unless the questions raised in the motion are vital to the final issue of the case; or, if 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. The appeal is to be heard by this Court *de novo* if either prong of the test is met.

[9] Insofar as decisions refusing leave to amend pleadings are concerned there is a slight refinement to the test. The point is well expressed by Justice Roger Hughes in *Chrysler Canada Inc. v Canada*, 2008 FC 1049 at para 4:

Where a prothonotary has struck out a proceeding such a decision is, of course, one vital to the final issue of the case. Where, however in circumstances such as the present case, the Prothonotary has not struck out the proceeding, that decision is not finally determinative of any issue vital to the case, thus the decision presently under consideration is to be reviewed on appeal on the second ground set out in *Merck, supra*, namely, is the decision clearly wrong as being based on a wrong principle or misapprehension of the facts. As Hugessen J. said in *Peter G. White Management Ltd. v. Canada*, 2007 FC 686 (CanLII), 2007 FC 686 at paragraph 2:

2 Because I am in agreement with the prothonotary, not only with his conclusion but also with the reasons he gave in support thereof, it is not necessary that I go in any detail into the standard of review applicable to appeals to a judge from a decision of a prothonotary. I would only note, however, that with respect and contrary to the submission that was made to me by Crown counsel, the mere fact that what was sought before the prothonotary might have been determinative of the final issues in the case does not result in the judge hearing the matter entirely de novo. A reading of the decisions, and particularly the key decision of the Court of Appeal in the case of Canada v. Aqua-Gem Investments Ltd., 1993 CanLII 2939 (FCA), [1993] 2 F.C. 425 (C.A.), makes it quite clear that it is not what was sought but what was ordered by the prothonotary which must be determinative of the final issues in order for the judge to be required to undertake de novo review. I would add to that, that while I am of course aware of the recent decision of the Court of Appeal in the case of Merck & Co. Inc. v. Apotex Inc. [2003] F.C.J. No. 1925 (C.A.) (QL), where Justice Décary in reformulating the rule spoke of "the questions raised in the motion", but I am quite sure that he did not mean by that the motion which was before the prothonotary but rather the motion (see Rule 51) which was before the judge on appeal from the prothonotary. Put briefly, barring extraordinary circumstances, a decision of a prothonotary not to strike out a statement of claim is not determinative of any final issue in the case. In determining the standard of

review the focus is on the Order as it was pronounced, not on what it might have been.

[10] By analogy, as the order under appeal precludes the Defendants from raising what they claim to be a significant defence to the damages claims and “having regard to the order as it was pronounced” it will be reviewed *de novo*. As a result, a *de novo* review of the Defendants’ amended pleading within the Defence is warranted on this prong of the test.

At issue in the appeal

[11] The core issue is whether the Defendants should be granted leave to amend their Defence to include the pleading that the existence of a non-infringing alternative process available to the Defendants negates the loss or damages actually suffered by the Plaintiffs. The plea is predicated on the theory or construct that the Plaintiffs would have suffered those losses as a result of the Defendants’ marketplace presence and competition in any event. In response, the Defendants say that where, consequent upon a finding of infringement and an election of damages, the plea of a non-infringing alternative has been rejected for over a century.

[12] The essence of the Defendants’ argument, and the Prothonotary’s finding with respect to it, is summarized at page 5 of the Order:

The jurisprudence is clear that in awarding the equitable remedy of an accounting for profits—that is, the disgorgement of the defendants’ profits—in an infringement action, the Court may take into consideration non-infringing technologies that may be available to the party that is found to have infringed. Apotex and AFI maintain that the approach to causation adopted in calculating equitable compensation should apply equally in assessing damages for patent infringement, as these too, are non-punitive remedies designed to put the plaintiff in the position it would have been in but for the breach. In this case, the defendants note that the availability

of an alternative process was not hypothetical. There was a non-infringing process that the defendants, in fact, had used to produce bulk lovastatin, and according to the defendants ought to be taken into account to reduce the plaintiffs' damages in the same manner as it would in the assessment of an accounting of profits.

[13] The Prothonotary reviewed the existing case law in the United Kingdom, the United States and Canada and crafted a thorough decision substantively grounded in these jurisdictions' jurisprudence. While the Prothonotary's finding that the common law in each of these countries has historically, with more frequency in some than with others, rejected the argument advanced by the Defendants, there is little Canadian case law on point specifically rejecting the pleading in context of determining damages after a finding of infringement in a patent action. Most of the commentary on the issue appears to be academic rather than judicial.

Test for Leave to Amend Pleadings

[14] Rule 221 of the *Federal Courts Rules* (SOR/98-106) (the Rules) articulates the test under which pleadings may be struck out by the Court:

221. (1) On motion, the Court may, at any time, order that a pleading, or anything contained therein, be struck out, with or without leave to amend, on the ground that it

(a) discloses no reasonable cause of action or defence, as the case may be,

(b) is immaterial or redundant,

(c) is scandalous, frivolous or vexatious,

(d) may prejudice or delay the fair trial of the action,

221. (1) À tout moment, la Cour peut, sur requête, ordonner la radiation de tout ou partie d'un acte de procédure, avec ou sans autorisation de le modifier, au motif, selon le cas :

a) qu'il ne révèle aucune cause d'action ou de défense valable;

b) qu'il n'est pas pertinent ou qu'il est redondant;

c) qu'il est scandaleux, frivole ou vexatoire;

d) qu'il risque de nuire à l'instruction

(e) constitutes a departure from a previous pleading, or

(f) is otherwise an abuse of the process of the Court,

and may order the action be dismissed or judgment entered accordingly.

équitable de l'action ou de la retarder;

e) qu'il diverge d'un acte de procédure antérieur;

f) qu'il constitue autrement un abus de procédure.

Elle peut aussi ordonner que l'action soit rejetée ou qu'un jugement soit enregistré en conséquence.

[15] I find that the Defendants' pleading that the availability of a non-infringing alternative process for producing *Lovastatin* which they could have further employed instead of the infringing process which Justice Snider has already determined them to have actually employed, is a pleading the merit of which should be determined by the trial judge. In reaching this conclusion it cannot be over-emphasized that this Court is not adjudicating on the merits of the Defendants' particular argument, but simply on the question whether the pleading triggers the criteria of Rule 221 such that they should be precluded from advancing the argument, removing it from consideration by the trial judge. As a necessary corollary, it remains for the trial judge to determine what weight to give to that argument and whether it can succeed at the April 2013 trial.

[16] The jurisprudence with respect to the availability of a plea of a non-infringement alternative, consequent to an election of the plaintiff for damages in lieu of an accounting has a long antecedence. It begins in the UK with *United Horse-Shoe and Nail Co Ltd v Stewart Co* (1888), 5 RPC 260 (HL) and finds favourable treatment in *Catnic Components Ltd v Hill & Smith Ltd*, [1983] FSR 512 (Pat Ct). In Canada it was considered in *Domco Industries v Armstrong Cork Canada Ltd*, (1986), 10 CPR (3d) 53 (FCTD) and in *Jay-Lor Internat'l Inc v Penta Farm Systems Ltd*, 2007 FC 358.

[17] Beginning, as we must, at the beginning, Lord Halsbury, L.C., wrote at pp. 264 and 265 of

United Horse-Shoe as follows:

...The actual infringement complained of consists in the sale of cases of nails produced by patent machines, which are admitted to be infringements of the Pursuers' patents. Every nail thus produced was an infringement of the Pursuer's patents, the sale of which could have been interdicted, and would give a right of action against all concerned in its production and sale. The question appears to me to arise solely on the assessment of damages.I am satisfied, however, that the boxes and cases of nails sold by the Defenders did, in fact, interfere with the Pursuers' sale.

...I think it is nothing to the purpose to show, if it is shown, that the Defenders might have made nails equally good, and equally cheap, without infringing the Pursuers' patent at all. I will assume that to be proved but if one assumes that the nails which were, in fact, made by the pirated machines injured the Pursuers' sales, what does it matter if it is ever so much established that the loss which the Pursuers have sustained by the unlawful act of the Defenders might also have been sustained by them under such circumstances as would give the Pursuers no right of action?

[Emphasis added]

[18] The Prothonotary characterized his language as specifically rejecting "the defendants' reliance on the availability of a non-infringing alternative as a basis for reducing damages". In

Catnic, above, the UK Court followed *United Horse-Shoe* and wrote:

I have to say at once, that in my judgment the first of those arguments (i.e. argument (i)) is not open to the defendants in law: see principle (d) above. The *United Horse Shoe and Nail Company Limited* case — see especially the passages I have already cited from the speeches in the House of Lords — is authority for the proposition that an infringer is barred from defeating a plaintiff patentee's claim for damages for loss of profits by saying: "Yes, I infringed but I could have taken this market from you by not infringing." Much of Mr. Gratwick's address on the "loss of profits" part of the claim was devoted to, and much of the defendants' evidence directed to, this argument, but as in my view the argument is wrong in law the evidence directed to is irrelevant and I need not consider it further.

[19] In Canada, in *Domco*, the defendants argued that their liability to pay damages should be reduced because the defendants could have used an available non-infringing alternative or could have avoided infringement by obtaining a licence. The Court considered the availability of a non-infringing alternative to be “immaterial” and that the Court should be guided by the “cold hard facts”. Put otherwise, damages are to be assessed by what choice the defendant made and not the choices the defendant might have made:

...As [the Referee] indicated, one must look at the cold hard facts as to what Armstrong here did, and the loss suffered by *Domco*. The fact that Armstrong might have competed under a licence is, to my mind, as immaterial as the argument that an infringer, in respect of a claim by a patentee, could have sold a non-infringing product.

[20] Finally, in *Jay-Lor*, above, Justice Snider held at paras 113-115 as follows:

What is the significance of the election made by the Plaintiffs for damages?

Courts have considered the distinctions between damages and an accounting of profits. In *Bayer AG v. Apotex Inc.* (2001), 10 C.P.R. (4th) 151, 102 A.C.W.S. (3d) 406 (Ont. S.C.J.) at 156, aff'd (2002), 16 C.P.R. (4th) 417 (Ont. C.A.), Justice Lederman described the difference in this way:

[...] While the goal of each remedy is the same, the underlying principles are very different. An award of damages seeks to compensate the plaintiff for any losses suffered by the plaintiff as a result of the infringement. The amount of profits earned by the infringing party is irrelevant. An accounting of profits, on the other hand, aims to disgorge any profits improperly received by the defendant as a result of its wrongful use of the plaintiff's property. Such profits, having been earned through the use of the plaintiff's property, rightly belong to the plaintiff. [...]

The Federal Court has accepted the principle that “[i]t is irrelevant whether the defendant could not have damaged the plaintiff just as much if instead of infringing he had taken steps to avoid the claims of the patent: the infringing acts were unlawful acts and the only

question is what damages have they caused” (*Domco Industries Ltd. v. Armstrong Cork Canada Ltd.* (1983), 76 C.P.R. (2d) 70 (Fed. T.D.) at 73, varied on other grounds (1986), 10 C.P.R. (3d) 53 (Fed. T.D.) at 61 -62). The fact that a defendant might have competed under a licence is as immaterial as the argument that an infringer could have sold a non-infringing product....

[21] I agree with the Prothonotary’s review of the antecedent case law. The point of departure, however, arises when the proposed argument is situated in the context of the purpose and object of a motion to strike for failing to disclose a “reasonable cause of action or defence, as the case may be.”

In the recent decision of *R v Imperial Tobacco Canada Ltd*, 2011 SCC 42 at para 21 the Court considered the proper approach to motions to strike:

Valuable as it is, the motion to strike is a tool that must be used with care. The law is not static and unchanging. Actions that yesterday were deemed hopeless may tomorrow succeed. [...] The history of our law reveals that often new developments in the law first surface on motions to strike or similar preliminary motions, like the one at issue in *Donoghue v. Stevenson*. Therefore, on a motion to strike, it is not determinative that the law has not yet recognized the particular claim. The court must rather ask whether, assuming the facts pleaded are true, there is a reasonable prospect that the claim will succeed. The approach must be generous and err on the side of permitting a novel but arguable claim to proceed to trial.

[22] In *Laboratoires Servier v Apotex Inc*, 2007 FCA 350, citing paragraphs 31, 34, and 46 the Court of Appeal considered whether a doubtful argument should be allowed to proceed at trial:

The specific question before the Motion Judge was whether it was “plain and obvious”, by reason of paragraph 61(1)(b), that Apotex could not possibly succeed on the question of “inventorship”. The question was not whether the Motion Judge preferred one interpretation over the other, but rather, whether the meaning of the paragraphs was a foregone conclusion. In my view, it was not....

At paragraph 39 of its written submissions, Apotex submits, rightly in my view, that “if the responding party has put a conflicting interpretation ‘worth considering’, it is not plain and obvious that the claim will not succeed”. Although it is clear the Motion Judge

correctly understood the “plain and obvious” test...she did not answer the question of whether or not Apotex’s proposed interpretation was “worth considering” or whether it had any chance of success. Rather, she reached her own conclusion on the disputed point of statutory interpretation. That, in my view, constitutes an error on her part. I therefore turn to the issue of whether or not Apotex’s proposed interpretation has any chance of success....

After careful consideration of Apotex's argument and the cases to which it refers us, I am satisfied that it cannot be said that its proposed interpretation of paragraph 61(1)(b) is either tenuous or devoid of any merit. I should add that there are no reported decisions on point with respect to the proper interpretation of paragraph 61(1)(b) and that none of the cases referred to by the Judge and the parties clearly point to the interpretation favoured by the Judge....

[23] It was suggested in oral argument that *Imperial Tobacco* changed the law in respect of motions to strike, moving from the test of “plain and obvious” to that of “no reasonable prospect of success”. A similar argument was put before Justice Roger Hughes in *Association of Chartered Certified Accountants v Canadian Institute of Chartered Accountants*, 2011 FC 1516. In rejecting the argument, Justice Hughes wrote, at paragraph 9:

I do not view *Imperial Tobacco* as changing the standard for striking out to the extent urged. Paragraphs 17 to 25 of that decision provide an extensive review of the law on that subject. I emphasize, as the Chief Justice wrote at paragraphs 21 and 22, that a motion to strike is a tool that is to be used with care; that the Court must be generous and err on the side of permitting a novel but arguable claim to proceed, and that the facts as pleaded must be accepted as true unless they are manifestly incapable of proof.

[24] I agree with this analysis of the effect of *Imperial Tobacco*, and in situating the proposed plea in the light of the Chief Justice’s direction that novel but arguable claims should be allowed to proceed, several observations are in order:

- a. The proposed plea finds persuasive support in US jurisprudence; *Grain Processing Corporation v American Maize-Products Co*, [1999] USCAFED 131; 185 F3d 1341 (Fed Cir 1999), at para 10:

... a fair and accurate reconstruction of the "but for" market also must take into account, where relevant, alternative actions the infringer foreseeably would have undertaken had he not infringed. Without the infringing product, a rational would-be infringer is likely to offer an acceptable noninfringing alternative, if available, to compete with the patent owner rather than leave the market altogether. The competitor in the "but for" marketplace is hardly likely to surrender its complete market share when faced with a patent, if it can compete in some other lawful manner. Moreover, only by comparing the patented invention to its next-best available alternative(s) - regardless of whether the alternative(s) were actually produced and sold during the infringement - can the court discern the market value of the patent owner's exclusive right, and therefore his expected profit or reward, had the infringer's activities not prevented him from taking full economic advantage of this right. [...] Thus, an accurate reconstruction of the hypothetical "but for" market takes into account any alternatives available to the infringer.

[Citations omitted]

- b. While the Defendants say that the US jurisprudence needs to be situated in its statutory context, this goes to the substance of the argument, not whether it can be stuck on a Rule 221 motion.
- c. Secondly, in the 125 years since the decision in *United Horse-Shoe*, only two Canadian decisions adopt and apply the principle (*Domco* in 1983 and *Jay-Lor* in 2007). In both those cases, the argument was rejected after trial and not on a motion to strike.

- d. It is well established that a pleadings motion is not an appropriate time to decide important questions of law.
- e. The Plaintiffs contend that availability of a plea of a non-infringing alternative must be reassessed in light of the Supreme Court of Canada's (SCC) approach to damages. The Defendants argue that, the distinction between accounting and damages needs to be reassessed in light of what is said to be a change in the law of damages, as evinced by the SCC's decision in *Cadbury Schweppes Inc v FBI Foods Ltd*, [1999] 1 SCR 142 and *Canson Enterprises Ltd v Boughton & Co*, [1991] 3 SCR 534.
- f. The proposed plea is arguable, and is neither frivolous nor vexatious, rather, the argument in support of the plea is cogent and compelling. In making this statement the Court makes no observation on its ultimate merit.

[25] With respect to the question of change in the law of damages, Justice Binnie in *Cadbury* noted:

In the present case, the trial judge found, and the Court of Appeal agreed, that the Clamato [juice] formula and related processes, insofar as they had been disclosed to the appellants, constituted a unique combination of elements, notwithstanding that some or all of the constituent elements were themselves widely known within the juice industry. It is to be emphasized that this is a case of unauthorized use as opposed to unauthorized disclosure. The information passed to Caesar Canning was found to satisfy the requirements of being inaccessible to the uninitiated, and to constitute an identifiable and distinct source of information which Caesar Canning wrongfully used for its own commercial advantage. As such, it was worthy of protection, but what, in dollar terms, did its misuse cost the respondents?

[Emphasis added]

[26] In *Canson* the Chief Justice held:

In summary, compensation is an equitable monetary remedy which is available when the equitable remedies of restitution and account are not appropriate. By analogy with restitution, it attempts to restore to the plaintiff what has been lost as a result of the breach; i.e., the plaintiff's lost opportunity. The plaintiff's actual loss as a consequence of the breach is to be assessed with the full benefit of hindsight. Foreseeability is not a concern in assessing compensation, but it is essential that the losses made good are only those which, on a common sense view of causation, were caused by the breach. The plaintiff will not be required to mitigate, as the term is used in law, but losses resulting from clearly unreasonable behaviour on the part of the plaintiff will be adjudged to flow from that behaviour, and not from the breach. Where the trustee's breach permits the wrongful or negligent acts of third parties, thus establishing a direct link between the breach and the loss, the resulting loss will be recoverable. Where there is no such link, the loss must be recovered from the third parties.

[Emphasis added]

[27] In sum, the Defendants contend that the distinction between the two heads of damage, if not conflated, are to be considered subservient to a single overarching test that the loss made good are only those which, on a common sense view of causation, arose from the breach.

[28] The teaching of *Hunt v Carey Canada Inc*, [1990] 2 SCR 959 and *Imperial Tobacco*, above, is that it is not appropriate at this stage to engage in a detailed analysis of the legal argument, and more particularly, whether the proposed argument is good law. The point was made in *Hunt v Carey*, at para 33:

Thus, the test in Canada governing the application of provisions like Rule 19(24)(a) of the British Columbia Rules of Court is the same as the one that governs an application under R.S.C. O. 18, r. 19: assuming that the facts as stated in the statement of claim can be proved, is it "plain and obvious" that the plaintiff's statement of claim discloses no reasonable cause of action? As in England, if there is a

chance that the plaintiff might succeed, then the plaintiff should not be "driven from the judgment seat". Neither the length and complexity of the issues, the novelty of the cause of action, nor the potential for the defendant to present a strong defence should prevent the plaintiff from proceeding with his or her case. Only if the action is certain to fail because it contains a radical defect ranking with the others listed in Rule 19(24) of the British Columbia Rules of Court should the relevant portions of a plaintiff's statement of claim be struck out under Rule 19(24)(a).

[Emphasis added]

[29] At issue in *Hunt v Carey* was whether the tort of conspiracy could be extended to cover the allegation that the defendant had conspired not to disclose information about the harmful effects of asbestos. The weight of the longstanding case law, both in the UK and Canada, were against the pleading. As well, some three years earlier, in *Frame v Smith* [1987] 2 SCR 99, the SCC had declined to extend the tort to encompass these circumstances. When the issue came before the Court again in *Hunt v Carey*, the SCC did not find these arguments determinative. The Court's response to the argument that the jurisprudence had consistently rejected the extension of the doctrine of the tort of conspiracy. At paragraphs 47 and 52 the Court said:

The difficulty I have, however, is that in this appeal we are asked to consider whether the allegations of conspiracy should be struck from the plaintiff's statement of claim, not whether the plaintiff will be successful in convincing a court that the tort of conspiracy should extend to cover the facts of this case. In other words, the question before us is simply whether it is "plain and obvious" that the statement of claim contains a radical defect.

...

The fact that a pleading reveals "an arguable, difficult or important point of law" cannot justify striking out part of the statement of claim. Indeed, I would go so far as to suggest that where a statement of claim reveals a difficult and important point of law, it may well be critical that the action be allowed to proceed. Only in this way can we be sure that the common law in general, and the law of torts in

particular, will continue to evolve to meet the legal challenges that arise in our modern industrial society.

[30] Viewed in this context, and in light of the SCC's approach to motions to strike, this pleading does not contain a radical defect. The appellant advances an arguable, and important point of law, and it is well-established, through *Hunt v Carey*, *Fullowka v Pinkerton's of Canada Ltd.*, 2010 SCC 5, [2010] 1 SCR 132 and *Imperial Tobacco*, that a motion to strike is not the appropriate time to decide important or serious questions of law. Indeed, it has been said that even authority binding on a motions judge is not sufficient ground to strike a pleading if an appeal to a higher court might reasonably produce a different view of the law: *Fullowka v Whitford* (1996) 147 DLR (4th) 531. Here, there is no binding Canadian authority, nor consideration by a trial judge after a final argument and in the context of relevant facts.

[31] While the argument faces formidable obstacles to success, not the least of which is that the *Patent Act* (RSC, 1985, c P-4) preserves the right of the plaintiff to elect between an accounting for profits and damages, the inherent logical difficulty in predicating an award of damages not on what happened, but on what did not happen and the rejection of the plea in two previous decisions of the Court in 1986 and 2007. The fact that, in this Court's view, "a common sense view of causation" is predicated on what the Defendants did, as opposed to what the Defendants might have done, is not determinative, rather it is a question best left for the trial judge. It cannot be said that the answer is so forlorn that it is plain and obvious that it cannot succeed.

[32] The motion is granted. Costs in the cause.

ORDER

THIS COURT ORDERS that the motion is granted. Costs in the cause.

"Donald J. Rennie"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1272-97

STYLE OF CAUSE: MERCK & CO., INC. and MERCK FROSST
CANADA INC. v APOTEX INC. and APOTEX
FERMENTATION INC.

PLACE OF HEARING: Toronto

DATE OF HEARING: January 11, 2012

**REASONS FOR ORDER
AND ORDER:** RENNIE J.

DATED: April 18, 2012

APPEARANCES:

Steven Mason (McCarthy Tétrault LLP) FOR THE PLAINTIFFS
Andrew Reddon (McCarthy Tétrault LLP)

David Scrimger (Goodmans LLP) FOR THE DEFENDANT: Apotex Inc.
Andrew Brodtkin (Goodmans LLP)
John Myers (Taylor McCaffrey LLP) FOR THE DEFENDANT: Apotex Fermentation Inc.

SOLICITORS OF RECORD:

McCarthy Tétrault LLP FOR THE PLAINTIFFS
Barristers & Solicitors
Toronto, Ontario

Goodmans LLP FOR THE DEFENDANT: Apotex Inc.
Barristers & Solicitors
Toronto, Ontario

Taylor McCaffrey LLP FOR THE DEFENDANT: Apotex Fermentation Inc.
Barristers & Solicitors
Winnipeg, MB