Federal Court  Cour fédérale

Date: 20131015

Docket: T-1591-05

Citation: 2013 FC 1043

Ottawa, Ontario, October 15, 2013

PRESENT: The Honourable Mr. Justice de Montigny

BETWEEN:

DISTRIMEDIC INC.

Plaintiff

and

DISPILL INC. AND EMBALLAGES RICHARDS INC.

Defendants

AND BETWEEN:

EMBALLAGES RICHARDS INC.

Plaintiff by Counterclaim

and

DISTRIMEDIC INC., ROBERT POIRIER, CLAUDE FILIATRAULT, DISTRIMEDIC CANADA INC. AND 9268-2244 QUEBEC INC.

Defendants to the Counterclaim

REASONS FOR JUDGMENT AND JUDGMENT

I. OVERVIEW

[1] Distrimedic Inc. commenced the present proceeding on September 26, 2005, with the filing of a Statement of Claim seeking a declaration of non-infringement of Canadian Patent No. 2,207,045 (the '045 Patent), owned by Emballages Richards Inc. (hereinafter "Richards"), pursuant to subsection 60(2) of the *Patent Act*, RSC 1985, c P-4 (*Patent Act*). The product for which the declaration was sought is a kit for the manufacture of a set of individual pill containers. Distrimedic Inc. amended its Statement of Claim on November 3, 2005.

[2] On or about December 1, 2005, Richards filed a Statement of Defence and Counterclaim against Distrimedic Inc. and various related parties (Robert Poirier, Claude Filiatrault, Distrimedic Inc. and 9268-2244 Quebec Inc.). Each of these Defendants to the Counterclaim is represented by the same counsel and will hereinafter collectively be referred to as "Distrimedic". The Statement of Defence and Counterclaim was amended on November 27, 2006, on January 29, 2007, and again on September 27, 2010. Shortly before filing its original Statement of Defence and Counterclaim, Richards filed a document purporting to be a disclaimer under section 48 of the *Patent Act* in relation to some of the claims of the '045 Patent.

[3] On February 12, 2010, Distrimedic Inc. discontinued its original action, paying costs assessed in the amount of $11,908.82 to Richards as a result. Nevertheless, the counterclaim continued.

[4] In Distrimedic's view, the Three Times Amended Statement of Defence and Counterclaim significantly expanded the scope of the proceeding, adding many new allegations and legal claims

and joining many other companies and people affiliated with Distrimedic. In addition to alleging infringement of the '045 Patent (and thus covering precisely the subject-matter of Distrimedic's action), Richards' Counterclaim added several new issues, namely the infringement of the disclaimed claims, the validity of the disclaimer, copyright infringement, several issues related to trade-mark rights alleged to be held by Richards, breach of the *Competition Act*, RSC 1985, c C-34 and damages claimed in relation to the various allegedly infringed rights. In Richards' view, it was necessary to add the related Defendants as they have in effect rendered Distrimedic Inc. judgment-proof through their corporate arrangement of the various related parties.

[5] The hearing of this file took place from March 25 to April 16, 2013, and the parties filed written representations on April 15 and 16, respectively. Both parties made submissions in connection with a list of issues established in an Order of Prothonotary Morneau dated September 28, 2011, following a pre-trial conference between the parties.

[6] For the reasons that follow, the Court finds that Richards' counterclaim should be dismissed.

II. FACTUAL BACKGROUND

a) The Parties

[7] As described by Richards and in the parties' Agreed Statement of Facts, this case has its genesis in an idea of Mr. Michel Bouthiette, a dentist by training and the named inventor of the patent in suit.

[8] Mr. Bouthiette, who was also active in the retirement home business, had an idea for a system that would improve the administration of medication to a patient over a given period of time,

such as a week. After applying for a United States patent in 1996, Mr. Bouthiette filed a Canadian patent application claiming priority from his United States filing, and the '045 Patent issued on June 1, 1999.

[9] Bouthiette incorporated Dispill Inc. (Dispill) to sell the components of his pill dispensing and storage system on November 11, 1997; he operated as a sole proprietor until he exchanged his business and its assets as consideration for shares of Dispill in 1998.

[10] Dispill rented office space from La Société d'Impression Filiatrault & Poirier (La Société), a corporation owned by Defendants Robert Poirier and Claude Filiatrault, and La Société purchased a 50% shareholding in Dispill for $100,000. From 1998 until September 2002, Filiatrault and Poirier were both employees and, through La Société, shareholders of Dispill.

[11] In 2002, a dispute arose and Filiatrault and Bouthiette invoked a shotgun clause in the Dispill Shareholders Agreement; however, Bouthiette prevailed and the relationship ended with a numbered company owned by Bouthiette purchasing La Société's shares in Dispill.

[12] Although subject to a two-year non-compete agreement from September 3, 2002 to September 3, 2004, Filiatrault and Poirier met with patent agents during that time to discuss whether they might develop a pill dispenser product in order to compete with Dispill, upon expiry of the non-compete agreement, without infringing the '045 Patent.

[13] Distrimedic Inc. was incorporated on September 7, 2004, and, by 2005, Filiatrault and Poirier were ready to compete with Dispill. Distrimedic Inc. does not have employees on its payroll

as it shares resources, including employees and sales representatives, with two other companies owned and operated by Filiatrault and Poirier: La Société, which offers printing services and printed products to pharmacies, pharmaceutical laboratories, insurance companies and others; and Emballages Alpha Inc. (Alpha), which sells vials for medicines to pharmacists. The two companies bill Distrimedic Inc. for salaries and commissions accordingly.

[14] In a series of transactions, Richards, a manufacturer and distributor of packaging products incorporated under the laws of Canada, acquired Dispill from Bouthiette in July 2005 and Dispill was subsequently dissolved. On July 29, 2005, prior to dissolution, Dispill assigned the '045 Patent to Richards.

[15] On September 16, 2005, Richards had its counsel send a letter to Filiatrault and Poirier, care of La Société, alleging that their efforts to market Distrimedic Inc.'s competing pill dispenser system infringed Richards' exclusive patent and trade-mark rights.

[16] In an attempt to settle the patent infringement issue, Distrimedic Inc. commenced its action seeking a declaration of non-infringement of the '045 Patent on September 26, 2005. An Amended Statement of Claim was filed November 3, 2005.

[17] On November 8, 2005, after being served with Distrimedic Inc.'s Statement of Claim but prior to entering a defence, Richards filed a disclaimer in relation to a number of claims in its '045 Patent (the Disclaimer).

[18] Richards then filed its Statement of Defence and Counterclaim, which it subsequently amended three times as described above. Also described above, Distrimedic Inc. discontinued its original action on February 12, 2010, and paid Richards costs assessed at $11,908.82.

[19] Following the filing of these proceedings, in October 2010, Filiatrault and Poirier entered into an agreement in which Filiatrault repurchased all of Poirier's shares in all of the Quebec companies (La Société, Distrimedic Inc., Alpha and 9120-2994, an investment company). In exchange, Poirier repurchased all of Filiatrault's shares in Distrimedic France and another company, Rx-V. Distrimedic Canada Inc., which was incorporated for sales of Distrimedic products in provinces other than Quebec and one of the original Defendants to the Counterclaim, never did business and was dissolved in 2008. On September 1, 2012, Alpha and La Société amalgamated to form 9268-2244 Quebec Inc. To reflect these transactions, the syle of cause has been amended accordingly.

b) The Patent at Issue

[20] The '045 Patent in dispute in this action, registered in connection with Richards' product, is entitled "Kit and Process for the Manufacture of a Set of Individual Pill Containers". It was filed on May 21, 1997, claiming priority on a US provisional patent application filed on July 22, 1996. The '045 Patent was opened to the public on June 21, 1997 and issued on June 1, 1999. It will expire on May 21, 2017.

[21] The '045 Patent, as originally issued, had 28 claims, with Claims 1, 11, 15, 22, 26 and 28 being independent and the remainder dependent, either directly or indirectly, on one of the

independent claims. Richards filed a disclaimer on November 8, 2005 in relation to a number of claims of the ‘045 Patent, namely Claims 15 to 21. The disclaimer amended Claims 15 and 17 to 21 and removed Claim 16 entirely. More will be said about the disclaimer below.

[22] The ‘045 Patent describes a system for preparing a pill dispenser. The system comprises a tray having a number of evenly spaced apart recesses that is used to support a container-defining sheet made of clear plastic and itself having a corresponding number of evenly spaced apart cavities embossed therein. The idea is to make a series of containers for holding pills to be taken four times per day (breakfast, lunch, dinner, and bedtime) over seven days.

[23] Once filled as prescribed, the container-defining sheet is sealed by a self-adhesive container-sealing sheet upon which has been printed required information about the prescription such as the names of the patient and the pharmacist, the date, and the medications in each container. The container-sealing sheet is aligned with the container-defining sheet by means of two upwardly projecting protuberances on the top surface of the tray that engage corresponding pairs of holes in both the container-sealing sheet and the container-defining sheet. The alignment of the sheets aligns the perforations thereon, permitting each container to be readily separated from the others. Once the alignment has been achieved, an adhesive cover on the back of the container-sealing sheet can be removed and the sheet stuck over the container-defining sheet.

[24] The first page of the ‘045 Patent provides a brief description of the prior art over which it claims to provide an improvement:

> To prepare a set of individual pill containers for use by a patient, it has already been suggested to use a sheet of plastic material in which

> a plurality of recesses are molded. Each of these recesses defines a small upwardly opened container that can be filled with pills. After filling, all the containers are closed by means of a plastic sealing sheet on which can be printed all the desirable indications like the patient's name, the date and hour of administration, etc…. The sealing sheet is applied onto the container-defining sheet and thermo-sealed onto same. As can be understood, the indications are printed and formatted onto the sealing sheet so that each group of information referring to a given container be positioned in regard to the said container. Tearing lines are provided on both the container-defining sheet and the sealing sheet to allow for easy separation of the individual pill containers.
>
> This assembly is efficient. However, it has some drawbacks. More particularly, it is very difficult and time consuming to ensure correct positioning of the preprinted sealing sheet on top of the containers. As can be understood, incorrect positioning of the sealing sheet will make the pill containers difficult to separate. Also, thermo sealing is not economical, as it calls for thermo-sealing equipment.

[25] The US Patent No. 3,780,856 (the "Braverman Patent"), reproduced in the Appendix to these Reasons, was published on December 25, 1973. It is thus citable as prior art against the '045 Patent for the purposes of both anticipation and obviousness. It describes a pill dispensing device similar in many ways with the pill dispensing system described in the '045 Patent. As stated by the Patent Office in its December 17, 1998 Office Action during prosecution of the application that led to the '045 Patent:

> The patent to Braverman discloses a kit and method for the manufacture of a set of individual pill containers. The kit is comprised of a container-defining sheet (100) made of plastic which has a top surface with a given number of evenly spaced apart cavities embossed therein. These cavities are shown to be in regularly spaced apart rows and columns. Each cavity is upwardly opened and defines a container (120). Each container is surrounded by a flange (122) that has a central dotted line (117,118) punched therein The kit also has a recessed support (200) with a top surface provided with a number of recesses (212) at least equal to the number of cavities in the container-defining sheet. A container-sealing sheet (122) is provided. This sheet has a top surface and a bottom surface and is shaped and sized to cover at least all of the containers and

> surrounding flanges. The bottom surface of the container-sealing sheet has bands (126) covered with a self-adhesive material that are shaped and sized to exactly correspond to and fit over the flanges. The bands are covered until use by a protective peelable covering (128,129) and have central tearing lines (170,172) of their own. Positioning means provided on at least the top surface of the container-defining sheet and on the container-sealing sheet (the edges of the sheets 196) to ensure that, in use, the bands covered with self-adhesive material and their tearing lines be in exact superposition on top of the flanges and the dotted lines of the container-defining sheet. The patent to Braverman also discloses printing information on the container-sealing sheet (see column 4, lines 32 to 37, for example). The number of recesses is not considered patentable subject matter.
>
> Joint Book of Documents, No 144.

The figures found in the Braverman Patent and referred to in the above quote are reproduced below:

PATENTED DEC 25 1973

3,780,856

SHEET 2 OF 3

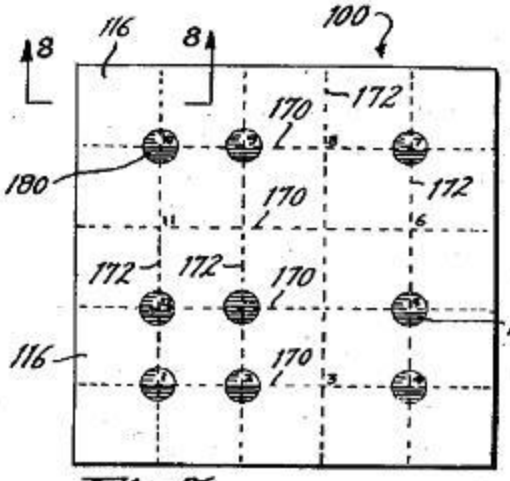


Fig. 7.

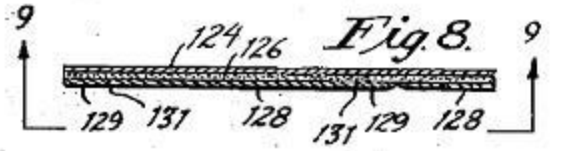


Fig. 8.

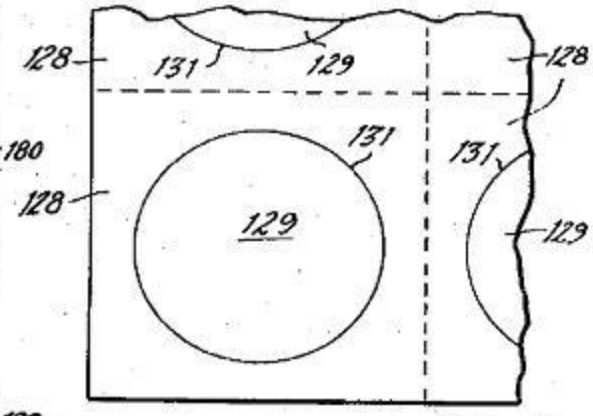


Fig. 9.

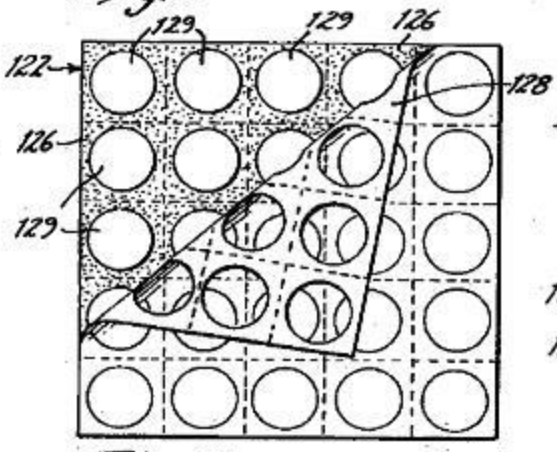


Fig. 12.

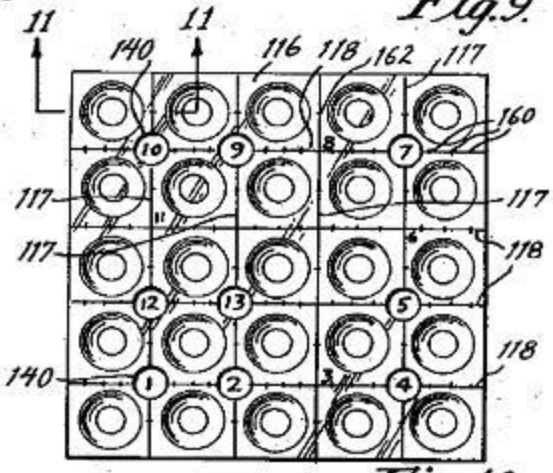


Fig. 10.

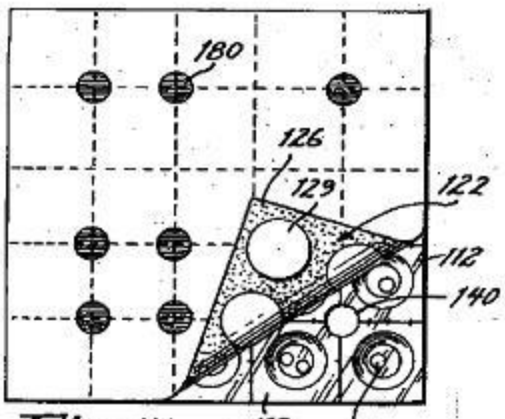


Fig. 13.

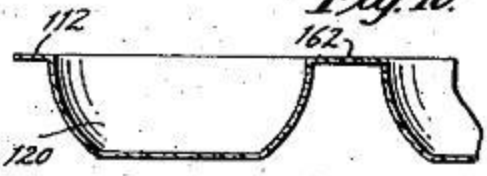
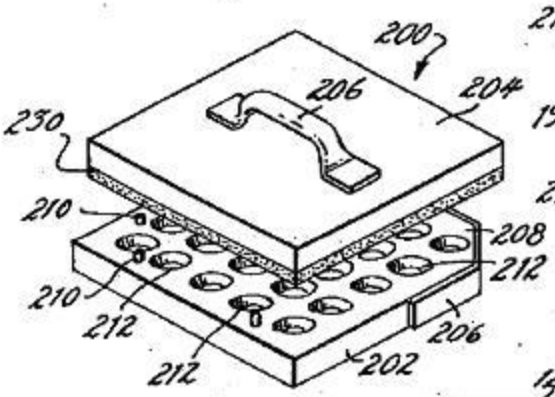


Fig. 11.

PATENTED DEC 25 1973 3,780,856

SHEET 3 OF 3

Fig. 14.



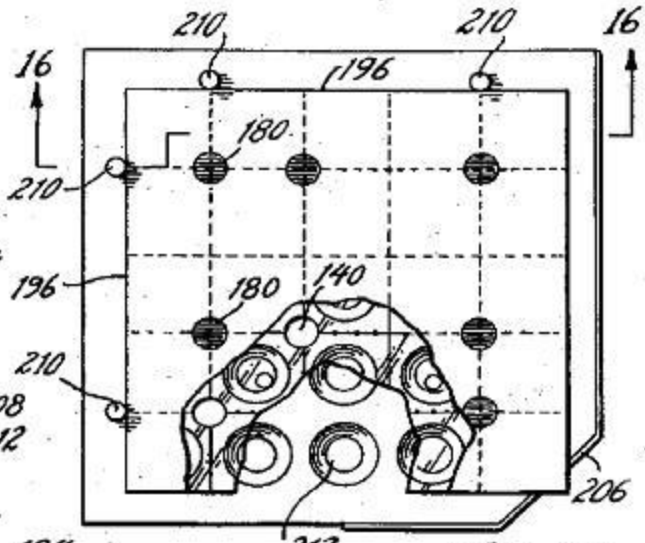


Fig. 15.

Fig. 17.

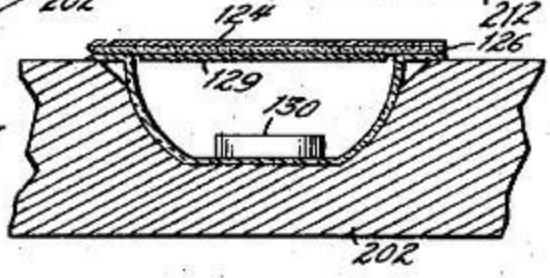
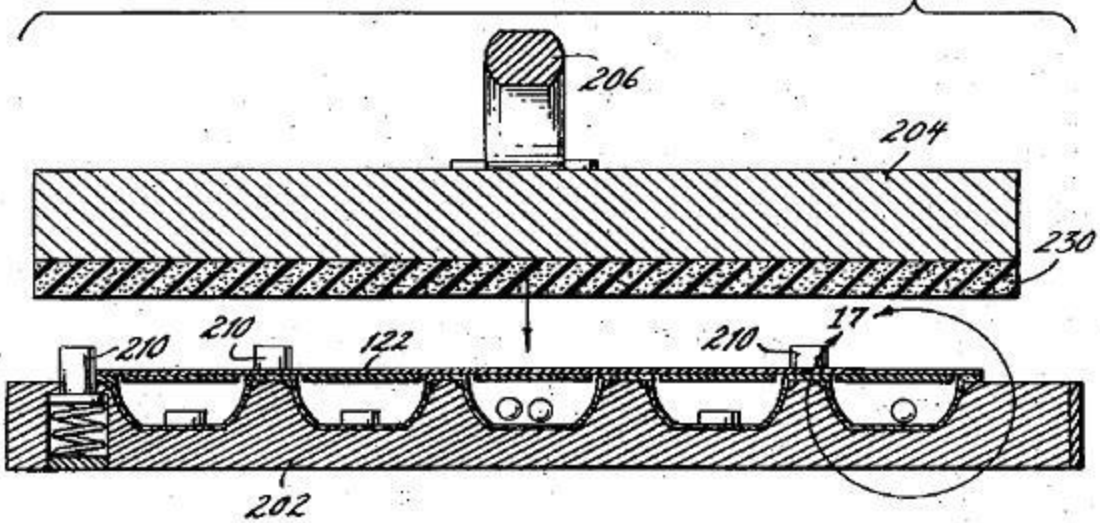


Fig. 16.



[26] It is not necessary, for the purposes of this proceeding, to consider all of the elements of the claims found in the '045 Patent. The key element of Claim 1 (including Claims 2 to 10 dependent thereon), 11 (including Claims 12 to 14 dependent thereon), 15 (including Claims 17 to 21 dependent thereon) and 22 (including Claims 23 to 25 dependent thereon) reads as follows:

> d) positioning means provided on at least the top surface of the container-defining sheet and on the container-sealing sheet to ensure that, in use, after the container-defining-sheet is fitted onto the recessed support, the paper covering is peeled off from the bands of the container-sealing sheet and said container-sealing sheet is positioned on top of the top surface of the container-defining sheet, the bands covered with a self-adhesive material and their tearing lines be in exact superposition on top of the flanges and the dotted lines of the container-defining sheet,
>
> > wherein the positioning means comprises at least one upwardly projecting protuberance provided on the top surface of the recessed support, at least one hole provided into the container-defining sheet and at least one other hole provided in the container-sealing sheet, said at least one hole and one other hole being sized and positioned to correspond to and be engaged by said protuberance.

[27] Claim 15, as disclaimed, reads as follows (with amendments introduced by disclaimer indicated in bold underlining):

> d) positioning means provided on at least the top surface of the container-defining sheet and on the container-sealing sheet to ensure that, in use, after the container-defining sheet is fitted onto the recessed support, the container-sealing sheet is properly positioned on top of the top surface of the container-defining sheet, with its tearing lines in exact superposition on top of the dotted lines of the container-defining sheet,
>
> > wherein the positioning means comprises at least one upwardly projecting protuberance provided on the top surface of the recessed support **and engaging means** provided **on** the container-defining sheet and **other engaging means** provided **on** the container-sealing sheet, said **engaging means** and **other engaging**

> **means** being sized and positioned to correspond to and be engaged by said protuberance.

[28] With regard to the remaining claims (Claims 26 to 28), construction of the claims is not necessary because there is no evidence or argument that the elements thereof are incorporated in any product manufactured, used or sold by Distrimedic.

[29] The positioning means are described in the '045 Patent as follows at page 8:

> Positioning means are provided onto at least the top surface of the container-defining sheet (3) and on the container-sealing sheet (9) to ensure that, when the latter is positioned on top of the top surface of the container-defining sheet (3), the bands (18) and their tearing lines (11) be in exact superposition on top of the flanges (10) and the dotted lines (4) of the container-defining sheet (3). In the illustrated embodiments, which are the preferred ones, these positioning means comprise two protuberances (5) provided on the support (1) and which project upwardly from the top surface of the recessed area "A". The positioning means also comprises the holes (7), provided with the container-defining sheet (3)container-sealing sheet (9), two holes (15) sized and positioned to engage the two protuberances (5) of the support (1).

[30] The '045 Patent also describes (at p. 10) an alternative for the positioning means as follows:

> Because the dotted and tearing lines (11) and (4) have to be precisely one above the other, it is very important that the container sealing sheet (9) be precisely positioned above the container defining sheet (3). To do so, the two holes (15) of the container-sealing sheet (9) engage the two protuberances (5) of the support (1).
>
> It has been found more convenient to provide the support (1) with protuberances, and the container-defining sheet (3) and the container-sealing sheet (9) with corresponding holes. However, some variations can be made without departing from the spirit of the invention. For example, the protuberance(s) to be engaged by the corresponding hole(s) provided on the container-sealing sheet (9), may be moulded directly on the top surface of the container-defining sheet (3) instead of being provided on the support (1).

> After the holes (15) of the container-sealing sheet (9) are engaged to the protuberances (5) of the support (1), the paper covering is peeled off the bands (18) of the container-sealing sheet (9) and applied on the top surface of the container-defining sheet (3).

[31] The figures to which the numbers found in these two quotes from the '045 Patent are reproduced below:

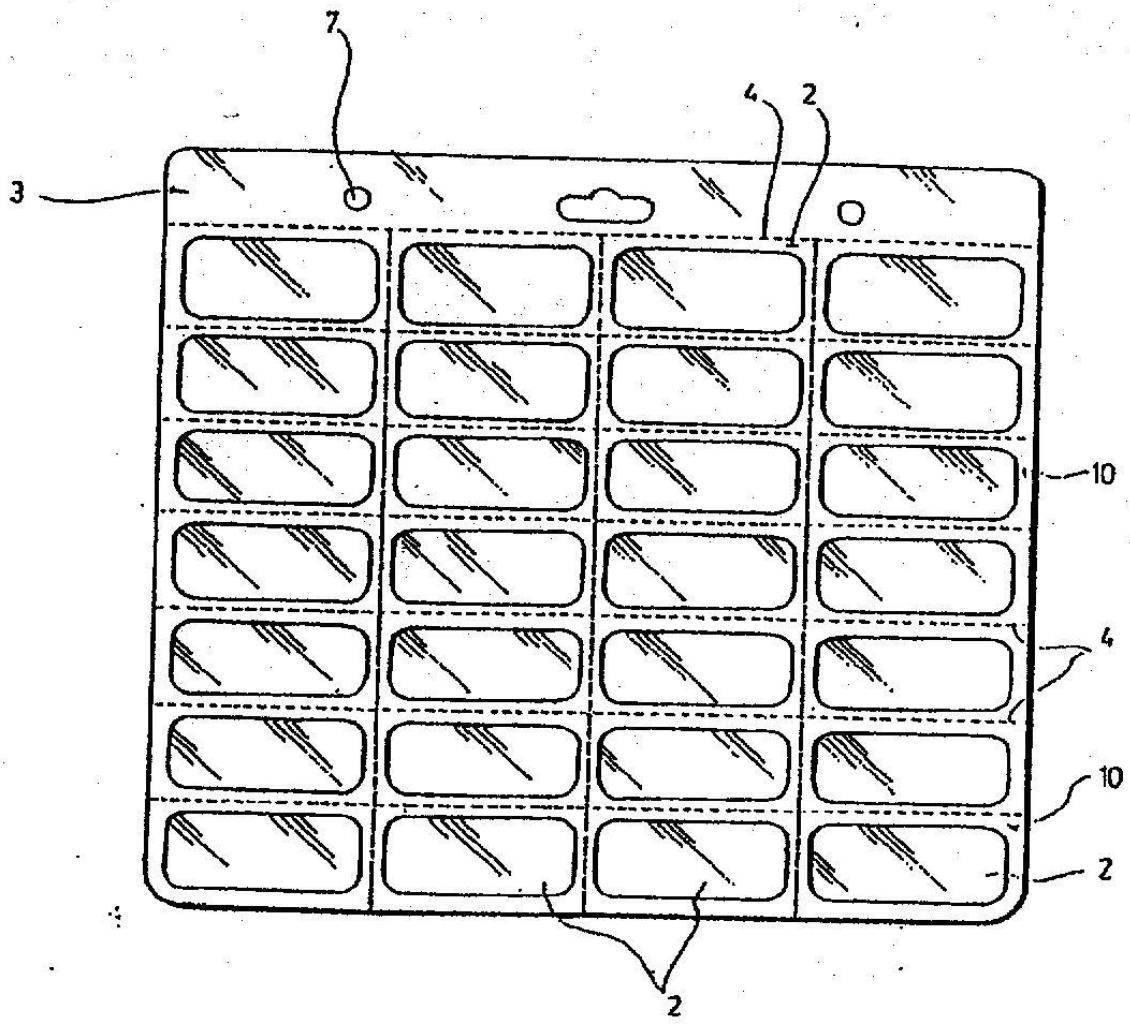


FIG. 3

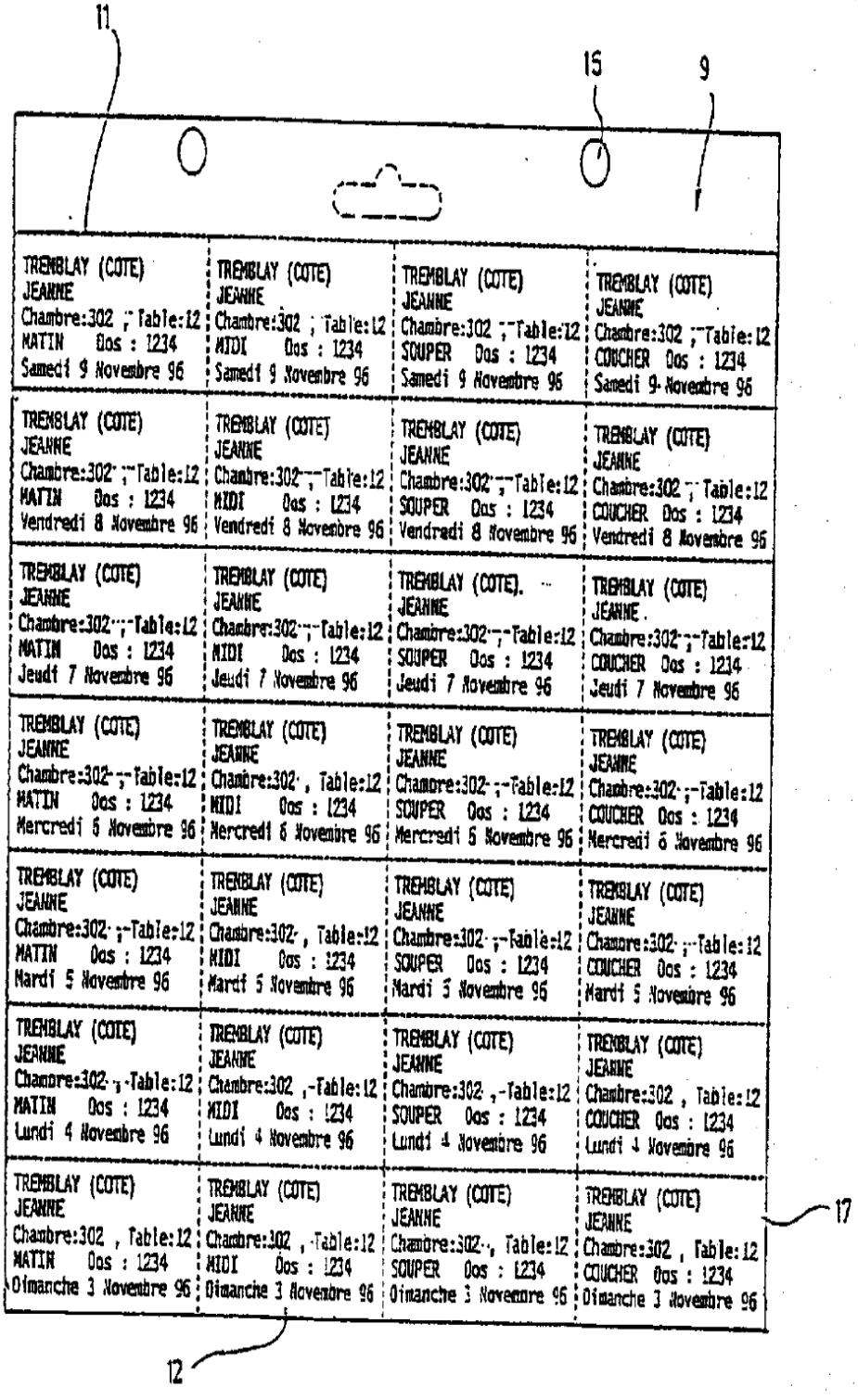

11
15
9
17
12
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 MATIN Dos : 1234 Samedi 9 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 MIDI Dos : 1234 Samedi 9 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 SOUPER Dos : 1234 Samedi 9 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 COUCHER Dos : 1234 Samedi 9 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 MATIN Dos : 1234 Vendredi 8 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 MIDI Dos : 1234 Vendredi 8 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 SOUPER Dos : 1234 Vendredi 8 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 COUCHER Dos : 1234 Vendredi 8 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 MATIN Dos : 1234 Jeudi 7 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 MIDI Dos : 1234 Jeudi 7 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 SOUPER Dos : 1234 Jeudi 7 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 COUCHER Dos : 1234 Jeudi 7 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 MATIN Dos : 1234 Mercredi 6 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 , Table:12 MIDI Dos : 1234 Mercredi 6 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 SOUPER Dos : 1234 Mercredi 6 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 COUCHER Dos : 1234 Mercredi 6 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 MATIN Dos : 1234 Mardi 5 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 , Table:12 MIDI Dos : 1234 Mardi 5 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 SOUPER Dos : 1234 Mardi 5 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 ; Table:12 COUCHER Dos : 1234 Mardi 5 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 , Table:12 MATIN Dos : 1234 Lundi 4 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 , Table:12 MIDI Dos : 1234 Lundi 4 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 , Table:12 SOUPER Dos : 1234 Lundi 4 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 , Table:12 COUCHER Dos : 1234 Lundi 4 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 , Table:12 MATIN Dos : 1234 Dimanche 3 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 , Table:12 MIDI Dos : 1234 Dimanche 3 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 , Table:12 SOUPER Dos : 1234 Dimanche 3 Novembre 96
TREMBLAY (COTE) JEANNE Chambre:302 , Table:12 COUCHER Dos : 1234 Dimanche 3 Novembre 96

FIG. 6

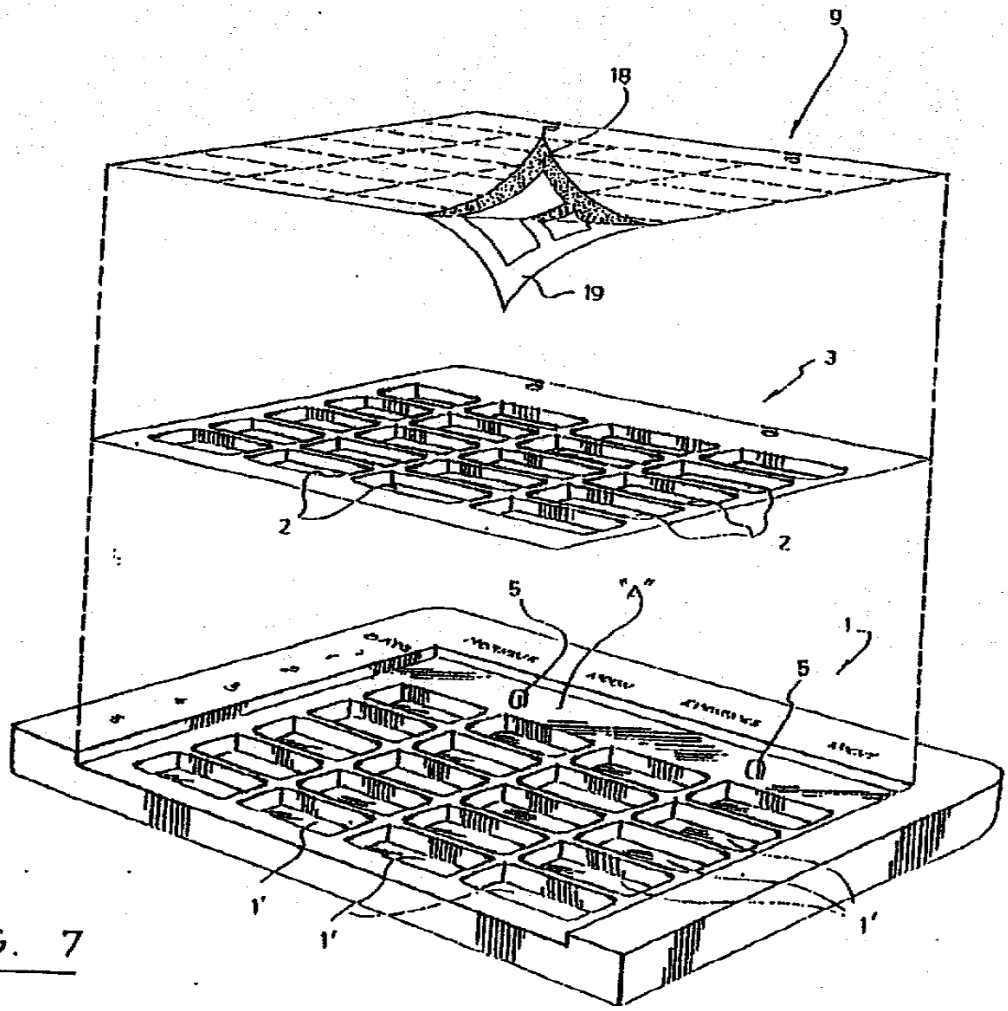


FIG. 7

c) The Products in Question

[32] Both Richards and Distrimedic produce weekly, detachable pill dispenser products that are primarily used in nursing home facilities. The parties' respective products are described in greater detail below.

i. Richards' Product

[33] Richards sells a pill dispenser to sort pills, tablets and capsules. Richards' pill dispenser is described in the '045 Patent and in Figure 7 thereof, (reproduced above).

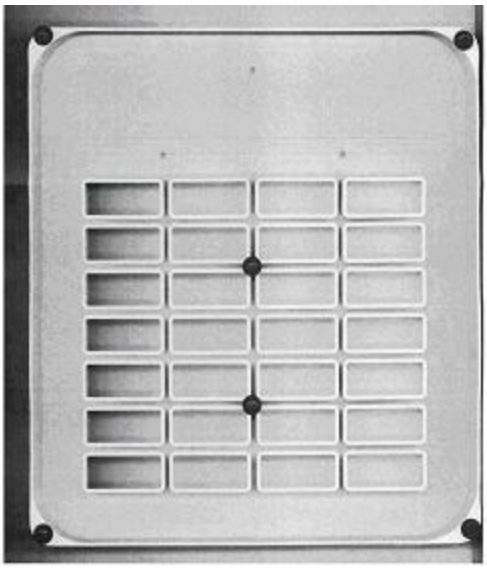
[34] As described by both parties, the lowermost element of Figure 7 is a tray (also called a recessed support) that is used to support a container-defining sheet made of clear plastic (sometimes called a blister) having a given number of evenly spaced apart cavities embossed therein. Once filled as prescribed, the container-defining sheet is sealed by a container-sealing sheet (sometimes called a label), which is the uppermost element of Figure 7. The container-sealing sheet is aligned with the container-defining sheet by means of two upwardly projecting protuberances on the top surface of the recessed support that engage corresponding pairs of holes in both the container-sealing sheet and the container-defining sheet.

[35] Richards uses two types of container-sealing sheets, one for covering the container-defining sheet permanently (permanent labels), and one that is resealable/replaceable (replaceable labels). Both types of its container-sealing sheets have a top surface on which information may be printed, and a peelable bottom layer to permit the sealing of the cavities of the container-defining sheet. The top surface of each container-sealing sheet has an upper portion which is white, and a lower portion which is divided into four columns of equal width being, respectively from left to right, pink, green, yellow and white. Examples of Richards' permanent and replaceable container-sealing sheets are reproduced here:

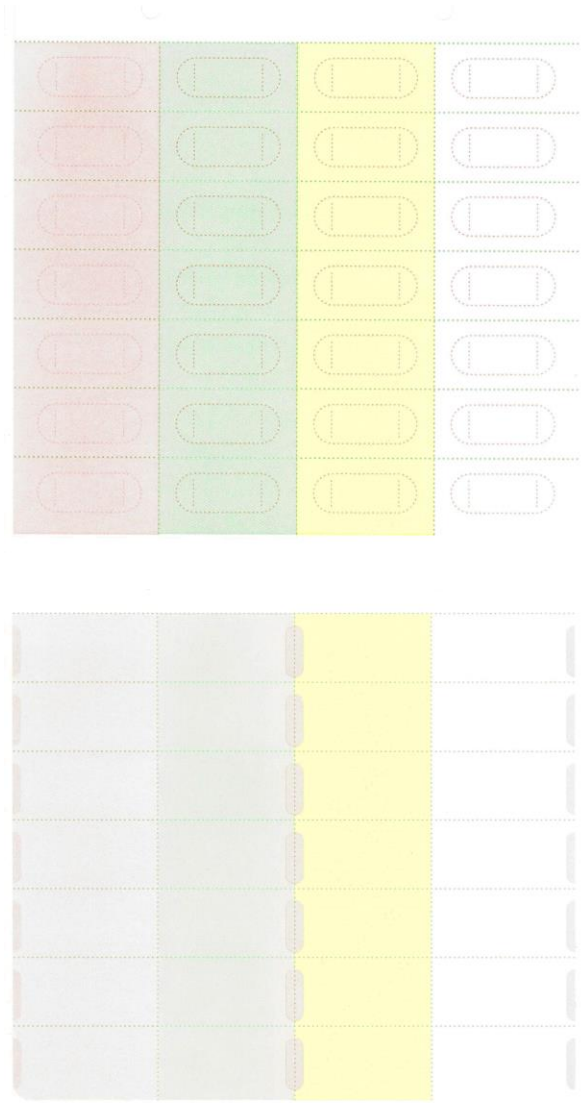
Permanent Replaceable

[36] The mounting tray for a resealable label has indentations that facilitate pulling up tabs (Exh. 508) (JBD 19).

The blister tray has slight indentations on the side that align with these indentations to facilitate the tab. The difference between the permanent and the removable blisters are the indentations on the side allowing one to access the tabs on the removable blisters (Exh. 509) (JBD 21):



The difference between permanent and resealable labels is that there is a small plastic tab aligned with the colouring on the resealable label that allows for pealing back and resealing, while there are indentations to facilitate the breaking of the seal to remove the pill on the permanent label (Exh. 510 (permanent label) and 511 (resealable label):



Computer-generated information associated with when the pill is taken, the name of the pharmacy and the name of the patient can be printed on each cell of a sealed and completed sheet as demonstrated in Figure 6 of the ‘045 Patent (reproduced above).

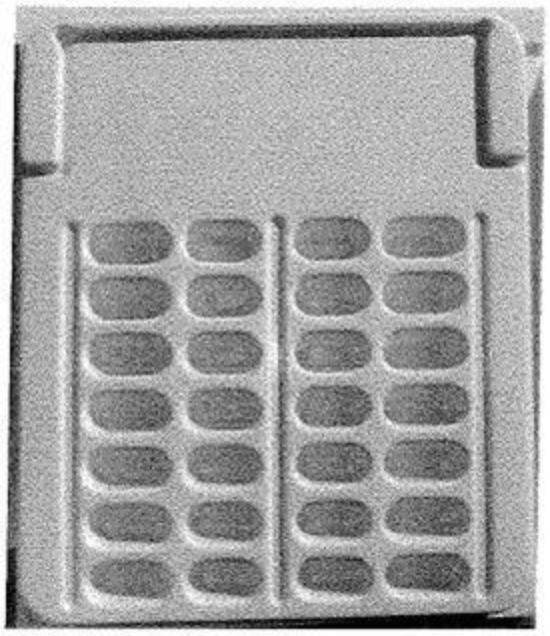
[37] Richards initially sold an 8.5” x 10” label only, but later sold an 8.5” x 11” label also. It presently sells both sizes. Blank labels are sold to the pharmacists, who fill the blisters and do their own printing.

[38] Richards makes a variety of accessories available to pharmacists to facilitate the filling, verification and shipping of the product, as well as the making of corrections to previously sealed sheets. These include, among others, a pill sorter, which consists of two moving plastic sheets that permit the user to put the pills on an indented tray first and then move it across to dispense the pills into the appropriate recesses in the container-defining sheet, as well as a knife and knife guide, verification stand, and shipping-related products.

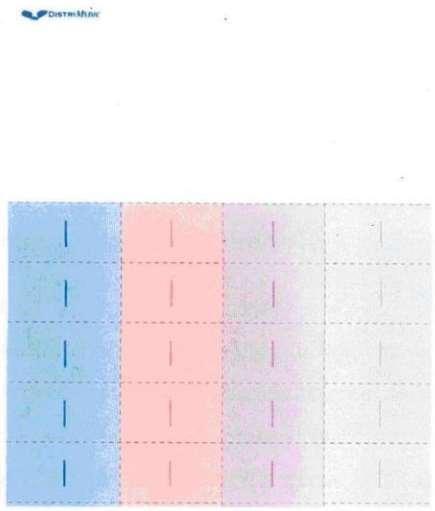
ii. Distrimedic's Product

[39] As described in the Agreed Statement of Facts, Distrimedic also sells a pill dispenser to sort pills, tablets and capsules. Distrimedic's pill dispenser includes a container-defining sheet made of clear plastic having a given number of evenly spaced apart cavities embossed therein, which is sealed by a container-sealing sheet.

[40] The following is an image of one of Distrimedic's trays (Exh. 500):



[41] Like Richards, Distrimedic provides both permanent and replaceable container-sealing sheets in 8.5" x 11" and A4 size, all of which have a top surface with an upper portion that is white, and a lower portion that is divided into four coloured columns. Distrimedic's current container-sealing sheet is reproduced here:



d) Related Proceedings

i. The Patent Disclaimer Proceedings

[42] As noted above, on November 8, 2005, subsequent to the commencement of the main action by Distrimedic Inc., but prior to entering a defence or launching its counterclaim, Richards filed a disclaimer in connection with the '045 Patent pursuant to section 48 of the *Patent Act* with a request that "recordal of th[e] disclaimer be expedited" (JBD 144).

[43] The changes in Claim 15 resulting from the disclaimer filed by Richards on November 8, 2005, are shown in bold and in parentheses:

a) a container-defining sheet made of a plastic material, said container-defining sheet having a top surface comprising a given number of evenly spaced apart cavities embossed therein, each of said cavities being upwardly opened and thus defining a container, each of said containers being surrounded by a flange of a given width provided with a central dotted line punched therein, said dotted lines provided in all of said flanges making it possible to detach each of the containers from the container-defining sheet and from the adjacent containers;

b) a recessed support having a top surface provided with a number of recesses at least equal to the number of cavities embossed in the container-defining sheet, said recesses being positioned, shaped and sized to receive the containers defined by said cavities embossed in the container-defining sheet;

c) a container-sealing sheet **having a top surface and a bottom surface and being** shaped and sized to cover at least all the containers and surrounding flanges of the container-defining sheet, **the bottom surface of** said container-sealing sheet **having bands that are positioned, shaped and sized to exactly correspond to and fit over the flanges of the container-defining sheet, with at least said bands being covered with a self-adhesive material which is covered until use by a protective peelable paper covering, and said container sealing sheet** being provided with tearing lines making it possible to tear said container-sealing sheet into a number of cover pieces corresponding to the number of said containers; and

d) positioning means provided on at least the top surface of the container-defining sheet and on the container-sealing sheet to ensure that, in use, after the container-defining sheet is fitted onto the recessed support, the container-sealing sheet is properly positioned on top of the top surface of the container-defining sheet, with its tearing lines in exact superposition on top of the dotted lines of the container-defining sheet,

wherein the positioning means comprises at least one upwardly projecting protuberance provided on the top surface of the recessed support [at least one hole] **and engaging means** provided [into] **on** the container-defining sheet and [at least one other hole] **other engaging means** provided [in] **on** the container-sealing sheet, said [at least one hole] **engaging means** and [one other hole] **other engaging means** being sized and positioned to correspond to and be engaged by said protuberance.

[44] As described by Justice Martineau in a decision of the Court on application for judicial review, Richards was notified after the filing of its disclaimer that its request had been referred to a patent examiner *(Richards Packaging Inc v Canada (Attorney General)*, 2007 FC 11 at para 19 [*Richards*]). The file was ultimately considered by a Patent Project Officer, who refused Richards' disclaimer by letter dated December 20, 2005. The Officer found that the request could not be considered a disclaimer and should therefore be refused, reasoning that the disclaimer rendered the whole claim broader than what was originally allowed and that it would result in claiming more than what was until then protected in the claims of the patent (*Richards*, above, at para 21).

[45] Richards filed an application for judicial review seeking mandamus and other forms of declaratory relief and, on February 27, 2006, Prothonotary Morneau allowed a motion made by Distrimedic to be added as a respondent to the judicial review proceeding (*Richards Packaging Inc v Attorney General of Canada*, 2006 FC 257).

[46] In *Richards*, at paragraph 23, Justice Martineau described the impact of the disclaimer at that point in time on the file now before this Court as follows:

> 23 At this point, I note that on December 1, 2005, following the filing with the Patent Office of the applicant's disclaimer, but prior to the making of the impugned decision, the applicant filed before the Court a statement of defence and counterclaim in which it contends that various claims in the patent are valid and that Distrimedic infringed these claims. Its allegations rely in large part on the applicant's disclaimer, filed on November 8, 2005. Following a motion to strike brought by Distrimedic, on June 29, 2006, Prothonotary Morneau ordered that the paragraphs of the applicant's defence and counterclaim making reference to the applicant's disclaimer be struck out. Although this Court had not yet addressed the legality of the impugned decision, Prothonotary Morneau nevertheless concluded that "this notice of application for judicial review does not for the time being change the fact that there is no

> valid disclaimer now affecting the patent '045 claims" (*Distrimedic Inc. v. Dispill Inc.*, [2006] F.C.J. No. 1045, 2006 FC 832 at para. 38) [emphasis added]. On October 17, 2006, my colleague Justice Max M. Teitelbaum maintained Prothonotary Morneau's order on appeal and agreed "that until the issue of the validity and effect of the disclaimer has been judicially reviewed, the references to the disclaimer should be struck out of the Defence and Counterclaim on the grounds that they are immaterial and frivolous pursuant to Rule 221(1)(b) and (c) of the Federal Court Rules" [emphasis added] (*Distrimedic Inc. v. Dispill Inc.*, [2006] F.C.J. No. 1532, 2006 FC 1229 at para. 56). That being said, Justice Teitelbaum indicated, at paragraph 54, that should the applicant "be successful in that judicial review proceeding, they may then move this Court to allow them to amend their pleadings to reintroduce allegations based on the disclaimer into the Defence and counterclaim".
>
> [Underlining in original]

[47] Finding that the Patent Office had no discretion to refuse entry or recordal of a disclaimer once it has been submitted in the proper form and manner and the prescribed fee has been paid, Justice Martineau accepted Richards' arguments that: "1) Dionne [the Patent Officer] had no jurisdiction under the Act and the Rules either by way of delegation or otherwise to examine the applicant's disclaimer and to make the impugned decision; and 2) that the Commissioner is not empowered under the Act and the Rules to refuse the filing or recordal of the applicant's disclaimer that was filed on November 8, 2005 in the prescribed form and manner, as provided by subsection 48(2) of the Act and section 44 of the Rules" (*Richards*, above, at para 24).

[48] Although Distrimedic argued that "the Court's adoption of the applicant's position would render patents unfair, impossible to predict and make them a 'public nuisance'" and that "potential competitors of the patentee would be in a constant state of uncertainty with respect to the scope of the patent, since the patentee could broaden the claims at any time by way of a document purporting to be a disclaimer", Justice Martineau concluded that Canadian patent law is entirely statutory and

"this Court cannot rely on valid policy considerations to substitute itself for Parliament" (*Richards*, above, at para 25).

[49] Finding that the power to consider the validity of a disclaimer rests entirely with the courts, but that a judicial review proceeding was not "the proper vehicle to obtain a judicial declaration as to the validity or invalidity of a disclaimer filed by a patentee with the Patent Office", partially given the lack of expert evidence, Justice Martineau set aside the Officer's decision letter such that the disclaimer would be considered filed and effective as of its filing date of November 8, 2005. In doing so, Justice Martineau overturned the Patent Officer's finding that the amendment would result in claiming more than what is currently protected in the claims of the patent, as this is a factual and legal determination on the merit of the disclaimer which the Patent Officer had no jurisdiction to make.

[50] Justice Martineau's decision was confirmed by the Federal Court of Appeal in an oral judgment rendered on January 8, 2008 (*Distrimedic Inc v Richards Packaging Inc*, 2008 FCA 4).

ii. The Trade-mark Registration Proceedings

[51] In its Three Times Amended Statement of Defence and Counterclaim, Richards argues that by virtue of its extensive advertising and sales, the "Richards Packaging Label Colour Trade Marks" (i.e., the colours applied to the top surface of both its permanent container-sealing sheets and its replacement container-sealing sheets) have become well and favourably known to pharmacists, nurses and nursing home employees, as well as the public, and have become distinctive trade-marks of Richards' packaging in association with its Dispill pill dispenser (Statement of Defence and Counterclaim, September 27, 2010, at paras 28-29).

[52] The Richards Colour Trade Mark, referred to by Distrimedic as the "Dispill Colour Scheme", is the subject of Canadian Trade-mark Application No. 1,393,024. Upon opposition of the registration by Distrimedic, an oral hearing was held and the Registrar of Trade-marks ultimately refused the application on October 31, 2012. The Registrar found that Richards had not used the colour scheme as a trade-mark, as defined in section 2 of the *Trade-marks Act*, RSC 1985, c T-13, but as a colour code indicating the time of day for taking the medication contained in the pill dispenser rather than as a trade-mark identifying the source of the wares. As a result, the Opposition Board allowed Distrimedic's opposition and concluded that (i) the Dispill Colour Scheme was not intended to be used as a trade-mark; (ii) the Dispill Colour Scheme is inherently non-distinctive because it is functional; and (iii) Richards did not present sufficient evidence of public recognition of the Dispill Colour Scheme as a trade-mark.

[53] An appeal of the Registrar's decision was submitted on February 4, 2013, and is currently before this Court as *Richards Packaging Inc v Distrimedic Inc*, T-236-13. Richards filed a requisition for hearing on June 21, 2013. Richards argues that, in rejecting the application, the Registrar erred in a number of ways: by applying a higher standard of proof than appropriate in considering use of the applied-for mark (which he considered "non-traditional"); by holding that in a situation where a mark possesses some level of functionality, the burden on the applicant to establish the distinctiveness of the trade-mark will be high; by holding that a trade-mark comprising a colour or colours applied to the surface of a product is inherently non-distinctive; in its consideration of the evidence and testimony before it; and in connection with one finding of fact, although the significance of the alleged error is unclear based on the Notice of Application alone. Richards made much the same arguments in the context of the case at bar.

III. ISSUES

[54] On September 28, 2011, following a pre-trial conference with the parties, Prothonotary Morneau issued an Order setting out the following list of issues to be addressed at trial:

Patent

1 Construction of the 2,207,045 Patent

2 Whether Distrimedic has infringed the 2,207,045 Patent by manufacturing and selling the Distrimedic pill dispenser

3 Whether the disclaimer filed in relation to claims 15 to 21 of the '045 Patent is valid, and whether claims 15 and 17-21 as disclaimed are invalid in light of invalidity of the disclaimer.

4 In the event that the disclaimer is valid and the disclaimed claims are construed broadly enough to encompass the Distrimedic pill dispenser, are claims 15 and 17-19 as disclaimed nevertheless invalid as being anticipated by or made obvious in light of US Patent No. 3,780,856 (Braverman)

Alleged Misrepresentations

5 Whether the defendants to the counterclaim have made false and misleading statements that tended to discredit the business, services and wares of Richards

Trade-Mark

6 Whether trade-mark rights subsist in the arrangement of colours applied to Richards' container-sealing sheet

7 Whether Distrimedic has used any such trade-mark rights in the original colour arrangement that is or was contrary to section 7(b) of *the Trade-Marks Act*

8 Has Distrimedic directed public attention to its business in such a way as to cause confusion in Canada with those of Richards?

Copyright

9 Whether copyright subsists in the Dispill Label Form

10 Whether Richards is the owner of any such copyright in the Dispill Label Form

11 Whether Distrimedic has infringed any copyright owned by Richards in the Dispill Label Form

Alleged Joint Liability

12 Whether any of the Defendants to the Counterclaim other than Distrimedic Inc. are liable for any of the allegedly-infringing activities

Remedies

13 In the event that there has been infringement as alleged, whether:

a) Richards has suffered damages and, if so, the extent of same

b) regarding copyright infringement, whether Richards is entitled to damages and an accounting of profits

c) whether Richards is entitled to an injunction and to the declarations requested regarding validity of the Patent and actions of the defendants to the counterclaim

14 Costs.

IV. FACT WITNESSES

[55] Prior to the commencement of the trial, both Richards and Distrimedic proposed to call three fact witnesses each.

[56] Richards would call Gerry Glynn, Chief Executive Officer (CEO) of Richards Packaging Inc., Marie-Josée Glaude, the General Manager of Richards' Dispill Division, and René Thibault, a pharmacist and Dispill customer who was approached by Distrimedic when it entered the market.

[57] Distrimedic would call Claude Filiatrault and Robert Poirier, both former employees of and shareholders in Dispill and current or former shareholders in the other corporate Defendants to the Counterclaim. Distrimedic also intended to call Paul van Gheluwe, a prior Dispill employee and sale representative for Distrimedic, but felt that his testimony was unnecessary for the reasons explained below.

a) Richards' Fact Witnesses

i. Gerry Glynn

[58] Mr. Gerald Glynn has been the CEO of Richards since 2002, and was called to provide factual evidence regarding Richards Packaging Inc., Dispill Inc., the Dispill pill dispenser and related financial information, as well as to testify regarding the use of the Richards' colour trade-mark, the Dispill Label Form, and the patent disclaimer.

[59] During his examination-in-chief, Mr. Glynn provided an explanation of his role within Richards and a picture of Richards' corporate structure and business as a whole, including the types of products sold. Mr. Glynn then went on to describe the circumstances surrounding the acquisition of Dispill Inc. and the Division's place within the company as a whole, including geographical distribution, representation and internal reporting structure. Glynn described what he referred to as the "Dispill solution" and its primary customers.

[60] Richards' counsel went on to have Mr. Glynn introduce various documents into the record related to the acquisition of Dispill Inc, acknowledging that Mr. Glynn cannot read French, and it was agreed that documents would be taken as proven unless an objection was raised. After

introducing a number of documents, Mr. Glynn testified that he learned of Mr. Filiatrault and Mr. Poirier and their failed attempt to acquire Dispill Inc. during the due diligence related to Richards' acquisition but that, apart from reading about them, he had never met them.

[61] Mr. Glynn introduced two DVDs containing instructional videos for nursing homes and pharmacies, respectively, which constituted marketing material for Richards and were played for the benefit of the Court. Mr. Glynn was unsure when they were made but confirmed that they pre-dated the 2005 acquisition. Mr. Glynn then introduced a number of physical items into the record, and explained their uses. Mr. Glynn took the Court through the items listed in a Dispill price list, explaining the intended uses for specific product components and accessories and who would use them (e.g., the pharmacist, nurses or non-professional staff of either the drug store or nursing home). Mr. Glynn went on to discuss the profit margin for various products, noting that the majority of Richards' sales are of consumables (blisters and labels) and that accessories are sold primarily to facilitate the consumable business. Sample labels were then introduced and described.

[62] Mr. Glynn explained that when Dispill Inc. commenced operations, it had an exclusive relationship with the pharmaceutical company Novopharm Quebec. Products purchased or ordered by pharmacies were invoiced to and paid for by Novopharm. Later, that relationship with Novopharm came to an end and, thereafter, Dispill invoiced pharmacies directly for products they ordered.

[63] After introducing additional physical exhibits, Mr. Glynn introduced a complete solution provided to Richards by Distrimedic as a sample when their action was begun, with a label bearing

the same colours as the Richards product, as well as a sample received at a trade show with Distrimedic's current colour scheme.

[64] Mr. Glynn reviewed Richards' disclaimer, explaining why in his view certain claims were too broad and needed to be narrowed and indicating that they wanted to provide a more specific definition of the label and a clearer description of the purpose of the holes, which was to provide an engaging means. Mr. Glynn explained that the timing of the disclaimer was motivated by their review of the patent following receipt of Distrimedic's Statement of Claim and indicated that the intent of the disclaimer was to narrow the patent's application and to correct inadvertent errors or inadequate descriptions, both for the benefit of the litigation involving Distrimedic and to clarify the patent in connection with Richards' other competitors.

[65] Mr. Glynn went on to discuss the importance of the colours on the Dispill labels, explaining that they do two things: one is to "sort of brand your product as recognizable", the other is "to facilitate the sort of use of the product" (Transcript, March 25, at p 125). He noted that unless otherwise required by law, for example when issuing narcotics, Richards always uses the same colour scheme and is not aware of any other company using the same colours, apart from Distrimedic's brief use of them. Mr. Glynn indicated that the pharmacists do their own printing and that patients aren't likely to see a complete label. He then went on to discuss the products and colours employed by various Richards' competitors, specifically Jones and Manrex, and the advantages of the Richards solution over those other products (e.g., Richards' does not require a thermal seal), introducing samples along the way. He added that the Dispill system is a superior system to both Jones' and Manrex's systems due to its functionality and to the added safety of

printing on the blister cell. Delivery of pills to patients takes less time with the Dispill system and the error rate is lower. Jones and Manrex have a small percentage of the market in Quebec, but they have a larger share of the overall Canadian marketplace. As for the other products on the market prior to Distrimedic's entrance, Mr. Glynn suggested they were alternate solutions to dispensing pills and not competing products.

[66] Mr. Glynn went on to discuss the various software companies and programs associated with Dispill Inc. at various points in time, including Kroll and DLD's Mentor program. He stated that when Dispill had an agreement with a software company, the agreement would recognize that the software company was using Dispill's software. Screenshots from both DOS and Windows versions of the DLD software were reviewed, noting a hyperlink connected with Distrimedic's name in at least one version.

[67] Mr. Glynn confirmed that sales of consumables represent about 97-98% of Richards' business and noted that label sales exceed blister sales by approximately 20-25%, as more labels will be used if any changes are made. Financial documents demonstrating discounting, price decreases and rebates were also discussed. Mr. Glynn indicated that prices dropped by about 20% when Distrimedic entered the market in 2006. Correspondingly, the number of customers being offered discounts increased, even if the discounts offered did not change. Mr. Glynn indicated that rebates are offered in response to pricing pressures in the marketplace from Distrimedic. With the exception of the initial launch year by Distrimedic and the corresponding correction of the pricing, Richards' sales have been growing each year thereafter. If Distrimedic were not in the marketplace, Mr. Glynn believes that Richards would be able to increase its prices.

[68] In her cross-examination of Mr. Glynn (Glynn, March 26, at pp 45-153), Distrimedic's counsel touched on a variety of issues. Mr. Glynn confirmed that he is not involved in the day-to-day activities of the Dispill Division and spends "very little" of his overall time on that portion of Richards' business; he also admitted that he had no direct knowledge of the business of Dispill Inc. prior to Richards' July 2005 acquisition, apart from information disclosed to him as part of the due diligence that preceded the transaction.

[69] Counsel also questioned Mr. Glynn with respect to Richards' concurrent trade-mark application proceedings, Richards' specific trade-mark concerns (no claim in relation to Distrimedic's current colour use or name), the specifics of Richards' copyright claim (no claim in any software and no claim that Distrimedic used the software themselves but rather that they induced use on the part of pharmacists, admitting the DOS version likely hasn't been used since at least 2006), and Richards' relationship with the various software companies (including the ownership of the Dispill Label Form and payments for programming services or software licensing).

[70] Mr. Glynn reiterated that the Dispill product has become an industry standard and has basically dominated the Quebec market. Counsel had Mr. Glynn clarify the circumstances surrounding the 2005 acquisition and intellectual property-related due diligence. He admitted that neither the Dispill Colour Scheme nor the Dispill Label Form were specifically discussed during the due diligence or specifically mentioned in the transaction agreements. He indicated, however, that the agreement between Richards and Dispill Inc. was meant to be all-inclusive such that all intellectual property held by Dispill Inc. would be transferred to Richards. In his view, although

Schedule 5.1(ee) of the Share Purchase Agreement dated July 29, 2005 (JBD 244), which makes no mention of the Dispill Colour Scheme or Dispill Label Form, indicates that it is a list of all intellectual property, it was the seller's obligation to complete the list. To the extent that anything was missing from the seller's representation of its intellectual property, it would not affect Richards' right to acquire all of Dispill Inc.'s intellectual property.

[71] Counsel went on to question Mr. Glynn regarding the attribution of decreased pricing to Distrimedic's entry in the market, Richards' response to Distrimedic's entry (e.g., the notice sent to all pharmacist customers in September 2005 with respect to potential infringement of Dispill's patent, purportedly in response to confusion in Richards' customer base and to dispel any confusion between Richards and Distrimedic), and the legality of the movement of employees from Dispill to Distrimedic.

[72] Finally, counsel had Mr. Glynn discuss the practical differences between the Dispill solution and solutions offered by competitors such as Jones and Manrex (e.g., with respect to sealing and printing labels, querying why although they are also authorizing pharmacists to print labels with similar information to Richards' they have not been sued), and the difference between the Dispill Label Form and the broader pharmacy software programs. At one point Mr. Glynn agreed that the copyright Richards is claiming is in the method of printing information onto individual cells, not on the top part of the container-sealing sheet. In other words, he suggested that the copyright that is claimed is the method of having individual cells that can be broken off while remaining sealed, with information displayed on the back of the cell so that it can be a stand alone product. He describes Richards' copyright as being identifiable on the basis of a two-part test: so long as the information

appears on each cell and is substantially the same as what was selected as part of Richards' screenshots, copyright will be infringed. When pointed to a recently released Jones product incorporating printing on individual cells, Mr. Glynn indicated that Richards hadn't followed up on the details of the product and wasn't sure if it was infringing the patent, but, as far as his company was concerned, Jones was infringing the copyright by printing on the back of each cell of its solution, however the printed information is organized.

[73] With respect to patents, counsel for Distrimedic had Mr. Glynn confirm that accessories are not sold subject to any restriction regarding their use apart from the fact that they are patent-protected. He also confirmed that there is no allegation that Distrimedic is selling a knife or a cutting board. Reviewing Richards' reasons for filing the patent disclaimer, Mr. Glynn accepted that the last paragraph of the original Claim 15 stated that the holes were sized and positioned to correspond to and be engaged by said protuberances, and ultimately offered that he filed the disclaimer on the basis that "the new description is a better description when read in combination with this than this alone", presumably referring to the new and old wording (Transcript, March 26, at p 102). Despite acknowledging similarities between Claims 1 and 15 of the '045 Patent, Mr. Glynn had no answer as to why the disclaimer was not made to apply to Claim 1 as well as to Claim 15. He indicated that Richards did not speak to Mr. Bouthiette regarding the need for a disclaimer, that it was a mistake not to specify a reference to adhesive bands in the original patent, and that the language referring to engagement was "not as descriptive as it should have been" (Transcript, March 26, at p 104).

[74] Upon being asked for some further clarification regarding the copyright infringement claim and the specific claims arising from or underlying "Dispill's Label Form", Mr. Glynn (referring to Exh. 164 and 165) claimed that initially there was no Distrimedic link in the Mentor software, so the printing of the Distrimedic label would be done by defaulting to the Dispill label. When a Distrimedic link was subsequently added to the software, Mr. Glynn agreed that "the problem [Richards has] with Distrimedic, with respect to the copyright and the software is that they have -- Distrimedic has commissioned an application in the existing pharmacy software that allows the pharmacists to make the same selection of fields and print them onto a label …on top of the cell" (Transcript, March 26, at pp 122-123). Maintaining his position that Dispill offers a value-add over competitors' products in part due to the value of the associated intellectual property and in part due to ease of use, Mr. Glynn confirmed that Richards has "the right to prevent anybody from using the Mentor program for purposes of printing onto a pill dispenser with the information on individual cells" (Transcript, March 26, at p 126).

[75] Mr. Glynn went on to discuss the Dispill target customers (pharmacists and nursing homes), factors affecting competition (nursing homes are more concerned with functionality and accuracy than with price) and pricing in the marketplace. Mr. Glynn repeated that Richards began increasing its rebates in 2006 and decreasing its prices in 2007 in response to Distrimedic coming into the market; Dispill had no competitor before Distrimedic, as Jones and Manrex were alternate solutions but were not offering the same kind of product. Mr. Glynn mentioned that the intellectual property owned by Dispill Inc. was not a factor in the negotiations leading to its purchase by Richards.

[76] In 2006, Richards removed the volume target necessary to obtain a rebate instead of lowering its prices as a means of appeasing certain customers without immediately offering a lower price to each customer. Before Distrimedic entered the market, few customers reached the volume targets and thus the number of rebates offered was small. Afterwards, the volume rebate percentage remained at approximately 7%, but the number of rebates increased because the number of customers who were offered discounts increased significantly in order to compete with Distrimedic's lower prices. In 2007, Richards was forced to drive down its prices due to competition by Distrimedic. The price (revenue per case unit) had dropped by approximately 20% by December 31, 2007. Outside of Quebec, however, pricing and discounting remained the same before and after Distrimedic's launch.

ii. Marie-Josée Glaude

[77] Marie-Josée Glaude, Vice-President of Sales and Trade Relations in Richards' Retail Division and General Manager of Richards' Dispill Division in Montreal, was called to provide factual evidence and introduce various documents regarding Richards Packaging Inc., its relationship with various software companies, and pricing, including discounts offered in connection with Dispill products. Ms. Glaude was examined and cross-examined on March 26 and 27, 2013. She broadly confirmed Mr. Glynn's testimony with respect to pricing, adding that the pricing of Dispill products was dealt with on a case-by-case basis; the price was lowered if it made sense to do so in order to keep a customer. She provided numerous examples of Dispill customers consistently advising Dispill, after the entry of Distrimedic into the marketplace, that they could get the same product at a lower price from Distrimedic. She also referred to some emails and handwritten notes of employees of Richards tending to establish that some representatives of

Distrimedic had used Dispill brochures to order Distrimedic products and suggesting that Dispill accessories can be used with Distrimedic products. When made aware of these practices in the fall of 2005, a Notice to Pharmacists was sent by mail stating that "[i]t has come to our attention that certain persons without our authority have been promoting a product similar to DISPILL® or as a complete substitute for DISPILL®". The letter went on to advise that such persons were not associated with DISPILL® or Richards Packaging and did not have any authority to sell the product or to represent themselves as associated with it. The letter indicated that any other product represented as related to DISPILL® would infringe Richards' trade-mark rights, that DISPILL® is protected by patent, that any use of components such as blister sheets or adhesive backing sheets purchased from sources not authorized by Richards to manufacture sets of individual pill containers would infringe its patented method for DISPILL®, and that any product that was a copy of or purported to be the same as DISPILL® would infringe Richards' patent rights in the product (Exh. 141 and 143).

[78] I agree with counsel for the Defendants to the Counterclaim that Ms. Glaude is not a witness who can testify to the distinctiveness of the alleged trade-mark or to any instance of confusion or misrepresentation on the part of any of the Defendants to the Counterclaim without it being hearsay or speculation. Indeed, she admitted to not being in direct contact with Dispill's pharmacy customers and did not present any evidence to the effect that she is in contact with nursing homes. With respect to software issues, Ms. Glaude admitted to not being familiar with Mentor or the more modern versions of pharmacy software and indicated that she could not speak to the Dispill Label Form (JBD 149), which ceased being used prior to Richards' acquisition of Dispill Inc. For those reasons, I find that her testimony has little relevance on this point and should be given little weight.

[79] Moreover, certain documents relied upon by Ms. Glaude to bolster Richards' allegations of misrepresentations are not admissible because they contain hearsay. This is true, particularly in light of an email exchange ending with a January 3, 2007 message from Hugo Lebrun to Dispill, which includes a handwritten note (found at JBD 168 and JBD 352 at p 6), an email dated October 25, 2007 from Maryse Fontaine to Hugo Lebrun (found at JBD 182, JBD 183 at p 2 and JBD 352 at p 7), and a handwritten page headed "Automne 2006" referring to Ph Fleury & Ass. (found at JBD 352 on the third last page). All of these records were prepared by Maryse Fontaine, who works at Richards' Dispill Division in Granby, Quebec.

[80] The general rule prohibiting hearsay evidence has been succinctly stated as follows:

> Written or oral statements, or communicative conduct made by persons otherwise than in testimony at the proceeding in which it is offered, are inadmissible, if such statements or conduct are tendered either as proof of their truth or as proof of assertions implicit therein.
>
> Alan W. Bryant, Sidney N. Lederman & Michelle K. Fuerst, *Sopinka, Lederman & Bryant: the law of evidence in Canada*, 3rd ed (Markham: LexisNexis, 2009) at 229-230.

[81] At the core, the rule prohibits reliance on any written or oral statements made out-of-court, if the evidence is to be tendered for the truth of its contents. The Plaintiff by Counterclaim argues that the above-mentioned documents should be accepted as admissible even if they contain hearsay evidence because they constitute business records.

[82] The exception to the inadmissibility of hearsay evidence for business records is grounded in the fact that the identity of the person who created the record may be unknown and, even if present in Court, such person could not add anything to what appears in the record. Moreover, there are

reasons for confidence in the accuracy of information contained in business records: the routine and habit of making entries in business records, and an employee's concern over disciplinary consequences that could follow in the event of any inaccuracy.

[83] Section 30(1) of the *Canada Evidence Act*, RSC 1985, c C-5 allows for documents to be admitted into evidence that would otherwise be hearsay provided that they are identified as records made in the usual and ordinary course of business. However, section 30(10) sets out certain categories of records that are not rendered admissible under section 30(1), including documents made in contemplation of a legal proceeding (s. 30(10)(a)(ii)). This exception exists because there is a danger that a record made in contemplation of a legal proceeding will lack objectivity, rendering it unreliable: see *Performing Rights Organization of Canada Ltd v Lion d'Or (1981) Ltée*, [1987] FCJ No. 934, at p 3; *Setak Computer Services Corp v Burroughs Business Machines Ltd* (1977), 15 OR (2d) 750, at p 755 (On Sup Ct). The main requirements for admission of hearsay evidence under the common law business records exception are that the person who created the record did so contemporaneously, based on personal knowledge and under a duty to do so: *Ares v Venner*, [1970] SCR 608. Under the principled approach, hearsay evidence must be necessary to prove a fact in issue and must be reliable, with necessity going to the relevance and availability of evidence: *R v Khan*, [1990] 2 SCR 531; *R v Khalawon*, [2006] 2 SCR 787.

[84] In the case at bar, Ms. Glaude gave no indication that Maryse Fontaine was unavailable to give testimony, and in fact confirmed that Ms. Fontaine was working in Granby on the day of Ms. Glaude's testimony. Ms. Glaude also acknowledged that at least a portion of Ms. Fontaine's notes

were not written contemporaneously but rather later in time, either from memory or based on other notes not tendered as evidence.

[85] Moreover, the first chain of emails ending with the January 3, 2007 message from Hugo Lebrun to Dispill alleges that a representative of Distrimedic showed a potential customer a Dispill catalogue for the purposes of ordering accessories. The alleged event occurred between the representative of Distrimedic and the potential customer. The potential customer then allegedly communicated this event to two Dispill representatives who in turn allegedly communicated it to Fontaine who, according to Glaude, wrote the note. The content of the handwritten note therefore constitutes triple hearsay. Even if the handwritten note were qualified as a business record, it would still constitute double hearsay.

[86] The email dated October 25, 2007 from Ms. Fontaine to Hugo Lebrun alleges that Distrimedic told one of its customers to call Dispill for accessories. The situation is similar to that set out in the previous paragraph. The alleged event occurred between Distrimedic and the customer. The customer then allegedly communicated the alleged event to a nursing home that in turn allegedly communicated it to Fontaine who, according to Glaude, wrote the email. The content of the email therefore constitutes triple hearsay such that, even if it were qualified as a business record, it would still constitute double hearsay.

[87] Finally, the handwritten page headed "Automne 2006" alleges that a pharmacist received a La Société d'Impression business card with Dispill's phone number written on it. The pharmacist allegedly advised Ms. Fontaine. There is no evidence that either Ms. Fontaine or Ms. Glaude saw

the alleged card. Moreover, there is no evidence as to when the page was written. The page indicates the date as "Automne 2006 (Je crois Nov. 06)". This indicates that the document was created after the alleged phone call was received, likely by several months.

[88] None of the issues in dispute described by the above-listed documents was based on personal knowledge of Ms. Fontaine. Further, all such documents were created well after the commencement of the present action in September 2005 and it does not appear that Richards' practice was to create such documents before the commencement of the present action. For all of the foregoing reasons, I find that these documents fail to satisfy the business record exception to the hearsay rule.

iii. René Thibault

[89] Mr. René Thibault, a pharmacist and Head of the Département de pharmacie, Centre CSSS, Institut universitaire de gériatrie de Sherbrooke, was a customer of the Dispill pill dispenser who was approached by Distrimedic when it first entered the market. Mr. Thibault was examined and cross-examined on March 27, 2013.

[90] In 2006, Mr. Thibault became aware of Distrimedic because he was looking for the best offer available for blister products. In the autumn of that year, Mr. Thibault met with a representative from Distrimedic, Mr. Paul van Gheluwe, in order to see whether Distrimedic could offer a better contract on blister products than Dispill was offering at the time. When Mr. Thibault considered switching from the Dispill product to the Distrimedic product, he was concerned with whether Distrimedic had the same or similar accessories as the Dispill system. He testified that the

representative of Distrimedic presented accessories that could be used with the Distrimedic pill dispenser with the help of a catalogue. When Mr. Thibault, who at the time was very familiar with Richards' pill dispenser, asked if Distrimedic had accessories to use with their products, he was shown product sheets that were very similar to the sheets found in the Dispill catalogue shown to him as Exhibit 513, but without the word "Dispill" on them. It was due to this similarity that he thought the two companies must have had the same external supplier.

[91] On cross-examination, Mr. Thibault testified that ease of use was his primary consideration in choosing a product. He also indicated that some information must be printed on a prescription drug, like the name of the patient, the name of the drug and its strength, its dosage and how it should be taken. Since such information is required by law, he would not be allowed to use a pill dispenser that did not allow for the inclusion of the required information.

[92] Mr. Thibault also mentioned that he was the one who contacted the representative from Distrimedic in 2006 to inquire about his product, after being told by colleagues that Distrimedic offered a similar product to Dispill at a lower price. When shown the Distrimedic price lists (JBD 27 and 34), he did not think that such price lists would have left him with the same impression of similarity to Dispill's catalogue as the lists he remembered viewing. Mr. Thibault also acknowledged, however, that when he met with the representative of Distrimedic, the representative did not try to mislead him into thinking that he was a Dispill representative or that he was selling Dispill products, and never falsely and misleadingly presented Distrimedic's products; it was clear to him at the time that they were two distinct companies.

[93] Counsel for the Plaintiff by Counterclaim argued that the Court ought to draw an adverse inference from the failure of the Defendants to the Counterclaim to call Mr. van Gheluwe in order to contradict any of Mr. Thibault's evidence. In response, counsel for the Defendants to the Counterclaim submitted that there was no reason to call Mr. van Gheluwe as a witness since there was no evidence of wrongdoing to be rebutted; indeed, Distrimedic's counsel are of the view that Mr. Thibault was a very credible witness, that he was the only one of Richards' witnesses in a position to give non-hearsay evidence of the misrepresentations or false statements allegedly made by Distrimedic, that he gave clear and precise answers and that the weight of his evidence should be considered high. I shall say more about his testimony when discussing the allegations of misrepresentation in the analysis portion of these reasons.

b) Distrimedic's Fact Witnesses

i. Claude Filiatrault

[94] Mr. Claude Filiatrault was examined on April 5, 2013, with the examination continuing and the cross-examination taking place from April 8 to 9, 2013.

[95] Mr. Filiatrault is the unique shareholder of the corporate Defendants to the Counterclaim, and also a Defendant to the Counterclaim in his personal capacity. He is the common thread between each of the named defendants in this case and was one of three officers of Dispill Inc. from 1997 to 2002, before he and Mr. Poirier sold their shares to Mr. Bouthiette. Following a two-year term instituted by a non-compete agreement, he started Distrimedic with Mr. Robert Poirier, with whom he controlled or directed each of the other corporate defendants (with Alpha and La Société amalgamating last year). His testimony was presented as relevant to Dispill background and his

activities at Dispill, Distrimedic's background, activities, products and operations, and the activities, products and operations of other Defendants to the Counterclaim.

[96] Mr. Filiatrault explained that the corporate Defendants to the Counterclaim share certain resources for efficiency, resource management and fiscal purposes, but are operated as distinct entities that are each responsible for separate commercial activities. Each of these companies keep distinct and clearly separated financial records and account to one another for the value of shared resources. For example, there is only one payroll for all the employees of the three companies; La Société is responsible for paying all the employees and then invoices the other two companies for the amounts paid in salaries and commissions. Mr. Filiatrault also explained that rebates are sometimes given to a client of one company in recognition of the fact that it also purchases products of the two other companies, as a way to build loyalty.

[97] Mr. Filiatrault suggested that in recent years pharmacists have become more and more sophisticated as consumers and managers, that they share commercial information, and that those working for banners have commercial support from trained staff and even receive training in business negotiation. He also explained the roles of the banner corporations versus the franchised pharmacies in deciding which products are bought and at what price. He touched upon the early days of Dispill Inc. and its business relationship with Novopharm.

[98] Mr. Filiatrault mentioned that Dispill Inc.'s executives, at the time of marketing their product, never contemplated using the colour code as a trade-mark, but rather always viewed it as a safety feature of their products. He also spoke of the pharmacists as the key targets of the

company's publicity and marketing efforts, and of an aborted consumer-wide promotional campaign that Dispill had to discontinue because pharmacists were not able to respond to the consumers' demand.

[99] As for the selection of information appearing on each cell, Mr. Filiatrault did not remember how it was made but was of the impression that it was originally selected by Mr. Bouthiette as a result of his collaboration with a pharmacist; he added that the Ordre des Pharmaciens du Québec would also have a practice code specifying the minimum amount of information to appear on the label of drug containers sold to customers. He testified that Bouthiette's nephew programmed the initial DOS software, and that some input was also received from pharmacist and software companies as to the selection of fields and operation of the DOS software. He then went through some of the computer software programs that had been used through the years to transfer the information about patients in the pharmacists' data banks to the Dispill label sheets. In this respect, he introduced into evidence two agreements, one between Dispill Inc. and DLD and the other between Dispill Inc. and InfoPharm, relating to the installation of the DOS software and the creation of a "bridge" from the DOS software to the DLD and InfoPharm platforms. To his knowledge, no copyright for these applications was ever registered.

[100] Mr. Filiatrault then went on to explain the circumstances surrounding the sale of his and Mr. Poirier's shares to Mr. Bouthiette, and the non-competition agreement clause whereby Mr. Filiatrault and Mr. Poirier agreed that they would not compete with Dispill for a two-year period beginning September 3, 2002. He stated that they never had any intention to breach that agreement. They also sought the opinion of legal counsel on the basis of the drawing of a new product to

determine if they would be infringing the '045 Patent of Dispill Inc. According to that opinion dated March 5, 2003, their drawing would not infringe any of the claims found in the '045 Patent. They then sat on that project until the beginning of 2005, after having incorporated Distrimedic Inc. on September 7, 2004. It took most of 2005 to find a manufacturer and to obtain a good quality prototype of their new product that they would start showing to pharmacists in order to get their feedback. Distrimedic started selling its products in June of 2006. At the time, a box of 500 labels (container-sealing sheets) with 500 blisters (container-defining sheets) would sell for approximately $380.00, while the equivalent product from Dispill sold for approximately $460.00.

[101] Mr. Filiatrault introduced into evidence a document (JBD 549) compiling all the labels that have been used by Distrimedic since November 2005. He admitted that, in November and December of 2005, they printed a small quantity of container-sealing sheets using the same colour scheme as the Dispill Colour Scheme. Mr. Filiatrault stated that approximately 100,000 sheets with that colour scheme were printed, of which about 15 batches of 500 sheets were distributed for free to approximately 11 pharmacies for testing purposes. Mr. Filiatrault claimed that these sheets were later destroyed and were never used by pharmacists to sell to their clients. It should be noted that Distrimedic used the same product codes (ETCA-500 and ETCP-500) for labels incorporating, at different points in time, the allegedly infringing colour scheme and its current colour scheme.

[102] Mr. Filiatrault also mentioned that Distrimedic never used catalogues, but only price lists with illustrations of their products; they now use an internet website to show their products to pharmacists. He also insisted that he never told his clients that they could use Distrimedic products with Dispill accessories, because they had their own accessories and products that they wished to

sell and because at least some of Dispill's accessories do not fit with Distrimedic products. He explained that some of Dispill's customers changed to Distrimedic because their products are more functional (claiming larger cells, more legible labels, more ergonomic trays), because of their customer service and because their prices were competitive. He added that a decision to change from one product to another is usually not made on the spur of the moment and may take days, if not weeks, depending on the decision-making process in each pharmacy and the amount of time required to acquire the new computer software.

ii. Robert Poirier

[103] Mr. Robert Poirier was examined, cross-examined and re-examined from April 11 to 12, 2013. He was presented to provide additional information on most of the areas addressed by Mr. Filiatrault.

[104] Mr. Poirier is a Defendant to the Counterclaim in his personal capacity and was a shareholder of the corporate Defendants to the Counterclaim until 2010, as well as being one of three officers of Dispill Inc. from 1997 to 2002. Mr. Poirier actively participated in the development of the Dispill product and, although he has been absent from the day-to-day business of Distrimedic since 2006 and completely absent from the business since 2010, his testimony confirmed and supplemented that of Mr. Filiatrault and was helpful in providing background information about the start of Dispill Inc.

[105] Among other things, Mr. Poirier confirmed that Dispill's executives never intended to use the Dispill Colour Scheme as a trade-mark but rather only viewed it as a functional element of their

product, as an indication of the periods of the day when pills should be taken. He also corroborated Mr. Filiatrault's testimony that Mr. Bouthiette's nephew programmed the DOS software used to print the information on the Dispill label sheets. He confirmed that Distrimedic distributed small quantities of the container-sealing sheets bearing Distrimedic's Original Colour Scheme as a prototype to no more than 15 of its client pharmacists; these sheets were later destroyed and were never used by pharmacists to sell to their clients.

[106] Mr. Poirier denied having misrepresented Distrimedic as being Dispill, or encouraged Dispill's clients to buy Distrimedic and use it with Dispill accessories. Finally, Mr. Poirier testified that the software written in the DOS language, which was used originally as the Dispill Label Form, has ceased to be used since the late 1990s or early 2000s. According to Mr. Poirier, neither he nor Mr. Filiatrault had any involvement in the execution of the mandate given to DLD to create the Distrimedic Module, which permits users of the Mentor software to print on to Distrimedic's container-sealing sheets.

iii. Paul van Gheluwe

[107] Distrimedic elected not to call Mr. Paul van Gheluwe, a prior Dispill employee and sale representative for Distrimedic. Counsel for Distrimedic intended to have Mr. van Gheluwe present a response to allegations of misrepresentation, but concluded that the evidence presented by Mr. Thibault was not sufficient to support Richards' case so no further testimony was needed.

V. EXPERT WITNESSES

[108] Richards presented expert witnesses to provide opinions on the patent-related issues, going to the claims of copyright and trade-mark infringement, and in support of its claims for various associated remedies.

[109] Distrimedic presented both patent and financial experts to respond to the submissions made by Richards' experts in both those regards.

a) Richards' Expert Witnesses

[110] Richards presented Mr. Koen de Winter as an expert in support of its patent-related claims, Dr. Tarek Abdelrahman for his opinions regarding computer software (in support of the copyright infringement claims), Ms. France Morissette as an expert user of the Dispill product and as a fact witness with respect to the product's colours (going to the trade-mark infringement claims), and Mr. James McAuley as a financial expert in support of the associated claims for remedies.

i. Koen de Winter

[111] Richards tendered Mr. de Winter as an expert on the state of knowledge of a person skilled in the art to which the '045 patent relates and, as such, to give opinions regarding its interpretation and to comment regarding infringement of that patent and the validity of certain claims in issue.

[112] Mr. de Winter studied ceramic technologies in 1962 and completed his education in industrial design. He designed numerous industrial objects and is a named inventor of more than 25 patents. He has also won several awards in industrial and graphic design, and has been a professor at the Université du Québec à Montréal since 1985. His expertise was not challenged.

[113] Mr. de Winter was examined and cross-examined from April 4 to 6, 2013. He presented two affidavits: the first dated September 30, 2010, and the second, dated February 12, 2011. The first affidavit set out the issues addressed and Mr. de Winter's qualifications, his opinions on the patent, the person ordinarily skilled in the art, potential infringement, the disclaimed claims, anticipation and obviousness. The second affidavit commented primarily on two additional Distrimedic mounting trays and a container-sealing sheet that were received after the completion of his first report.

[114] According to Mr. de Winter, the person of ordinary skill in the art ("POSITA") to whom the '045 Patent is addressed is an industrial designer with at least one year of experience in product design, with formal education from either a community college or a university together with at least one year of relevant practical experience with manufacturing and production technologies. The POSITA would also have knowledge of limitations associated with production and be familiar with industrial processes, including vacuum forming techniques.

[115] The '045 Patent contains 27 claims, namely Claims 1-14 and Claims 17-28. A disclaimer was filed in respect of Claims 15-21. Claims 1, 11, 15, 22, 26 and 28 are independent claims. The remainder are dependent claims.

[116] Claim 1 includes a recessed support, a container-defining sheet, a container-sealing sheet and a positioning means. With respect to the "positioning means", Mr. de Winter opines that the engagement of the protuberance and holes is particularly important with respect to the container-

sealing sheet since the self-adhesive material on the bottom surface must be positioned, shaped and sized to fit over the flanges of the containers of the container-defining sheet. In addition, a positioning means that functionally permits the container-sealing sheet be in precise superposition (with very small tolerances) on top of the container-defining sheet which is an essential element of the invention. If it were not in precise superposition the container-sealing sheet would tear when individual cells were separated, limiting its desired use. The plastic and paper elements must be in the exact same position, allowing the user to bend it a few times and break it off. Mr. de Winter notes that the positioning means is referred to several times in the specification, including on page 3, line 13; page 9, lines 1-4; page 10, lines 8, 13 and 18; page 11, line 22; and page 15, line 22.

[117] Mr. de Winter further states that the engagement of the protuberance and hole prevents the container-sealing sheet from sliding horizontally (in 2 dimensions) up and down, sideways and at all other angles. This acts to hold the self-adhesive strips on the bottom of the container-sealing sheet in alignment with the flanges of the container-defining sheet so that the container-sealing sheet is ready to be applied to the container-defining sheet. Claim 1 refers to "at least one other hole provided in the container-sealing sheet"; however, no particular shape of the "hole" is specified. While the drawings in the '045 Patent show two round holes, the hole need not necessarily be round, as that shape would not serve the required purpose if only one round hole and one round protuberance were used; without additional support, the container-sealing sheet could rotate around the protuberance, which would not secure the bands of the container-sealing sheet in exact superposition on top of the flanges of the container-defining sheet.

[118] In order to be functional, the chosen protuberance must also have a certain shape and size to engage the hole. If it is too small, it may not retain the container-sealing sheet, as the tolerances of the container-sealing sheet positioned on the container-defining sheet would be too large. Since the paper is flexible, there must be enough contact with the protuberance to maintain the sheet in place. In Mr. de Winter's view, therefore, the words "hole" and "protuberance" should be understood in relation to their stated functions, i.e., protuberances extending above the recessed support and the container-defining sheet which engage an edge or edges of the container-defining sheet and the container-sealing sheet, preventing two-dimensional movement of the container-sealing sheet such that the bands of the container-sealing sheet are in exact superposition on top of the flanges of the container-defining sheet.

[119] With regards to Claim 2, Mr. de Winter explained that as with Claim 1, the container-sealing sheet would be rendered secure.

[120] With regards to Claim 3, Mr. de Winter opined that an essential function of the container-defining sheet was to be able to break it up into individual containers. This was best done on a practical basis if the breaking lines were straight in both directions. This in turn required the containers to be positioned in straight horizontal and straight vertical rows, as is the case with the Distrimedic pill dispenser.

[121] With regards to Claim 4, Mr. de Winter opined that printing appeared on the top surface of the container-sealing sheet of the Distrimedic pill dispenser, with the printing corresponding with

each of the containers of the container-defining sheet and providing information about the material to be placed in each container.

[122] With regards to Claim 5, Mr. de Winter explained that the Distrimedic pill dispenser also had 28 recesses and corresponding containers in four columns and seven lines/rows.

[123] With regards to Claim 6, Mr. de Winter explained that the Richards pill sorter device has first and second stackable panels and all the features and functional characteristics described in Claim 6. In particular, it has a first panel in which the openings in the bottom wall of the half-bottomed recesses are positioned and shaped like the containers of the container-defining sheet. The set of half-bottomed recesses has a flat bottom wall that when stacked extends above the containers of the container-defining sheet. The bottom wall is sized to allow a pill to fall into the container below. It has a second panel containing hollow bottom recesses smaller than the half-bottomed recesses of the first panel and positioned to fit onto the half-bottomed recesses when the second panel is stacked and slid over such recesses in unison from the half-bottom recess to the opening in such recess, permitting pills to be placed in the half-bottomed recesses and dropped into the containers below.

[124] With regards to Claim 7, Mr. de Winter commented that the openings in the bottom wall of the half-bottomed recesses occupy about half of the surface area of said bottom wall and are on one side.

[125] With regards to Claim 8, Mr. de Winter commented that the Richards pill sorter has a first panel and second panel and contains all of the features essential to the operation of the kit described in Claims 6-9. Rivets are used and horizontal slots allow the second panel to slide horizontally with respect to the first panel.

[126] With regards to Claim 9, Mr. de Winter commented that according to Claim 1 only one protuberance and corresponding hole is required. Claim 9 refers to a particular configuration of the protuberances and the corresponding holes. In order for the kit to be functional, and in order to be a logically formed kit, the hole or holes and the protuberance or protuberances should be shaped and sized in such a way that fit exactly together to locate and stabilize each of the components in the proper position.

[127] With regards to Claim 10, Mr. de Winter commented that he read the word "trough" as being "through". Figure 12 of the '045 Patent identified this feature. This describes Richards' items 124 and 208, which contain all of the features described in this claim as being essential to the operation of the device.

[128] With respect to Claim 11, Mr. de Winter explained that he read the reference to "contact sealing sheet" as meaning "container-sealing sheet". Using the Distrimedic product in accordance with the procedure shown on the Distrimedic website would constitute the method described in this claim.

[129] On Claim 12, Mr. de Winter opined that the method shown on the Distrimedic website is the method described in Claim 12 as printing information on the sealing sheet as shown.

[130] With respect to Claim 13, Mr. de Winter explained that if the Richards pill sorter (JBD 20) were used with the appropriately same-sized Distrimedic pill dispenser, then the user would employ this particular method.

[131] With respect to Claim 14, Mr. de Winter explained that considering the function of the pill sorter, which is to check each individual pill before it is added to the already existing container, performance of the method of Claim 14 would be inevitable. The Richards pill sorter was used in exactly the same way.

[132] The two main problems that the patent seeks to solve are: (1) the alignment of the container-defining sheet with the container-sealing sheet, and (2) avoiding the use of thermosealing. In Mr. de Winter's view, the patent should be interpreted as follows in connection with the Richards and Distrimedic products.

[133] Having a dotted line punched, die-cut, on the flange of each container is essential to the design because it is necessary to detach the individual pill containers. There are a variety of options for such dotted lines, such as dots or slots. The number of perforations chosen by a manufacturer will determine how difficult it is for the containers to be separated. Bending the plastic material to tear it, without any perforations, would not be satisfactory as this might temporarily strengthen the

plastic, leading to great difficulty in separating it. Detaching the container from the container-defining sheet has the effect of detaching it from adjacent containers.

[134] The term "hole" as used in the Patent should not be read literally as a complete circular hole (and there is no particular shape specified), but rather should be understood from a functional point of view in connection with aligning the container-sealing sheet in its proper position. Therefore, the "hole" need not necessarily be round. Page 15 of the Patent, for instance, also envisions other embodiments of the patented product beyond that used by the Dispill device.

[135] Mr. de Winter explained that in examining the functionality of the hole and protuberance in the Distrimedic device, one must consider the invention dynamically, as it would be used in practice, as opposed to statically, such as when the plastic blister sheet and label sheet have already been placed in the mounting tray. The two side tabs are very important in easily and quickly locating the plastic blister sheet, which is an important consideration to a pharmacist or other user who fills tens to hundreds of pill dispensers in any one given day. Although the plastic blister sheet is also located by the cavities which fit into the recesses on the mounting tray, that would not be an efficient way of locating the blister sheet. From a dynamic point of view, therefore, the two side tabs perform the same function as the hole and protuberance in the container-defining sheet in the Dispill device. Additionally, as previously described, the label sheet is located by abutting onto the raised protuberances or edges at the top of the Distrimedic mounting tray. One could say that, as in the claim, it "corresponds to and engages the hole". Thus, the raised edges perform the same function as the hole and protuberance in the container-sealing sheet in the Dispill device.

[136] The protuberances are essential for the positioning of the container-sealing sheet on the container-defining sheet because they form the connection between the two. The positioning is achieved using a combination of cavities in the container-defining sheets and the edges of the tabs on the container-defining sheet, which enables the container-defining sheet to be suspended. The container-sealing sheet must be slid into position, following which the self-adhesive protection sheet can be pulled off and glued to the container-defining sheet.

[137] The Distrimedic pill dispenser has a protuberance to engage the edges of the container-defining sheet and container-sealing sheet such that the container-sealing sheet does not move in two dimensions. According to Mr. de Winter, this pill dispenser works in the same way as the pill dispenser of the Patent; the difference in the protuberance used in the Distrimedic pill dispenser from the particular protuberances illustrated in the Patent does not have a material effect upon the way the pill dispenser works. The Distrimedic pill dispenser also has a horizontal strip removed from the bottom surface of the container-sealing sheet exposing a self-adhesive strip to attach to the top surface of the container-defining sheet to supplement the prevention of movement and, additionally, to stabilize it in a third (vertical) dimension. Mr. de Winter is therefore of the opinion that the Distrimedic pill dispenser provides the same function as set out in Claim 1 and that, in view of the lack of specific description of shape and size of both the protuberance and the corresponding hole in Claim 1 of the Patent, it does it in the same way.

[138] Finally, in Mr. de Winter's opinion, the Braverman Patent does not disclose how to perform or make what is disclaimed and claimed as the invention in the '045 Patent. In his opinion, as of

June 21, 1997, the Braverman Patent would have been given very little weight when considering how to obtain a result of the nature described and claimed in the Patent in the relevant field.

[139] The Braverman Patent includes spring-loaded pins and a pressure-applying member. The claims in columns 5 and 6 of that patent do not reference the pins as part of the invention claimed. Mr. de Winter noted that in column 4 there appear to be some errors regarding the numbers in the drawing, which correspond to the spring-loaded pins.

[140] Mr. de Winter explained that the spring-loaded pins are not used to secure or align the container-sealing sheet to the container-defining sheet in the Braverman Patent, and trial and error would not lead to any such conclusion. In his view, they are simply used to push back the weight that is being applied to the self-adhesive. A pin would, to a person with a mechanical mind, convey the message that it is to push back something because that is what such a pin is usually used for. According to Mr. de Winter, this is confirmed twice in the Braverman Patent, as Braverman twice states that the function of the pins is to eject the pressure-applying member.

[141] The pressure-applying member does not serve to align the container-sealing sheet; instead, it serves the function of the roller used with the Distrimedic product, i.e., it further presses the container-sealing sheet onto the container-defining sheet. The spring-loaded pins are properly described as guiding the sheet into the desired position, but do not locate the sheet. A person locates the sheet by holding it by hand through a nipped corner. In addition, Column 4, line 45, refers to a liner strip covering the nipped corner, which suggested to Mr. de Winter that the sheet would be

held with a finger since the nipped corner is diagonally opposite to the pins, reinforcing his opinion that the pins do not hold the sheet in place.

[142] Mr. de Winter concluded that a POSITA would not be led directly and without difficulty to the invention in the claims of the Patent and a POSITA would not be motivated to try such in view of the Braverman Patent. On a view of the whole '045 Patent, it was not something that would be obvious, nor would the improvements from the Braverman Patent to the '045 Patent be obvious. The Braverman Patent is focused on keeping three of the corners in place in order to peel back the sheet. In reconstructing the position of a POSITA for the particular technology, it would not be obvious to that person, on looking at the Braverman Patent, that the key missing part of the invention was the lack of an ability to locate the container-sealing sheet.

ii. Tarek Abdelrahman

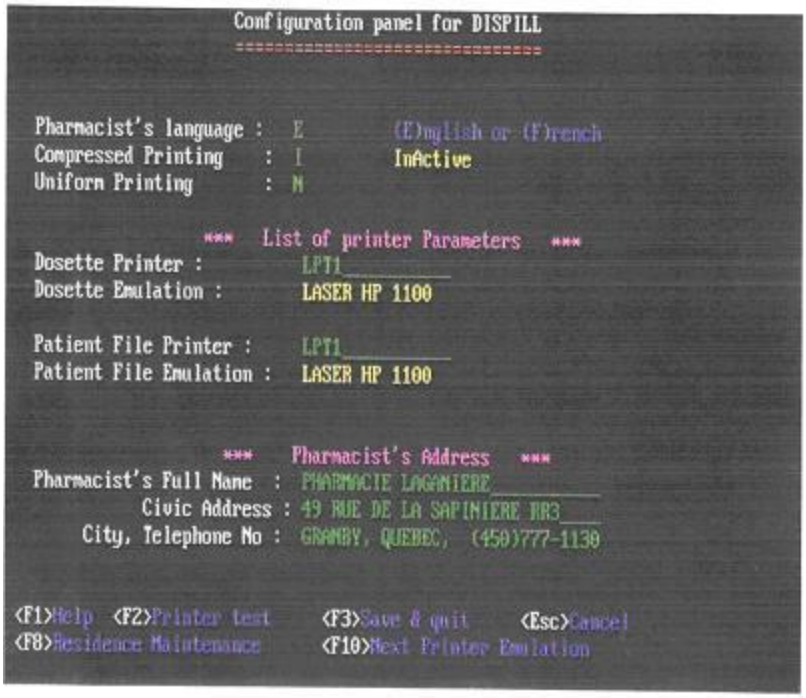
[143] Dr. Abdelrahman is a professor in computer engineering at the University of Toronto. Dr. Abdelrahman was presented to offer expert opinion on matters related to two computer programs. More specifically, Richards asked him to offer expert opinion on:

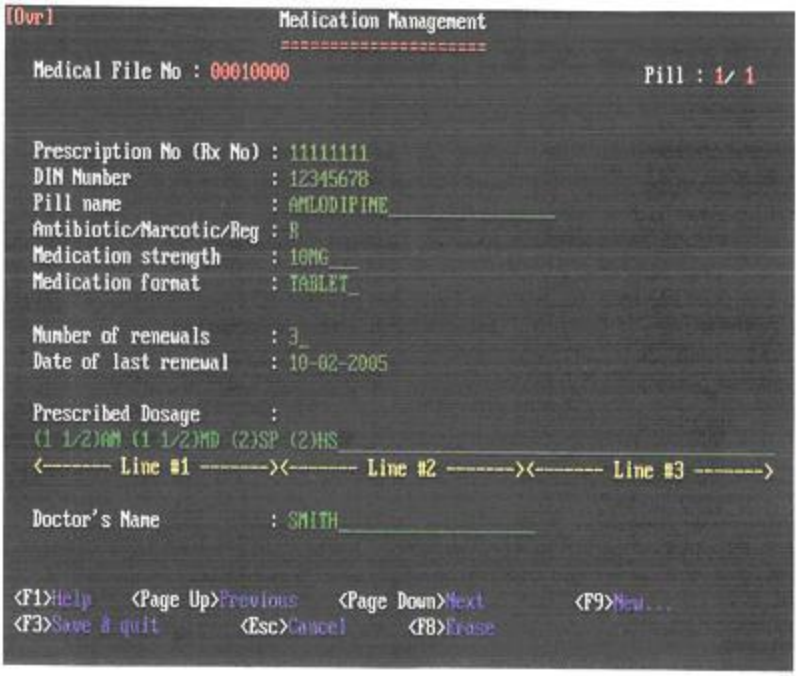
> The relationship between the DOS and Windows operating systems in so far as this relationship pertains to the continuing value of the information provided in the form of the Richards DOS program when the Mentor pharmacy management system is used to print label sheets.
>
> The significance of the Mentor pharmacy management program having separate print buttons, one for Dispill labels and one for Distrimedic labels, in terms of how the software works.
>
> [Dr. Abdelrahman Expert Report, Trial Exhibit 545, at para 2.]

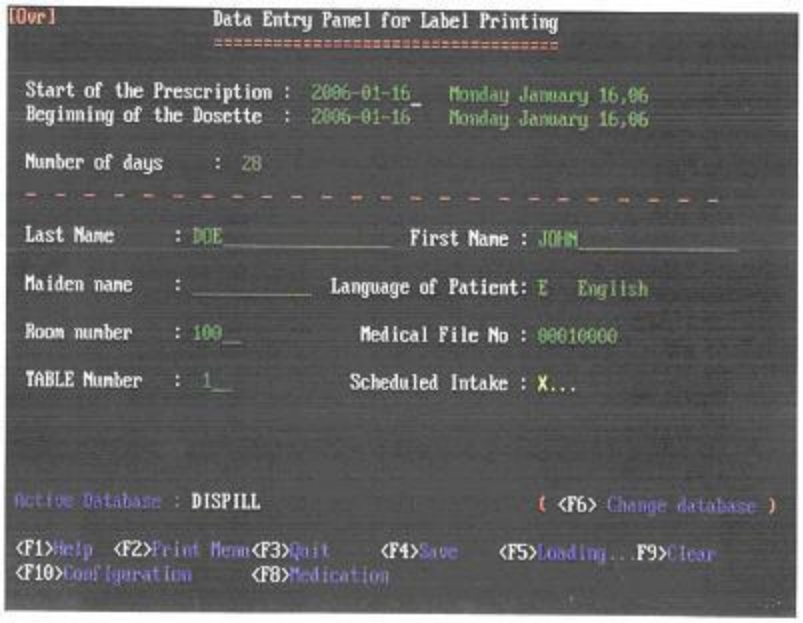
[144] The examination of the various documents mentioned in Dr. Abdelrahman's expert report led him to conclude the following:

- The difference in the "look" between the DOS program and the Windows program is due to the different user interfaces used by the DOS and Windows operating systems.
- In spite of this difference in look and in relation to the printing of label sheets, the information provided to the form of the DOS program is necessary for the Windows program to print Dispill or Distrimedic label sheets.
- Having two print buttons in the Windows program is significant only in that the buttons indicate to the program which program module to execute, and thus to format and print information based on the type of label sheet.

[145] The Richards DOS program has a Medication Management screen that collects input related to a medication: prescription number, DIN, medication name, medication type (antibiotic, narcotic or regular), medication strength and format, number of renewals, date of last renewal, prescribed dosage, and doctor's name. The prescribed dosage is indicated using the number of pills to take in the morning, midday, at dinner time and at bedtime. The program also has a Label Printing screen that collects input related to the patient: name, room number, table number, patient language, file number, the start of the prescription, the start date of the label sheet and the number of days. Finally, the program has a Configuration screen that collects the pharmacist's name, address and phone number, as well as configures the printer parameters.


Configuration panel for DISPILL
Pharmacist's language : E (E)nglish or (F)rench
Compressed Printing : I InActive
Uniform Printing : N
*** List of printer Parameters ***
Dosette Printer : LPT1
Dosette Emulation : LASER HP 1100
Patient File Printer : LPT1
Patient File Emulation : LASER HP 1100
*** Pharmacist's Address ***
Pharmacist's Full Name : PHARMACIE LAGANIERE
Civic Address : 49 RUE DE LA SAPINIERE RR3
City, Telephone No : GRANBY, QUEBEC, (450)777-1130
<F1>Help <F2>Printer test <F3>Save & quit <Esc>Cancel
<F8>Residence Maintenance <F10>Next Printer Emulation

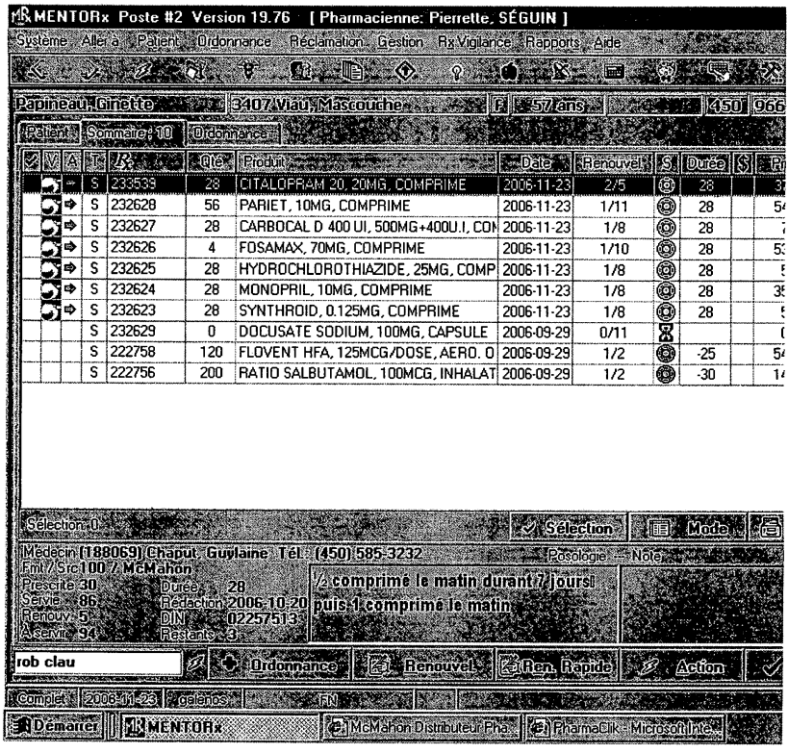

[Ovr]
Medication Management
Medical File No : 00010000
Pill : 1/ 1
Prescription No (Rx No) : 11111111
DIN Number : 12345678
Pill name : AMLODIPINE
Antibiotic/Narcotic/Reg : R
Medication strength : 10MG
Medication format : TABLET
Number of renewals : 3
Date of last renewal : 10-02-2005
Prescribed Dosage :
(1 1/2)AM (1 1/2)MD (2)SP (2)HS
<------ Line #1 ------><------ Line #2 ------><------ Line #3 ------>
Doctor's Name : SMITH
<F1>Help <Page Up>Previous <Page Down>Next <F9>Menu...
<F3>Save & quit <Esc>Cancel <F8>Erase

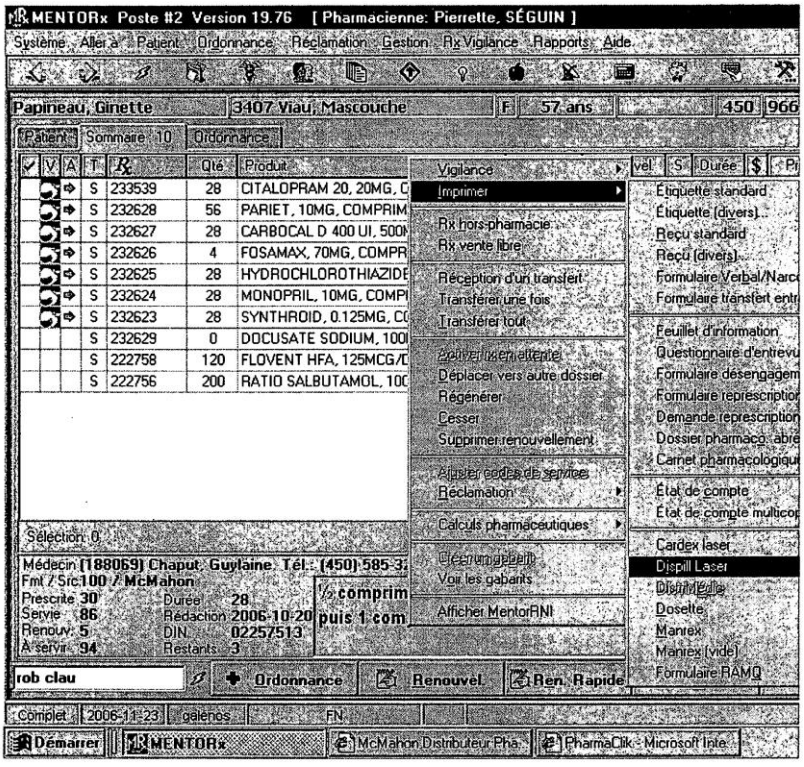


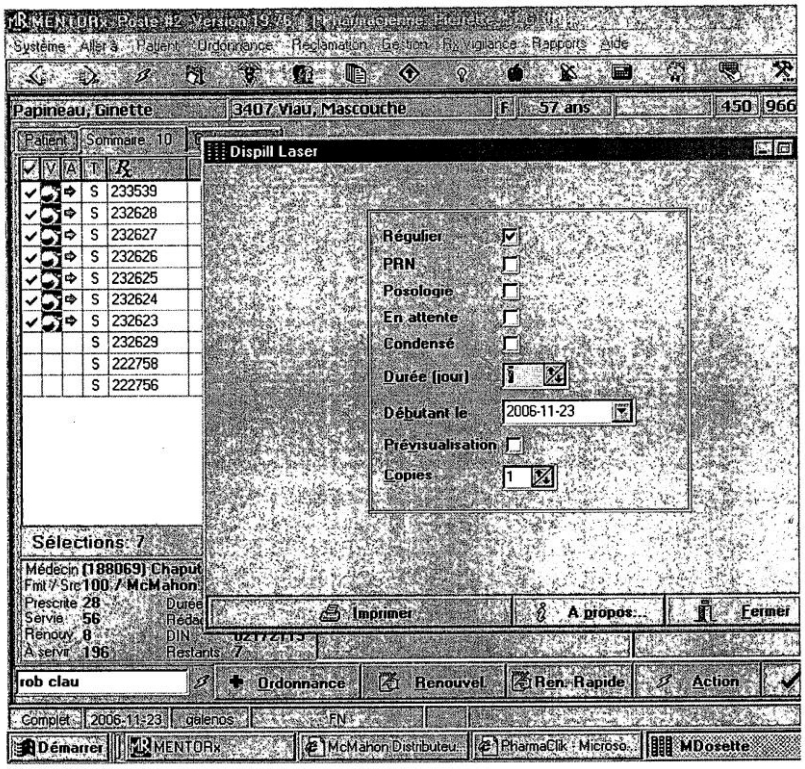
[146] Table 1 of the Abdelrahman Affidavit identifies 14 items to be entered in the form. Paragraphs 24-27 of his affidavit referenced an additional item: time of day. Twelve of these fifteen items were present in the DLD Mentor program as fields available to be entered. He could not verify whether this was also the case for the remaining three items (file no., pharmacist name, pharmacist address/phone); however, he indicated it is possible these are entered during installation of the program at a given pharmacy. Thus, he concluded that the elements of the Dispill Label Form continued in the Windows version.

[147] Although there are significant differences in the "look" of the screens of the DOS program and the "look" of the windows of the Mentor programs, these differences are expected because of the different user interfaces employed by the two operating systems (character-based for DOS versus graphics-based for Windows). Although the various windows of the Mentor Windows

program collect additional input compared to the DOS program, this input is not produced on the printed labels and does not appear to be relevant for the purpose of printing.







[148] Ultimately, the same input information is required to print label sheets from the Mentor program as from the Richards program.

[149] To print labels from the Mentor program, the pharmacist selects the medications that are to be printed to the labels and clicks on the action button, which causes a pop-up menu to appear. The pharmacist would then click on the "Imprimer" menu item, which would cause a printing submenu to appear. Within this submenu, there are several printing choices including "Dispill Laser" (which causes a Dispill label sheet to print) and "Distrimedic" (which causes a Distrimedic label to print).

[150] Printing a completed label sheet from the program can be accomplished in two ways. First, the formatting for the label sheet can be embedded as instructions in the software module. In the alternative, the program could use a pre-set template with placeholder text that is replaced with the

actual information about the particular patient, medication, pharmacist and so on when the label is printed.

[151] The Distrimedic sheet size has reverted from A4 back to 8.5" x 11". This makes the layout and format of the Dispill and Distrimedic label sheets substantially similar. Therefore, Dr. Abdelrahman concluded that one of three outcomes is likely to occur: (1) the instructions of the program module that execute when the "Distrimedic" submenu is selected have been updated to reflect the change from A4 to 8.5" x 11"; (2) the program module that executes when the "Dispill Laser" submenu is selected is made to execute when the "Distrimedic" submenu is selected; or (3) the selection of the "Dispill Laser" submenu is used to print the 8.5" x 11" Distrimedic label sheet. In cases (2) and (3), it is important to note that the key information printed on the label sheet would be arranged as on a Dispill label sheet and not in any arrangement specific to Distrimedic labels.

iii. France Morissette

[152] Ms. Morissette was examined and cross-examined on March 28, after being examined and cross-examined regarding her qualifications. Subject to the qualifications described below and established at trial, she has submitted two expert reports, dated September 13, 2010, and October 14, 2011, respectively.

[153] The first affidavit expresses her opinion regarding the commercial effect and usefulness of the Dispill pill dispenser and sets out her qualifications, facts, assumptions and opinions, including with respect to the pill dispenser's ability to provide for the safe administration of medication by

non-professional staff. The second affidavit merely brought her experience and qualifications up to date, attaching an updated curriculum vitae.

[154] Ms. Morissette, a nurse, was presented as a user of pill dispensers in healthcare facilities and as having knowledge of the usefulness and commercial success of such products and related trade-marks. Distrimedic countered that Ms. Morissette was not an expert in marketing, surveys, psychology or other areas relevant to brand recognition, and submitted that her testimony should be accepted for the value of her personal experience only, as she is not a representative of the relevant public for any alleged trade-mark.

[155] Ultimately, the parties agreed that Ms. Morissette would only be qualified as an expert to the extent of the following description offered by Richards' counsel:

> France Morissette is offered as someone experienced as a user of the relevant devices, i.e. as a skilled worker in the art who can comment on and who understands the problems to be overcome and how different remedial devices might work.
>
> [Morissette, March 28, 2013, at p 43, l. 20 to p 44, l. 3]

[156] The parties and the Court further agreed that Ms. Morissette would be admitted as a user who can factually speak to the colours and shapes of the Dispill pill dispenser and other similar dispensers, but not as an expert on trade-mark issues.

[157] In Ms. Morissette's experience, the Dispill pill dispenser is effective, efficient and provides a level of safety. It was recommended to 12 of the 14 residences with which she worked. The other two residences prefer to use the unidose system. One of the biggest problems with the unidose

system is that there is a greater need for storage. Ms. Morissette also testified that the Dispill colour Scheme provides an easy way of ensuring that non-professionals in particular can administer medications safely. While professional staff may be trained to administer medication, non-professionals such as orderlies generally are not, and Dispill's colour-coding system provides a way for such non-professionals to ensure they are administering the correct medication. She indicated that she prefers a colour-coding system when non-professional staff administer medication. Finally, she testified that the colours used for the Dispill label are well known to the nursing homes with which she is in contact, and that she was not aware of anyone other than Richards Packaging Inc./Dispill who use those colours in connection with pill dispenser labels.

[158] Counsel for Distrimedic acknowledged that they had no reason to dispute Ms. Morissette's credibility or that of her testimony. In their view, Ms. Morissette's testimony was very useful in understanding the functional features of the Dispill product, including the Dispill Colour Arrangement, from the standpoint of nurses responsible for insuring the safe administration of medication in nursing homes. They further noted that Ms. Morissette confirmed the usefulness of having certain information printed onto each individual cell of the Dispill product, in addition to confirming that nursing homes and pharmacists participate in the selection of such information to suit their specific needs [Morissette, March 28, 2013, at p 56, ll. 13-17 and p 59, l. 1 to p 61, l. 4].

[159] In cross-examination, she indicated that patients do not choose the pill dispensers and do not generally use the pill dispenser without assistance. Indeed, pill dispensers are never remitted to residents of nursing homes, and only the small blister with the medication specific to a given time of day is actually given to the patient.

iv. James McAuley

[160] Mr. McAuley, a partner and senior vice president with KPMG LLP, was examined and cross-examined from April 3 to 4, 2013, testifying as an expert on accounting issues. At trial his expertise was defined as follows:

> [W]e ask that Mr. McAuley be admitted as an expert on damages analysis and quantification and in accounting and profits analysis and quantification.
>
> [McAuley, April 3, 2013, at p 220]

[161] Prior to trial, he submitted a single expert report, dated February 9, 2011. In the report, Mr. McAuley describes KPMG's mandate as follows:

> We have been asked to quantify the losses suffered by Richards as a result of the alleged patent infringement and copyright infringement by Distrimedic and the other defendants to the counterclaim. We have also been asked to calculate an accounting of profits regarding the copyright. We understand that this report may be used by the Court to help assess Richards' losses. […]
>
> [McAuley Expert Report, February 9, 2011 at p 4, s. 2.3.]

[162] Mr. McAuley was instructed to prepare a calculation for the potential losses suffered by Richards under the alleged patent infringement and an estimate of the accounting of profits under the alleged copyright infringement. When Distrimedic entered the market, it is alleged that it was offering a patent-infringing product at a lower price. It is alleged that Distrimedic's lower price created a competitive imperative for Richards to reduce its prices in Quebec. It is this reduced price that forms the basis for the claimed loss of income. Since the information necessary to appropriately review and quantify Richards' alleged loss of customers to Distrimedic was not available, Mr. McAuley did not estimate that head of loss of income. He did, however, prepare an

estimate of the profit that Distrimedic earned on the sale of labels, as this would provide an estimate of Richards' losses under copyright law.

[163] In calculating the loss of past income due to price suppression, KPMG compared Richards' prices, net of rebates, to those of Distrimedic. Prior to Distrimedic's entry into the market, Richards' net unit prices were in the range of $260 and $183 for blisters and labels, respectively. Richards' net prices began to decrease in 2006 after Distrimedic entered the market with estimated net unit prices of about $174 and $56 for blisters and labels, respectively.

[164] In estimating the loss due to reduced unit prices, Mr. McAuley calculated Richards' actual average unit price prior to any rebates in Quebec by dividing the total annual gross sales for blisters and labels in Quebec by the number of units of each sold in Quebec each year. Assuming that, but for Distrimedic's entry in the market, the average selling price in Quebec would have mirrored the selling price in the territories other than Quebec, Mr. McAuley adopted the average selling price in the other territories as the assumed or expected unit price that Richards would have used in Quebec. The difference between the actual unit price and the assumed/expected unit price had Distrimedic not been in the market represents the estimated unit price reduction in each year. To calculate the total loss due to reduced prices each year, the unit price reduction is multiplied by the actual number of units sold in each year. Mr. McAuley's calculations show that Richards' actual average unit price of blisters and labels in Quebec began decreasing in 2006.

[165] Increased sales by reason of diminution of price is also a factor that must be taken into account in a price suppression analysis. Mr. McAuley considered in his analysis the possibility that

Dispill's increase in sales from 2008 to 2009 would have been due to the lower price offered by Dispill for its pill dispenser, but explained that the sales volume history did not show that type of price sensitivity in the market and attributed the growth to sales effort, penetration and marketing by Dispill.

[166] Mr. McAuley assumed that but for Distrimedic's entry into the market, the average rebate per unit in Quebec would have remained at the same level it was at in Quebec in 2005, prior to Distrimedic's entrance into the market. Using this approach, he calculated that the total loss of income (up to December 31, 2010) is between $6,112,100 and $6,594,500. He added that this loss would have continued for two more years, to 2013, and using the loss for the year 2010 as a proxy for the years 2011 and 2012 (an incremental loss of approximately $1.6 million), this would bring Richards' total loss close to $10 million.

[167] With respect to an accounting of Distrimedic's profits for the purpose of calculating the damages under the alleged copyright infringement, Mr. McAuley employed the differential cost approach, which involves calculating the contribution margin by deducting the estimated variable costs related to labels from the revenue from labels, net of sales discounts.

[168] The Defendants to the Counterclaim submit that Distrimedic is effectively a "one-product company", the argument being that if they had not sold the labels, they would not have sold blisters, with the two products constituting the majority of all sales. Thus, the approach taken by the expert called by Distrimedic on this question was to take Distrimedic's net income and divide it among blisters (44.29%) and labels (55.71%) to arrive at the profits made from labels. As a result of a "hot-

tubbing" exercise involving Mr. McAuley and Distrimedic's expert, Mr. Levi, Mr. McAuley was satisfied with using this approach so long as an adjustment was made for three types of costs that, in his opinion, should not be deductible in this case: i) income taxes; ii) professional fees; and iii) market development costs related to Europe. On that basis, Mr. McAuley arrived at an amount of $552,972 as Distrimedic's total profit for labels.

[169] In addition to the accounting for profits, the remedy under s. 35 of the *Copyright Act*, RSC 1985, c C-42 (as amended by the *Copyright Modernization Act*, SC 2012, c 20) allows recovery of financial loss where a plaintiff is forced to reduce the price of its product to compete. According to Mr. McAuley, the total loss due to price suppression for labels, already calculated under patent infringement, would amount to $2,707,372 (low estimate) or $2,938,332 (high estimate). He also explained that this calculation was made to December 31, 2010, and that this loss would have continued for two more years. Using the loss for the year 2010 as a proxy for the years 2011 and 2012 (an incremental loss of approximately $712,000), this would bring Richards' total loss close to $4.1 million.

[170] Finally, Mr. McAuley calculated the loss related to the alleged trade-mark passing off. The total estimated gross revenue of the labels allegedly subject to the trade-mark passing off is $62,000. Applying Distrimedic's contribution margin related to labels (as calculated for the accounting of profits in copyright infringement), he calculated that Richards suffered a loss of $49,000 on the sale of these labels.

b) Distrimedic's Expert Witnesses

[171] Distrimedic presented only two expert witnesses: Mr. Claude Mauffette regarding the various patent-related issues and Mr. Philip Levi regarding Richards' financial claims going to remedies.

i. Claude Mauffette

[172] Distrimedic presented Mr. Mauffette as an expert on patent issues. He was examined and cross-examined from April 9 to 10, 2013. His expertise was defined as follows:

> [W]e would submit Mr. Mauffette as an expert on the state of knowledge of a person skilled in the art to which the patent in suit relates so as to give opinions regarding how the invention described in the patent works, the meaning of terms used in the patent, including interpretation of the claims, the relevance of prior art related to the patent in suit and whether Distrimedic's products incorporate the essential elements of those claims.
>
> [Mauffette, April 9, 2013, at pp 130-131]

[173] Mr. Mauffette graduated in sculpture and industrial design. He is a member of the Association des designers industriels du Québec since 1986. He is the named inventor of a number of industrial products, and he has been awarded a number of prizes and scholarships. He teaches part-time at the Université de Montréal, and has also been a lecturer at the Université du Québec à Montréal between 1993 and 2000.

[174] Mr. Mauffette submitted an expert report, dated July 14, 2011, prepared in French, setting out his experience, his mandate, the materials relied upon, and his opinions regarding the '045 Patent, the Distrimedic product, and the Braverman Patent.

[175] Richards did not challenge Mr. Mauffette's expertise, although it did move at trial to have Mr. Mauffette testify in English, given that he is fluently bilingual. This motion was quickly dismissed, on the basis of both of section 133 of the *Constitution Act, 1867* (UK), 30 & 31 Vict, c 3, and of the *Official Languages Act*, RSC 1985, c 31 (4th Supp), ss 14-20: see also *Attorney General of Quebec v Blaikie et al*, [1979] 2 SCR 1016.

[176] Mr. Mauffette testified that it does not take any particular skills to understand certain aspects of the '045 Patent, such as the essentiality of the claimed protuberances. However, he clearly indicated that his opinion was based on his instructions to give the claims a purposive construction.

[177] According to Mr. Mauffette, the '045 Patent describes a system for preparing a pill dispenser. As shown in Figure 7 of the Patent, the system comprises a tray having a number of evenly spaced apart recesses, that is used to support a container-defining sheet made of clear plastic and itself having a corresponding number of evenly spaced apart cavities embossed therein. Once filled as prescribed, the container-defining sheet is sealed by a self-adhesive container-sealing sheet upon which has been printed required information about the prescription such as the names of the patient and the pharmacist, the date, and the medications in each container.

[178] He indicated that in Claims 1, 11 and 22, as well as the claims dependent thereon, the positioning means contemplates "at least one upwardly projecting protuberance provided on the top surface of the recessed support" and "at least one hole provided into the container defining sheet and at least one other hole provided in the container sealing sheet". He added that a hole implies an area

without material surrounded by material. For example, a tennis racquet has a hole within the frame, whereas a ping pong bat has no hole.

[179] He testified that in Claim 15, as well as the claims dependent thereon, the positioning means contemplates "at least one upwardly projecting protuberance provided on the top surface of the recessed support" and "engaging means provided on the container defining sheet and other engaging means provided on the container sealing sheet." The engaging means could be a hole or something other than a hole that engages at least one upwardly projecting protuberance. In his view, nothing in the '045 Patent suggests that the inventor did not consider the positioning means provided on the container-defining sheet and on the container-sealing sheet to be essential elements. Moreover, nothing in the '045 Patent suggests that, in Claims 1, 11 and 22, the inventor did not consider the upwardly projecting protuberance(s) and the holes to be essential elements.

[180] Mr. Mauffette testified that the recessed support of the Distrimedic system does not include any upwardly projecting protuberance to correspond to and be engaged by any holes. The container-sealing sheet and the container-defining sheet are aligned and fixed together in a manner that is materially different from that described and claimed in the '045 Patent. As a result, it is his position that the Distrimedic product doesn't incorporate any of the essential claims of the '045 Patent, since the container-defining sheet has no hole or other engaging means to engage corresponding protuberance(s) in the support tray.

[181] Finally, Mr. Mauffette is of the view that the Braverman Patent describes a pill-dispensing device similar in many ways to the Distrimedic product. It employs a tray with recesses, which

receives and holds a container-defining sheet with corresponding cavities. Once the chambers are appropriately filled, a container-sealing sheet with an adhesive coating covers them. Accordingly, the Distrimedic system and the system described in the Braverman Patent work in essentially the same way.

ii. Philip Levi

[182] Mr. Levi was presented as an expert on financial issues. He was examined, cross-examined and re-examined from April 10 to 11, 2013, then subsequently took part in a "hot-tubbing" of witnesses together with Mr. McAuley on April 11, 2013, as mentioned above. He submitted a report dated July 8, 2011, that describes his expertise and mandate, sets out his analysis regarding Dispill's changing product line and the alleged losses on its original and new product lines, and states his conclusions and opinion.

[183] Distrimedic described Mr. Levi's expertise as follows:

> [W]e would submit Mr. Levi as an expert on the analysis of financial statements and the analysis and quantification of damages and profits.
>
> [Levi, April 10, 2013, at pp 118-119]

[184] In a section of his report describing his mandate, Mr. Levi states that he was engaged by Distrimedic:

> without limiting any specific areas for review, to provide an expert opinion in connection with the estimated damages alleged to have been suffered by Richards, as calculated by KPMG in their report dated February 9, 2011
>
> [Levi Expert Report, April 10, 2013, para 1.2.1]

[185] Based on information Distrimedic obtained during the testimony of Mr. Glynn regarding the meaning of certain product codes, Mr. Levi submitted a revised version of his report on April 2, 2013. Based on further information learned during the testimony of Mr. McAuley regarding the association of volume discounts and rebates in his report, Mr. Levi undertook to further revise his numbers by April 19, 2013, submitting a second revised expert report that day.

[186] Distrimedic notes that although Mr. Levi's expertise was not challenged, Richards attempted to attack his credibility during its cross-examination. In particular, Richards questioned Mr. Levi regarding his involvement as a witness in three prior cases. I agree with counsel for Distrimedic that none of the cases raised reflected on Mr. Levi's credibility as an expert in the present case.

[187] While Mr. McAuley treats all of Richards' blister products and all of Richards' labels in the same way, Mr. Levi differentiates between Richards' original product line and its new product line. Mr. Levi treats as original all products that were sold before Distrimedic entered the market in 2006. All other products and those with an extra inch of height are treated as new. It appears that the new product line quickly took over the majority of Richards' sales of the products in issue. According to Mr. Levi, it is not proper to group both product lines together for purposes of determining Richards' alleged losses based on price reductions, as was done by Mr. McAuley. In his view, it is only necessary to look at those products that existed at the time that Distrimedic entered the market to determine the impact of reduced pricing for sales due to Distrimedic's entry into the market.

[188] Mr. Levi also questions one of the assumptions made by Mr. McAuley, that the market in Quebec would mirror the market in territories outside of Quebec. In Mr. Levi's view, such an

assumption ignores the possible impact of legislation introduced in Quebec in 2005 and 2006 to limit rebates and other benefits that could be offered to pharmacists in connection with pharmaceuticals. The impact of the reduction of benefits offered to pharmacists in Quebec (previously as high as 50%, now restricted to 20%) was substantial, and would necessarily lead pharmacists to press for bigger profit margins from other products to make up the difference.

[189] Mr. Levi also disagrees with another assumption used by Mr. McAuley, namely that, but for Distrimedic's entry into the market, Richards' average selling prices for blisters and labels in Quebec would have increased or decreased at the same rate as those outside Quebec. Mr. Levi points out that Richards' sales in Quebec have always been much higher than outside Quebec, and that Richards' sales in Quebec grew at a healthy pace during the period in question despite competition from Distrimedic.

[190] Another source of debate between Mr. Levi and Mr. McAuley is with regard to the treatment of volume discounts as rebates for the purpose of calculating the amount of price suppression. Mr. McAuley treats all discounts as rebates, whether they are volume discounts, promotional prices or other types of rebates. Mr. Levi notes in his Revised April 19, 2013 Report that the McAuley Report makes no reference to volume discounts, and includes those discounts in his calculations. As he explained during his testimony, sales using the basic product codes, those without the *ESC or *PR suffix, appear to reflect Richards' price list. The *ESC suffix appears to reflect volume discounts, and the *PR suffix appears to reflect a promotional price that was offered only in Quebec. In Mr. Levi's view, volume discounts and discounts for purchase of other products such as vials (reflected by product codes with a *ESC suffix) are not related to competition from

Distrimedic and, therefore, should not be considered in calculating any loss of income Richards may have suffered due to Distrimedic's entry into the market. In his report, Mr. Levi applies these same assumptions to calculate the alleged loss of future income.

[191] Mr. Levi also disagrees with Mr. McAulay's assessment of Distrimedic's profits from the sales of its labels. He points out that Distrimedic is a single-product company whose product involves both blisters and labels, and that the company cannot sell one consumable without the other. All expenses of the company are relevant to its revenues, and therefore all of its expenses should be considered when calculating profits. Mr. Levi calculated profits related to labels by taking Distrimedic's cumulative profits that relate to labels as a fraction of its total profits, i.e., 55.71% of about $116,000, yielding a figure of about $64,000. This figure was later raised to about $85,000 after the two experts met.

[192] Finally, Mr. Levi assessed the alleged loss of past and future income on the new product line applying the same methodology. The results of his calculations for alleged past losses due to price suppression and increased rebates for the new product line amount to $1,889,000, and for alleged future losses to $1,723,400 (scenario 1), $2,283,600 (scenario 2) or $2,841,700 (scenario 3).

VI. ANALYSIS

a) Patent

[193] The patent-related issues as set out by Prothonotary Morneau in his September 28, 2011 Order raise questions of patent construction, infringement, validity of the disclaimer, and invalidity

arising from anticipation or obviousness in light of the United States Braverman Patent described in the facts section (Part II), above. Each of these issues will be addressed in turn below.

i. Patent Construction

[194] It is well established that any assessment of infringement and/or invalidity of a patent requires that the Court first construe the claims of the patent at issue to ascertain the invention defined therein and the scope of the monopoly: *Whirlpool Corp v Camco Inc*, 2000 SCC 67, [2000] 2 SCR 1067, at para 43 [*Whirlpool*].

[195] It is the language of the claims, properly construed, that defines the patentee's exclusive rights and establishes the basis for all infringement and invalidity inquiries. The following principles set out by the Supreme Court of Canada constitute the starting point of any patent infringement/invalidity analysis:

> (a) The *Patent Act* promotes adherence to the language of the claims.
> (b) Adherence to the language of the claims in turn promotes both fairness and predictability.
> (c) The claim language must, however, be read in an informed and purposive way.
> (d) The language of the claims thus construed defines the monopoly. There is no recourse to such vague notions as the "spirit of the invention" to expand it further.
> (e) The claims language will, on a purposive construction, show that some elements of the claimed invention are essential while others are non-essential. The identification of elements as essential or non-essential is made:
>
> 1) on the basis of the common knowledge of the worker skilled in the art to which the patent relates;
> 2) as of the date the patent is published;
> 3) having regard to whether or not it was obvious to the skilled reader at the time the patent was published that a variant of a particular element

> would *not* make a difference to the way in which the invention works; or
>
> 4) according to the intent of the inventor, expressed or inferred from the claims, that a particular element is essential irrespective of its practical effect;
>
> 5) without, however, resort to extrinsic evidence of the inventor's intention.
>
> (f) There is no infringement if an essential element is different or omitted. There may still be infringement, however, if non-essential elements are substituted or omitted.
>
> *Free World Trust v Électro Santé Inc*, 2000 SCC 66, [2000] 2 SCR 1024, at para 31 [*Free World Trust*]

[196] The primacy of the claims language was clearly rooted deeply in our jurisprudence before *Free World Trust*, and Canadian courts have long rejected the idea that claims construction ought to look to substance rather than form to protect the inventive idea underlying the claim language. Subsection 27(4) of the *Patent Act*, conveys this notion with the following language: "The specification must end with a claim or claims defining distinctly and in explicit terms the subject-matter of the invention for which an exclusive privilege or property is claimed". For that reason, the usual rule will be that "what is not claimed is considered disclaimed" (*Whirlpool Corp*, above, at para 42).

[197] In other words, the ingenuity of a patent lies not in the identification of a desirable result, but in teaching one particular means to achieve it. The claims cannot be stretched to allow the patentee to monopolize anything that achieves the desirable result. To take an example given by the Supreme Court in *Free World Trust* (at para 32), it would not be legitimate to obtain a patent for a particular method that grows hair on bald men and thereafter claim as infringing *anything* that grows hair on bald men.

[198] Adherence to the language of the claims promotes predictability, and ensures that competition is not "chilled". A patent of uncertain scope would impede research and development and discourage economic activity. That being said, a patentee must be protected from the effects of excessive literalism. This goal is achieved by interpreting claims in light of the knowledge of the person to whom the patent was addressed at the date of publication of the patent. While the construction of a patent is for the court, it is to be done on the basis that it is addressed to the POSITA to which the patent relates, who are thereby able to put the invention described in the claims into practice. Of course, the level of sophistication attributed to a POSITA will depend largely on the field to which the patent relates and the Court must construe the patent in light of the knowledge and understanding of such persons (*Whirlpool Corp*, above, at para 53; *Free World Trust*, above, at para 44).

[199] The following quote from the decision of the Supreme Court in *Free World Trust* at paragraph 51 sums up the issue quite nicely:

> [51] (…) The involvement in claims construction of the skilled addressee holds out to the patentee the comfort that the claims will be read in light of the knowledge provided to the court by expert evidence on the technical meaning of the terms and concepts used in the claims. The words chosen by the inventor will be read in the sense the inventor is presumed to have intended, and in a way that is sympathetic to accomplishment of the inventor's purpose expressed or implicit in the text of the claims. However, if the inventor has misspoken or otherwise created an unnecessary or troublesome limitation in the claims, it is a self-inflicted wound. The public is entitled to rely on the words used *provided* the words used are interpreted fairly and knowledgeably.

[200] Finally, it is only those elements of the claims that can be considered as essential whose breach will be sufficient to justify a finding of infringement. This is consistent with the notion that patents should not be interpreted so as to unduly limit competition and that claims should not be stretched to allow the patentee to monopolize anything that achieves a desirable result:

> For an element to be considered non-essential and thus substitutable, it must be shown either (i) that on a purposive construction of the words of the claim it was clearly not [emphasis added] intended to be essential, or (ii) that at the date of publication of the patent, the skilled addressees would have appreciated that a particular element could be substituted without affecting the working of the invention, i.e. had the skilled worker at that time been told of both the element specified in the claim and the variant and "asked whether the variant would obviously work in the same way", the answer would be yes: *Improver Corp. v. Remington*, supra, at p. 192. In this context, I think "work in the same way" should be taken for our purposes as meaning that the variant (or component) would perform substantially the same function in substantially the same way to obtain substantially the same result.
>
> See: *Free World Trust*, above, at para 55.

[201] The Plaintiff bears the burden of establishing known and obvious substitutability at the date of publication. In other words, everything that is claimed is presumed essential unless the patentee establishes otherwise or the claim language otherwise dictates:

> While it would be unfair to permit a patent monopoly to be breached with impunity by a copycat device that simply switched bells and whistles to escape the literal claims of the patent, the onus is on the patentee to establish known and obvious substitutability at the date of publication. If the patentee fails to discharge that onus, the descriptive word or expression in the claim is to be considered essential unless the context of the claim language otherwise dictates. The claims cannot be stretched to allow a patentee to monopolize anything that achieves the desirable result.
>
> *Canamould Extrusions Ltd v Driangle Inc*, 2003 FCT 244, 229 FTR 104, at para 35, aff'd 2004 FCA 63. See also *Free World Trust*, above, at paras 55, 57; *Quadco Equipment Inc v Timberjack Inc* (2002), 17 CPR (4th) 224, at para 28.

[202] It is clear from a careful reading of the ‘045 Patent that the positioning means provided on the container-defining sheet and on the container-sealing sheet are essential elements of the invention. I come to this conclusion for the following reasons. First of all, the description of the prior art found in the Patent indicates that pill dispensers were efficient but had some drawbacks, one of which was the difficulty and the time involved in ensuring the correct positioning of the preprinted sealing sheet on top of the containers. The claimed invention purports to deal with this problem with a means of aligning the two components of the kit (the container-defining sheet and the container-sealing sheet) so that each pill container can be easily separated.

[203] As previously mentioned, it is also quite telling that the positioning means is part and parcel of each of the independent claims, and is referred to several times in the specification, including on: page 3, line 13; page 8, lines 25-1 and page 9, lines 1-4; page 10, lines 8, 13 and 18; page 11, line 22; and page 15, line 22.

[204] Both experts called upon by the parties to testify with respect to the Patent also came to that conclusion. Mr. de Winter states, in paragraph 10 of his first affidavit:

> In my view, a container-defining sheet, a recessed support and a container-sealing sheet and a positioning means are essential elements. A positioning means which provides the functionality to have the container-sealing sheet be in precise superposition (with very small tolerances) on top of the container-defining sheet is an essential element of the invention. If it is not in precise superposition the container-sealing sheet would be torn, limiting its desired use.
>
> (de Winter, September 30, 2010, at para 10)

[205] As for Mr. Mauffette, he opined that nothing in the '045 Patent suggests that the inventor did not consider the positioning means provided on the container-defining sheet and on the container-sealing sheet to be essential elements. Moreover, nothing in the '045 Patent suggests that, in Claims 1, 11 and 22, the inventor did not consider the upwardly projecting protuberance(s) and the holes to be essential elements. Bearing in mind that everything that is claimed is presumed essential and that the onus is on the patentee to establish known and obvious substitutability at the date of publication, the consensus of the parties' experts as to the essential nature of the positioning means is a significant factor to consider.

[206] Finally, it is interesting to note that there was a stage in the application process for the '045 Patent at which the last portion of the independent claims where it defines the holes and protuberances was not included (the "wherein clause"), as can be seen from a letter dated May 8, 1998 from Dispill's counsel to the Commissioner of Patents in response to a previous rejection (JBD 144). At the time, paragraph (d) of Claim 1 (and corresponding paragraphs of the other independent claims) read as follows:

> Positioning means provided on at least the top surface of the container-defining sheet and on the container-sealing sheet to ensure that, in use, after the container-defining sheet is fitted onto the recessed support, the paper covering is peeled off from the bands of the container-sealing sheet and said container-sealing sheet is positioned on top of the top surface of the container-defining sheet, the bands covered with a self-adhesive material and their tearing lines be in exact superposition on top of the flanges and the dotted lines of the container-defining sheet.

[207] The claims were originally allowed by the Patent Office without the paragraph referring to upwardly projecting protuberances and holes. However, the original Notice of Allowance was withdrawn, and claims then of record rejected, when the Braverman Patent, of which more will be

said below, was brought to the attention of the Patent Office. The paragraphs defining the upwardly projecting protuberance(s) and the holes were added to the claims by the applicant, Mr. Bouthiette (Richards' predecessor) in order to overcome this rejection.

[208] Counsel for the Defendants to the Counterclaim submitted that it is difficult to imagine a clearer indication of the essentiality of a claim element than its addition to a claim in order to overcome an objection from the Patent Office. Indeed, counsel for Mr. Bouthiette at the time explicitly stated as much in his covering letter to the Commissioner:

> U.S. patent No. 3,380,856 [*sic*] to BRAVERMAN discloses and illustrates in Figs. 14 to 17, a kit for the manufacture of a set of individual pill containers comprising:
>
> a) a container-defining sheet made of plastic material (corresponding to item 3 in the drawings of the present application);
> b) a recessed support having a top surface provided with a number of recesses at least equal to the number of cavities embossed in the container defining sheet (see item 1 in the drawings of the present application); and
> c) a container sealing sheet (item 9 in the drawings of the present application).
>
> It is admitted that the basic structure and operation of each of these elements as disclosed in BRAVERMAN is substantially identical to what is disclosed in the present application.
>
> However, contrary to what has been argued, BRAVERMAN does not disclose or suggest the following structural feature, which is the key feature of the present invention, namely:
> d) positioning means provided <u>on at least the top surface</u> of the container defining sheet and on the container sealing sheet.
>
> Such positioning means were defined in former claims 3 and 4 as being preferably protuberances and holes identified by reference numerals 5, 7 and 15 in the drawings of the present application.
>
> It is hereby submitted that the pins 201 shown in Figs. 14 to 16 of BRAVERMAN and against which the sealing sheet can be leaned, does not correspond to, and is not an equivalent of the positioning

> means disclosed and claimed in the present application. Indeed, the claims presently on file call for the positioning means (pins) to be provided on at least the top surface of the container-defining sheet and on the container sealing sheet to ensure proper positioning of both of these elements with respect to each other.
>
> In BRAVERMAN, the pin [*sic*] 210 (1) are not provided on or pass through the top surface of the container-defining sheet and (2) they do not "lock" the container defining sheet with the sealing sheet as is called for in the claims of the present application.
>
> [emphasis in original]

[209] Counsel for Richards vigorously objected to the use of the file history (or "file wrapper"), arguing on the basis of the Supreme Court decision in *Free World Trust* that such use of extrinsic evidence has been rejected. In that case, Justice Binnie stated (at par 66):

> In my view, those references to the inventor's intention refer to an objective manifestation of that intent in the patent claims, as interpreted by the person skilled in the art, and do not contemplate extrinsic evidence such as statements or admissions made in the course of patent prosecution. To allow such extrinsic evidence for the purpose of defining the monopoly would undermine the public notice function of the claims, and increase uncertainty as well as fuelling the already overheated engines of patent litigation. The current emphasis on purposive construction, which keeps the focus on the language of the claims, seems also to be inconsistent with opening the Pandora's box of file wrapper estoppel. If significant representations are made to the Patent Office touching the scope of the claims, the Patent Office should insist where necessary on an amendment to the claims to reflect the representation.

[210] I am not convinced that the letter referred to by the Defendants to the Counterclaim falls squarely within the compass of that exclusion. While statements or admissions made in the course of patent prosecution shall not be used for the purpose of interpreting a claim, this is not what the Court is called upon to do in the case at bar. A change in the wording of a claim as a result of an objection from the Patent Office is an objective fact from which an inference may be drawn, and is

not the same as representations made to the Patent Office. A purposive construction should obviously focus on the wording of a claim, obviously, but this is a far cry from saying that nothing else should be considered.

[211] Be that as it may, counsel for Richards do not dispute that the protuberances and the holes are an important element of the '045 Patent, but they counter (relying on Mr. de Winter's expert evidence) that the term "hole" as used in the Patent should not be read literally as a complete circular hole but rather should be understood from a functional point of view of aligning the container-sealing sheet in its proper position. As he wrote at paragraph 14 of his first affidavit:

> In order to be functional, the chosen protuberance must also be given a certain shape and size to engage the hole. If it is too small, it may not retain the container-sealing sheet as the tolerances of the container-sealing sheet positioned on the container-defining sheet would be too large. Since the paper is flexible, there must be enough contact to maintain the sheet in place. Thus, in my opinion, the words "hole" and "protuberance" should be understood in relation to their stated functions, i.e. protuberances extending above the recessed support and the container-defining sheet which engage an edge or edges of the container-defining sheet and the container-sealing sheet preventing two-dimensional movement of the container-sealing sheet such that the bands of the container-sealing sheet are in exact superposition on top of the flanges of the container-defining sheet.
> (de Winter, September 30, 2010, at para 14)

[212] With all due respect, this definition of a "hole" strains the imagination and stretches the ordinary interpretation of that word beyond what is acceptable. As stated by Mr. Mauffette in his expert report, [and as a POSITA might reasonably conclude, in the context of this patent,] for a hole to exist there must be an empty space with material around it. It appears that Mr. de Winter improperly focused on the positioning means defined elsewhere in the claims, without giving proper attention to the use of the word "hole" therein. One cannot do away with the concept of a hole in

interpreting the independent claims. Had these claims not referred to holes and protuberances, then they could have been interpreted as if holes and protuberances were not the only way that positioning could be achieved. Indeed, it is quite telling that the only alternative to the positioning means described in the '045 Patent (above, at para 30 of these reasons) still refers to holes and protuberances, the only difference being that they are arranged differently to achieve the necessary alignment.

[213] Mr. de Winter indicated that he was driven to construe the word "hole" broadly because the '045 Patent does not explicitly exclude the use of a single round hole. He reasoned that the inventor must have contemplated non-round holes. Up to this point, this is a fair assumption. However, based on this contemplation of non-round holes, Mr. de Winter then took the unwarranted leap of concluding that the invention must have been intended to encompass devices that are not typical holes but that perform the same positioning function. In Mr. de Winter's view, this reasoning supports his opinion that a raised wall should be considered equivalent to a partial hole since it would perform the same function as two separate protuberances and holes.

[214] Once again, I agree with counsel for Distrimedic that such a construction of a "hole" is unwarranted, and Mr. de Winter himself acknowledged that he was stretching the definition of hole. He went as far as saying that he chose to focus more on the function of a hole than on the concept of a hole itself (Transcript, April 2, at pp 172-173). This is clearly inconsistent with the principles governing the construction of claims: while claims are to be construed in a purposive manner, their language must still be adhered to. A hole, at least in the context of this patent, does not have an

unconventional or exceptional meaning, and there is nothing in the Patent indicating that a particular skill set is required to understand what is meant by the description of the positioning means.

[215] For all the above reasons, the interpretation of the '045 Patent, and in particular of the positioning means, put forward by counsel for Richards must be rejected. The words of the '045 Patent are plain and unambiguous and do not, on their face, raise great subtleties of interpretation. Accordingly, the words "hole" and "protuberance" must bear their ordinary meaning. A hole cannot encompass anything that performs the aligning function of a hole, and there is no basis in the language of the '045 Patent for the proposition that a hole could be the edge of a sheet abutting a protuberance. The Supreme Court has cautioned that the ingenuity of a patent lies not in the identification of a desirable result but in teaching one particular means to achieve it (*Free World Trust*, above, at para 32).

ii. Infringement

[216] Infringement is to be determined by comparing the allegedly-infringing product to the claims, and not to the patentee's own product (*Free World Trust*, above, at paras 69-70). There is infringement if all of the essential elements of a claim are incorporated in a product, but there is no infringement if an essential element is different or omitted (*Free World Trust*, above, at paras 31 and 68; *McKay v Weatherford Canada Ltd*, 2007 FC 1233 at para 32, aff'd 2008 FCA 369). On the other hand, substitution or omission of non-essential elements is not necessarily fatal to an allegation of infringement: *Stonehouse v Batco Manufacturing Ltd*, 2004 FC 1767, at paras 137-138.

[217] A patent will not be infringed merely because the product in issue accomplishes the same function as the patented invention (*Emmanuel Simard & Fils (1983) Inc v Raydan Manufacturing Ltd*, 2005 FC 973, at paras 80-81, rev'd on costs 2006 FCA 293). What matters is whether the product in issue incorporates all of the essential elements of the claim, not whether the product and the patent function similarly (*Canamould Extrusions Ltd v Driangle Inc*, 2004 FCA 63, aff'g 2003 FCT 244 at para 52).

[218] Even if the alleged infringer has not itself performed all of the steps of the claimed invention or incorporated all of the essential elements of the claimed invention into its product, it may still be found liable for inducing infringement by someone else. This Court recently set out the elements for a finding of inducing infringement: 1) there must be an act of infringement by the direct infringer; 2) this act must be influenced by the seller to the point where, without this influence, infringement by the buyer would not otherwise take place; and 3) the influence must be knowingly exercised by the seller, i.e., the seller knows that this influence will result in the completion of the act of infringement (*MacLennan v Produits Gilbert Inc*, 2008 FCA 35, at para 13, aff'g 2006 FC 1038).

[219] This Court has cautioned, however, that it is not sufficient to generally allege the products in suit are sold with instructions as to their use and that a defendant's customers or ultimate users infringe the patent in suit when they use the defendant's products in suit as instructed. Evidence of such instructions must be conclusive. Completion of the infringing act must occur as a result of the influence of the direct infringer and there must be evidence of such influence (*Hershkovitz v Tyco Safety Products Canada Ltd*, 2009 FC 256 at para 160 [*Hershkovitz*]).

[220] In their submissions, counsel for Richards argued that the Distrimedic pill dispenser borrows a number of essential elements from the '045 Patent. They mentioned, among other things, the horizontal strip that can be removed from the bottom surface of the container-sealing sheet exposing a self-adhesive strip to attach to the top surface of the container-defining sheet. They also mentioned the dotted line (die-cut) punched in the container-sealing sheet as another important feature or even essential element of that product. I do not, however, need to make any findings with respect to those alleged similarities in light of the fact that counsel for Distrimedic have chosen to focus their non-infringement argument on other essential elements of the claims. As previously mentioned, it is sufficient for the Defendants to the Counterclaim to establish that at least one essential element of each of the claims of the '045 Patent is not present in the Distrimedic system to avoid a finding of infringement (*Free World Trust*, above, at para 31).

[221] A key feature of each of Claims 1 to 25 is the "positioning means provided on at least the top surface of the container-defining sheet and on the container-sealing sheet". Counsel for Distrimedic argues that the Distrimedic system does away with this feature at least because the container-defining sheet does not have positioning means on its top surface. I agree with Mr. Mauffette that the container-defining sheet of the Distrimedic system is kept in position by the snug fit of its cavities in the recesses of the tray. Neither the edge, nor any other part of the container-sealing sheet of the Distrimedic system engages any protuberance or raised portion of the tray.

[222] There was a lot of discussion about the proximity of the top of the container-defining sheet and the protruding zone of the support tray. They are indeed close, but there does not appear to be any functional reason why they need to be. It would arguably make it more difficult to fit the

container-defining sheet on the tray if the top of the sheet or the two side tabs were to touch the vertical protruding zone of the tray. Even if I were prepared to accept, however, that the two side tabs on the container-defining sheet somehow help to align that sheet against the raised vertical edges of the mounting tray, another key element would still be missing. Claims 1 to 14 and 22 to 25 (claims 15 to 21 were subject to a disclaimer and are addressed below), specify that:

> the positioning means comprises at least one upwardly projecting protuberance provided on the top surface of the recessed support, at least one hole provided into the container-defining sheet and at least one other hole provided in the container-sealing sheet, said at least one hole and one other hole being sized and positioned to correspond to and be engaged by said protuberance.

[223] Neither the container-defining sheet nor the container-sealing sheet of the Distrimedic system has any holes. Moreover, the recessed support of the Distrimedic system does not include any upwardly projecting protuberance to correspond to and be engaged by any holes. The container-sealing sheet and the container-defining sheet are aligned and fixed together in a manner that is materially different from that described and claimed in the '045 Patent.

[224] Counsel for Richards argued that from a dynamic point of view, the two side tabs perform the same function as the holes and protuberances of the Dispill device. They also suggested that locating the label sheet by abutting it against the raised protuberances or edges at the top of the Distrimedic mounting tray is equivalent to and corresponds with engaging the hole as in the claims. In their submission, therefore, the raised edges perform the same function as the holes in the container-defining and container-sealing sheets and the protuberance in the recessed support in the patent.

[225] I have already indicated, in the previous section dealing with the construction of the '045 Patent, that such a convoluted reading of the Patent ought to be rejected for a number of reasons. Not only would such an interpretation of the words "hole" and "protuberance" not be in keeping with the common knowledge of the worker skilled in the art to which the patent relates, but it would also render at least some of the claims invalid for anticipation in light of the Braverman Patent.

[226] The remaining claims of the '045 Patent, Claims 26 to 28, define either a pill-sorting device or a device for opening a set of pill containers with a knife. Richards does not allege direct infringement of these claims, since there is no evidence or argument that the Distrimedic system incorporates any device similar to those claimed in the '045 Patent. Rather, Richards claim that Distrimedic induced infringement of these claims by pharmacists. This argument, which Richards' counsel did not vigorously advance cannot succeed. Quite apart from the fact that these two devices don't appear to work properly with the Distrimedic system, purchasers of such devices from Richards must be presumed to have acquired an implicit right to use them without restriction (*Eli Lilly & Co c Novopharm Ltd*, [1998] 2 RCS 129, at para 100; *Signalisation de Montréal Inc v Services de Béton Universels Ltée*, [1993] 1 FC 341 (CAF), at para 20). In cross-examination, Mr. Glynn confirmed that Richards does not communicate to purchasers any restrictions on the use of its products that would override the implicit right to use without restriction.

[227] It follows then that Richards' purchasers are not infringing the '045 Patent when they use such devices, regardless of how they use them. There can be no inducement to infringe on this basis not least because the first element of the three-part test (an act of infringement by the direct infringer) is not satisfied. Moreover, Richards has adduced no admissible evidence regarding the

second element of the test for inducing infringement, i.e., that any infringing act by a user of the devices in question was influenced by Distrimedic such that, without this influence, the infringing act would not have taken place. Accordingly, there is no infringement of any claim that includes the pill-sorting device or the device for opening a set of pill containers with a knife on the basis alleged.

[228] Finally, though many of the trays sold as part of the Distrimedic system incorporate "a number of recesses at least equal to the number of cavities embossed in the container-defining sheet" (defined in Claims 1 to 25), two of them (Exh. 543 and 544) do not incorporate this feature. The first two rows of recesses are evenly spaced and intended to receive cavities of container-defining sheets, similar to other Distrimedic trays, but the remaining recesses are different. Moreover, these trays also do not infringe Claims 5 and 19 for the additional reason that they do not comprise 28 recesses.

[229] Having found that Distrimedic has not infringed the '045 Patent, it is not strictly necessary for me to address the next two questions identified by the Prothonotary with respect to patent law. Since these issues have been thoroughly canvassed by the parties, however, and because the validity of the disclaimer has been explicitly left open as a result of the decisions taken by this Court and by the Court of Appeal, ordering the Commissioner to accept the disclaimer, I shall deal with them briefly now.

iii. The Disclaimer

[230] As previously mentioned, Richards filed a disclaimer in respect of Claims 15 to 21 of the '045 Patent. Claim 15 is an independent claim while Claims 17, 18 and 19 are dependent claims.

The entirety of Claim 16 was disclaimed. The changes in Claim 15 resulting from the disclaimer are found in paragraph 43 of these reasons.

[231] A disclaimer is a significant, formal and public act filed at the Patent Office. It is a mechanism that, when filed in the prescribed form and manner, is used by patentees to disclaim part of their patent when, by mistake, accident or inadvertence, and without wilful intent to defraud or mislead the public, the patentee has done one of two things: a) framed his patent too broadly, or b) incorrectly claimed to be the inventor of any material or substantial part of the patent to which he had no lawful right (or incorrectly claimed some other person as the inventor thereof) (*Patent Act*, s. 48(1)).

[232] A disclaimer must be filed in the prescribed form and manner: *Patent Act*, s. 48(2). More specifically, it must follow the form and instructions for its completion as set out in Form 2 of Schedule 1 of the *Patent Rules*, to the extent the provisions of the form and the instructions are applicable (*Patent Rules*, SOR/96-423, s. 44). In completing Form 2, the patentee must follow the precise form of items 3(1) or 3(2), which specify the subject matter disclaimed. Either the patentee disclaims the entirety of a claim or the entirety of a claim with the exception of listed elements of that claim. The expression "…with the exception of the following…" used in item 3(2) of Form 2 makes it clear that a disclaimer is essentially a negative allegation, and it is clearly not to be used as a device for reformulating or redefining the invention disclosed and claimed.

[233] Patents are presumed to be valid pursuant to s. 43(2) of the *Patent Act*, but this presumption does not extend to disclaimers (*Sanofi-Aventis Canada Inc v Hospira Healthcare Corp*, 2009 FC

1077, at para 142 [*Sanofi-Aventis*]). The fact that the Commissioner of Patents must accept disclaimers when filed does not speak to their validity and is not determinative of whether or not the disclaiming party has fulfilled the requirements of section 48(1) of the *Patent Act*. This is precisely what this Court and the Court of Appeal reiterated when they set aside, on judicial review, the Commissioner's decision refusing to record the disclaimer because it attempted to broaden, rather than narrow, the scope of at least one claim (see paras 44 to 50 of these reasons). When a disclaimer is contested, its validity must be proven, and it is for the Court to determine whether the patentee made the disclaimer in good faith and not for an improper purpose. The law pertaining to these issues has been aptly summarized by my colleague Justice Martineau in *Hershkovitz*, above, at para 79:

> Finally, when the validity of a disclaimer is contested, the onus of showing that there was "mistake, accident or inadvertence" is on the patentee, and the propriety or validity of such disclaimer may be reviewed by the Court if the patent is litigated. Moreover, according to the case law, the validity of the disclaimer depends on the "state of mind" of the patentee at the time he made his specification. The patentee must be able to demonstrate to the Court that the disclaimer is made in good faith and not for an improper purpose. Where the patentee does not discharge this burden, the disclaimer will be held to be invalid. The fact that the patent Office had accepted a disclaimer is not determinative…
>
> See also: *Pfizer Canada Inc v Apotex Inc*, [2007] FC 971, at para 38; *Sanofi-Aventis*, above, at paras 140-142; *ICN Pharmaceuticals, Inc v Canada (Staff of the Patented Medicine Prices Review Board)*, [1997] 1 FC 32, at para 70.

[234] Having considered all the evidence on the record, I am inclined to believe that the patentee has failed to meet its onus to show that a mistake, an accident or an inadvertence led to the specification being too broad. First of all, it was only after the commencement of the present proceedings that Richards saw the need to file a disclaimer; no concerns appear to have been raised

when the patent was reviewed at the time that Richards acquired it. While this chronology is obviously not sufficient, in and of itself, to establish bad faith, it is certainly a contextual element that can be considered in determining what prompted the filing of a disclaimer.

[235] Richards' attempt at an explanation for the portion of the disclaimer concerning replacement of the word "hole" with "engaging means" was both unconvincing and inadequate. According to Mr. Glynn, Richards' concern was that there wasn't "a proper description around the holes being engaging means grabbing the protuberance" (Transcript, March 25, at p 123). However, the disclaimed claim, in its original form, already defined the holes as "being sized and positioned to correspond to and be engaged by said protuberance". It may be, as Mr. Glynn added, that the new description is a better description of the positioning means, but this is insufficient to constitute a mistake, accident or inadvertence for the purposes of establishing the validity of a disclaimer.

[236] Moreover, neither the inventor, Bouthiette, nor anyone else involved in the original patent application was ever consulted about the disclaimer. Again, while this is not determinative in determining whether a disclaimer has been filed for an improper purpose, it is nevertheless a relevant indicia to consider, especially when the inventor is available and easily reachable as was attested to here.

[237] Finally, one cannot help but wonder why Claim 1, which has virtually identical language to that disclaimed in Claim 15, was not similarly disclaimed. When questioned on that point, Mr. Glynn could give no explanation. If there had been a genuine mistake, accident or inadvertence

which prompted the filing of the disclaimer, other claims using identical language should logically have been amended as well.

[238] The substance of the disclaimer is equally problematic, as it clearly broadens the scope of the patent instead of narrowing it. As indicated above, a key change made through the disclaimer was changing the language of "at least one hole" to "engaging means" and "at least one other hole" to "other engaging means". A hole is undoubtedly an engaging means, but engaging means is not limited to a hole. It could include, for example, a depression or a recess.

[239] Bearing in mind that the validity of the disclaimer is the subject of an application for judicial review, I shall refrain from ruling definitively on the issue. My comments on this subject are only meant to be an additional reason for concluding that the Defendants to the Counterclaim have not infringed the '045 Patent. That being said, I cannot agree with counsel for Distrimedic that the original patent should be invalidated, on the basis that it is tainted by the admission made by Richards that the disclaimed claims in their original form were too broad. I cannot accept this argument in the case at bar. The reasoning advanced by the Defendants to the Counterclaim would hold true if the disclaimed claims in their original form were indeed too broad. However, quite to the contrary, it is the disclaimer that would impermissibly broaden the scope of the claim. I appreciate that Richards, by filing the disclaimer, conceded that their original patent was too broad in scope. There is, however, no independent evidence to that effect, and the Defendants to the Counterclaim have not submitted any arguments in support of their claim that the original patent is overbroad. Contrary to the hypothetical example given by Justice Martineau in *Hershkovitz*, above, at para 49, where he assumes that a line can clearly be drawn between the scope of the original

claim and the more limited scope of the disclaimed claim, there is no such clear line in the present case. In fact, one would be hard pressed to delineate an area open for innovation where new competitors could have jumped in as a result of the disclaimer, given that the disclaimer so clearly expands rather than limits the original claim. Such being the case, the Defendants to the Counterclaim have failed to demonstrate anything within the scheme of the *Patent Act* that would prevent the patentee from returning to the pre-disclaimer patent.

iv. Alternative Argument: Anticipation and/or Obviousness of the Disclaimed Claims

[240] The subject-matter defined by each of the claims of a patent must be new in order to be patentable; in other words, the subject matter of a patent must not have been previously disclosed. A claim that is not new cannot be valid. Anticipation, or lack of novelty, asserts that the invention is not new because it has been made known to the public prior to the relevant time. The relevant time, according to the current *Patent Act*, is normally the "claim date", which is defined as the filing date of the application for the patent in Canada or the filing date of a properly claimed foreign priority application. In cases where the prior art came from the applicant, the applicant cannot have disclosed the subject matter defined by the claim more than one year prior to the Canadian filing date.

[241] The traditional approach to anticipation, which was set forth in *Beloit Canada Ltd v Valmet Oy* (1986), 8 CPR(3d) 289, at 297 (FCA) [*Beloit*], reads as follows:

> It will be recalled that anticipation, or lack of novelty, asserts that the invention has been made known to the public prior to the relevant time. The enquiry is directed to the very invention in suit and not, as in the case of obviousness, to the state of the art and to common

> general knowledge. Also, […] anticipation must be found in a specific patent or other published document; it is not enough to pick bits and pieces from a variety of prior publications and to meld them together so as to come up with the claimed invention. One must, in effect, be able to look at a prior, single publication and find in it all the information which, for practical purposes, is needed to produce the claimed invention without the exercise of any inventive skill. The prior publication must contain so clear a direction that a skilled person reading and following it would in every case and without possibility of error be led to the claimed invention.
>
> See also: *Abbott Laboratories v Canada (Minister of Health)*, 2006 FCA 187, at para 20, leave to appeal to SCC refused, [2006] SCCA No 292; *Pfizer Canada Inc c Canada (Minister of Health)*, 2006 FCA 214, at para 35.

[242] The Supreme Court later refined the test for anticipation in *Apotex Inc v Sanofi-Sunthelabo Canada Inc*, 2008 SCC 61, [2008] 3 SCR 265 [*Apotex Inc*], by requiring that a single prior publication must both disclose and enable the subject matter at issue. The traditional test set out above in *Beloit* concerned the disclosure portion of the test, but did not deal with enablement.

[243] For the purposes of disclosure, the prior publication must "disclose subject matter which, if performed, would necessarily result in infringement of that patent… At this stage, there is no room for trial and error or experimentation by the skilled person" (*Apotex Inc*, above, at para 25). The first requirement for a claim to be anticipated is therefore that the prior publication must disclose subject matter that, if performed, would necessarily result in the infringement of the patent. As has been stated, "what infringes if later, anticipates if earlier": *Hughes and Woodley on Patents* (2nd edition), at page 134, cited with approval in *Consolboard Inc v MacMillan Bloedel*, [1981] 1 SCR 504, at p 534; *Abbott Laboratories v Canada (Minister of Health)*, 2006 FCA 187, at para 25, leave to appeal to SCC refused, [2006] SCCA No 292; *Lightning Fastener Co v Colonial Fastener Co*, [1933] SCR 377, at p. 381.

[244] If the disclosure requirement is satisfied, the second requirement of enablement requires that the POSITA be able to perform the invention. It is only at the enablement stage that trial and error or experimentation is permitted provided it does not constitute an undue burden. If the Court finds that an inventive step was required to get to the invention of the patent in suit, the prior publication will not have been "enabling" (*Apotex*, above, at paras 26, 27 and 33).

[245] The following factors should be considered in the analysis of the enablement requirement, as discussed in *Apotex Inc*, above, at para 37:

> 1. Enablement is to be assessed having regard to the prior patent as a whole including the specification and the claims. There is no reason to limit what the skilled person may consider in the prior patent in order to discover how to perform or make the invention of the subsequent patent. The entire prior patent constitutes prior art.
>
> 2. The skilled person may use his or her common general knowledge to supplement information contained in the prior patent. Common general knowledge means knowledge generally known by persons skilled in the relevant art at the relevant time.
>
> 3. The prior patent must provide enough information to allow the subsequently claimed invention to be performed without undue burden. When considering whether there is undue burden, the nature of the invention must be taken into account. For example, if the invention takes place in a field of technology in which trials and experiments are generally carried out, the threshold for undue burden will tend to be higher than in circumstances in which less effort is normal. If inventive steps are required, the prior art will not be considered as enabling. However, routine trials are acceptable and would not be considered undue burden. But experiments or trials and errors are not to be prolonged even in fields of technology in which trials and experiments are generally carried out. No time limits on exercises of energy can be laid down; however, prolonged or arduous trial and error would not be considered routine.

> 4. Obvious errors or omissions in the prior patent will not prevent enablement if reasonable skill and knowledge in the art could readily correct the error or find what was omitted.

[246] As for obviousness, section 28.3 of the *Patent Act* states that "[t]he subject-matter defined by a claim in an application for a patent in Canada must be subject-matter that would not have been obvious on the claim date to a person skilled in the art or science to which it pertains […]." The relevant date for determination of obviousness is similar to that for anticipation: normally, the "claim date" (the Canadian filing date or the priority date, if any) or, in cases where prior art came from the applicant, one year before the Canadian filing date.

[247] Obviousness, or non-inventiveness, asserts that, even if the invention was new, the POSITA, knowing of the state of the art and of the relevant common general knowledge at the relevant date, would have come "directly and without difficulty" to the invention. The traditional approach to obviousness reads as follows:

> The test for obviousness is not to ask what competent inventors did or would have done to solve the problem. Inventors are by definition inventive. The classical touchstone for obviousness is the technician skilled in the art but having no scintilla of inventiveness or imagination; a paragon of deduction and dexterity, wholly devoid of intuition; a triumph of the left hemisphere over the right. The question to be asked is whether this mythical creature (the man in the Clapham omnibus of patent law) would, in the light of the state of the art and of common general knowledge as at the claimed date of invention, have come directly and without difficulty to the solution taught by the patent. It is a very difficult test to satisfy.
>
> (*Beloit*, above, at 294)

[248] The Supreme Court of Canada in *Apotex* at paragraph 67 recently clarified the law on obviousness and elucidated a four-part approach to such an inquiry:

> (1) (a) Identify the notional "person skilled in the art";
>
> (b) Identify the relevant common general knowledge of that person;
>
> (2) Identify the inventive concept of the claim in question or if that cannot readily be done, construe it;
>
> (3) Identify what, if any, differences exist between the matter cited as forming part of the "state of the art" and the inventive concept of the claim or the claim as construed;
>
> (4) Viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of invention?

[249] In that same decision, the Supreme Court introduced an "obvious to try" test as a factor that can be considered at the fourth step of its suggested approach to obviousness. The "obvious to try" test is appropriate in those areas of endeavour where advances are often made through experimentation, such as the pharmaceutical industry. However, the "obvious to try" test must be approached cautiously, and it is only one factor to assist in the obviousness inquiry.

[250] If an "obvious to try" test is warranted, the following non-exhaustive list of factors should be taken into consideration at the fourth step of the obviousness inquiry:

> 1. Is it more or less self-evident that what is being tried ought to work? Are there a finite number of identified predictable solutions known to persons skilled in the art?
>
> 2. What is the extent, nature and amount of effort required to achieve the invention? Are routine trials carried out or is the experimentation prolonged and arduous, such that the trials would not be considered routine?
>
> 3. Is there a motive provided in the prior art to find the solution the patent addresses?
>
> (*Apotex*, above, at para 69)

[251] Finally, the inventive concept is to be ascertained by reference to the claims, rather than the specification (*Sanofi-Aventis Canada Inc v Apotex Inc*, 2009 FC 676, at para 267; *Laboratoires Servier v Apotex* Inc, 2009 FCA 222, at paras 57). Indeed, it is a well established principle of patent law that "[t]he description does not define an invention; rather, the claims read in the context of the description define the invention (or inventions) of the patent" (*Laboratoires Servier v Apotex Inc*, 2008 FC 825, at para 133, aff'd 2009 FCA 222, leave to appeal to the SCC denied [2009] SCC No 403).

[252] The Defendants to the Counterclaim base both their anticipation and obviousness allegations upon the disclosure made through the Braverman Patent for a "Medicinal Dispensing Device". It is important to stress that there is no claim that the '045 Patent is invalid because of the prior Braverman Patent. What is asserted is that, because of that patent, the claims in the '045 Patent cannot possibly have the breadth that Richards is claiming.

[253] According to the Defendants to the Counterclaim, the Braverman Patent recognizes the importance of alignment of the container-defining sheet and the container-sealing sheet. This alignment is achieved in the Braverman Patent with the assistance of pins (210) along two edges of the base (202). As stated at column 4, lines 59 to 63: "The resilient pins are properly arranged so as to guide the placement of the closure member as can be seen in FIG. 15 wherein edges 196 of the closure member are in actual contact with the pins 210."

[254] The Defendants to the Counterclaim view this interaction between the closure member and the pins as similar to the interaction between the container-sealing sheet and the raised portion of the

tray in the Distrimedic system. The container-sealing sheet of the Distrimedic system abuts the raised portion of the tray and is not otherwise held in place. Therefore, as noted in the submission of the Defendants to the Counterclaim, the Distrimedic system and the system described in the Braverman Patent work in essentially the same way.

[255] After having carefully read both the '045 Patent and the Braverman Patent, as well as the expert reports of Messrs. de Winter and Mauffette, I have come to the conclusion that the allegation of the Defendants to the Counterclaim cannot be sustained and that the Braverman Patent does not disclose a positioning means that functions in the same way as the '045 Patent, that is, with active engagement of both the container-sealing and container-defining sheets. While it cannot be denied that the spring-loaded pins help in guiding the container-sealing sheet, as Mr. de Winter admitted, they do not locate the sheet in the sense of keeping it in position. Moreover, even guiding the container-sealing sheet is clearly not their main function. Spring loaded pins are expensive, particularly as a stainless steel mounting tray would require stainless steel pins; if their function was purely to locate the container-sealing sheet, they could have been replaced by plastic molding components. Furthermore, the Braverman Patent twice mentions that the function of the pins is to eject the pressure applying member, which is consistent with the normal use of such pins and is typical in molding, stamping, and tooling. Finally, it appears that the sheet is aligned by a person holding it by hand through the nipped corner diagonally opposite to the pins, reinforcing the view that the pins are not meant to hold the sheet in place.

[256] In light of the above, I accept Mr. de Winter's assessment that the invention described in the '045 Patent was neither obvious nor anticipated. The Braverman Patent does not provide disclosure

of how to perform or make what is disclosed and claimed as the invention in the '045 Patent. To borrow from the language of Justice Hugessen in *Beloit*, the Braverman Patent does not provide "all the information which, for practical purposes, is needed to produce the claimed invention without exercise of any inventive skill" (*Beloit*, above, at 297). The upwardly projecting protuberances and the holes as a means of positioning the container-sealing sheet over the container-defining sheet were not obvious either, in light of the common general knowledge as of July 22, 1996. The Braverman Patent may have triggered an inventor to think of a new (and equally inventive) concept, but this is insufficient to render the later idea obvious.

[257] This finding is consistent with my earlier determination that the disclaimer is invalid. As previously mentioned, the paragraph defining the "at least one upwardly projecting protuberance" and the holes was added to Claim 15 by the applicant (Richards' predecessor) in order to overcome a rejection of the previous wording of the claim by the Patent Office. This essential element is clearly the innovative element of the claim. Replacing the terms "at least one hole" and "at least one other hole" by "engaging means" and "other engaging means" would clearly broaden the scope of the claim since it would no longer be limited to a system in which the container-sealing sheet is aligned with the container-defining sheet by way of the engagement of holes in each with at least one corresponding upwardly projecting protuberance in the recessed support. By invalidating the disclaimer and upholding the validity of the '045 Patent in its original form, its newness or inventiveness would therefore be preserved.

b) Misrepresentation

[258] As noted above, Prothonotary Morneau framed the issue related to misrepresentation as follows: "Whether the defendants to the counterclaim have made false and misleading statements that tended to discredit the business, services and wares of Richards."

[259] Subsection 52(1) of the *Competition Act* provides that no person shall knowingly or recklessly make a representation to the public that is false or misleading in a material respect for the purpose of promoting the supply or use of a product or for the purpose of promoting any business interest. Pursuant to paragraphs 52(1.1)(a) and (c), it is not necessary that any person be in fact deceived or misled by the false or misleading representation, nor that the representation be made in a place to which the public had access. While subsection 52(1) establishes a criminal prohibition, sections 74.01 and following provide a civil track for pursuing claims of misleading representation.

[260] There is no allegation that the Defendants to the Counterclaim made any false or misleading statements in advertising, and no such evidence was adduced. In their Pre-Trial Conference Memorandum (at para 30), Richards alleged that, in 2005, Filiatrault, Poirier and/or representatives of the Defendants to the Counterclaim made one or more of the following statements to Richards' clients:

> (a) that Filiatrault and Poirier had left Dispill due to its alleged price gouging and/or that the representatives were developing a similar solution that they would sell at a more fair price; and
>
> (b) That the representatives were authorized by Dispill to offer an alternative solution to the Richards pill dispenser, but that the product would be sold under a different trade-mark.

[261] At the end of the trial, counsel for Richards somewhat narrowed this allegation, claiming instead that a representative of Distrimedic visited Mr. Thibault's pharmacy in order to present the Distrimedic pill dispenser. Counsel made much of the fact that during that meeting, Mr. Thibault remembers having been shown product sheets that he found to be very similar to the Dispill catalogue, to such an extent that he was under the impression that the two companies must have had the same external supplier. Mr. Thibault went so far as saying, on cross-examination, that he did not think the Distrimedic price lists would have left him with the same impression of similarity.

[262] The principles applicable to a determination under section 52 of the *Competition Act* have been well summarized by Justice Hood, of the Supreme Court of Nova Scotia, in *Maritime Travel Inc v Go Travel Direct.Com Inc* (2008) 66 CPR (4th) 61, at para 39, aff'd 2009 NSCA 42:

> 1. The general impression of the advertisement must be determined. In doing so, the nature of the particular portion of the public to whom it is directed must be considered.
> 2. The literal meaning of the advertisement is to be considered as well.
> 3. In determining if the advertisement is false or misleading in a material respect, extraneous evidence may be considered but not for the purpose of altering the general impression already arrived at.
> 4. Misleading advertising must be misleading in a material respect. Materiality is defined in terms of the effect it would have upon a consumer's buying decision. It must be "so pertinent, germane or essential" (quoting from *Apotex*) that it would have an effect upon that decision. Mere "puffery" is not sufficient to constitute misleading advertising.
> 5. Aggressive advertising is not circumscribed by the *Competition Act* unless it is an "untruthful disparagement" of the goods or services of a competitor (quoting from *Purolator*).
> 6. The Court should not interfere with competition in the workplace unless the advertisements are "clearly unfair" (*Puralotor*).
> 7. Even advertisements which "push the bounds of what is fair" are not misleading in a material way (*Tele-Mobile*).
> 8. In the civil context, the burden of proof on the plaintiff is still proof on the balance of probabilities but it is a heavier burden because of the seriousness of the allegations. There must be

> "substantial proof" of activity which is "a very serious public crime." (*Janelle*).

[263] The evidence adduced by Richards falls far short of proving that false and misleading statements were made. Mr. Thibault, the only witness called by Richards on this matter, clearly stated both in his examination in chief and in cross-examination that when he met with the representative of Distrimedic in 2006, the representative did not try to mislead him into thinking that he was a Dispill representative or that he was selling Dispill products, and never falsely or misleadingly presented Distrimedic's products.

[264] The only remaining fact offered in support of Richards' claim is that Mr. Thibault was led to believe that the two companies had the same external supplier due to similarities between the product sheets shown to him by Distrimedic's representative and the Dispill catalogue with which he was familiar. In my view, this is far from sufficient to establish that Distrimedic ran afoul of section 52 of the *Competition Act*. I appreciate that such a representation, had it been substantiated, would have been quite material considering that the availability of similar accessories to those offered with the Dispill system was a key factor in Mr. Thibault's decision to switch from the Dispill system to the Distrimedic system. Nevertheless, although Mr. Thibault may have been under that impression, no evidence has been offered to suggest that he came to that impression as a result of any misrepresentation by Distrimedic's representative.

[265] While one should not lose sight of the fact that some of Distrimedic's accessories are indeed similar to the Dispill accessories, Distrimedic does not have the exact same line of accessories as Dispill. It is equally noteworthy that Richards' expert, Mr. de Winter, testified that the use of the

Dispill pill sorter with the Distrimedic product would be "awkward" because the Distrimedic and Dispill solutions are "two different systems".

[266] Both Messrs. Filiatrault and Poirier denied misrepresenting themselves as being Dispill, or encouraging their clients to buy Distrimedic and use it with Dispill accessories, and they provided credible explanations as to why they would not have done that. They testified that they wanted to preserve their reputation of honesty and reliability among pharmacists, that they did not want to compromise their relationship with the Association québécoise des pharmaciens proprietaries (AQPP), that they had their own accessories and products that they wished to sell, and that at least some of Dispill's accessories do not fit with Distrimedic products. During their examination and cross-examination, they both came across as forthcoming and truthful in their answers, and their credibility was not impugned or undermined in any respect. For that reason, I am inclined to give much weight to their evidence and to find it reliable.

[267] Finally, a close reading of Mr. Thibault's cross-examination reveals that he is the one who initiated contact with Distrimedic, that he was never presented with the Dispill catalogue, that the product sheets did not bear the name "Dispill", and that he only drew the conclusion that the Distrimedic products were made by the same external supplier as the Dispill products because they looked much the same. He did mention that he did not think the Distrimedic price lists shown to him at trial would have left him with the same impression of similarity, but he cautioned that this is based on recollection more than seven years after the fact.

[268] Counsel for Richards made much of the fact that the Defendants to the Counterclaim chose not to call Mr. Paul van Gheluwe as a witness to rebut the evidence of Mr.Thibault. While his evidence (and in particular his cross-examination) could have been helpful in ascertaining what really took place when he met Mr. Thibault in 2006, I am not prepared to draw a negative inference from the strategic decision made by counsel for Distrimedic not to call him, as there is no evidence of wrongdoing to be rebutted.

[269] In fact, the same criticism can be levelled against the conscious decision of Richards not to present any other pharmacists to whom misrepresentations were allegedly made. Instead, Richards presented a few emails and handwritten notes of its employees to whom instances of misrepresentation by Distrimedic were allegedly reported. The authors of such handwritten notes and emails did not testify at trial to establish what exactly was said to them, and by whom, and Distrimedic therefore had no opportunity to cross-examine them. Even if the authors had testified at trial, they are clearly not the individuals to whom the alleged false and misleading statements were made. Indeed, these emails and written notes are simply Richards employees to whom clients (mostly pharmacists) have reported conversations with Distrimedic representatives. They clearly constitute hearsay (and, in at least one instance, double hearsay) evidence, and as such are not admissible.

[270] Considering the seriousness of the allegations made against the Defendants to the Counterclaim, I find that counsel for the Plaintiffs by Counterclaim have not met their burden of proof. The evidence does not rise to the stringent standard of a high preponderance of probabilities established by the case law: see *Janelle Pharmacy Ltd v Blue Cross of Canada*, 2003 NSSC 179, 27

CPR (4th) 19, at paras 95-97; *Pentagon Investments Ltd v Canadian Surety Co*, [1992] NSJ No 402 (NSCA). In coming to this conclusion, I bear in mind that the purchasers of the Dispill and Distrimedic products are sophisticated purchasers unlikely to be easily influenced or mislead; the decision to adopt one kind of pill dispenser instead of another is most often taken by medical professionals and more than one person whether in the context of pharmacies or nursing homes, and it is in that context that the general impression of the advertisement or of the representations has been assessed.

[271] For all of the foregoing reasons, I find that the allegations of misrepresentation have not been made out. The evidence is far from sufficient to establish, on a high preponderance of probabilities, that Distrimedic or its representatives made misleading representations with respect to their wares or disparaging comments regarding Richards' goods and services.

c) Passing Off

[272] Richards claims that the Defendants to the Counterclaim have "wrongfully directed public attention to their business, services and wares in such a way as to cause or be likely to cause confusion in Canada at the time they commenced so to direct attention between their businesses, wares and services and those of the Defendant Richards", contrary to paragraph 7(b) of the *Trade-marks Act* (Three Times Amended Statement of Defence and Counterclaim, at para 48(i)). More specifically, Richards claims that: (1) by virtue of its extensive advertising and sales, the "Richards Packaging Label Colour Trade Marks" has "become well and favourably known to pharmacists, nurses and nursing home employees and the public in respect of Richards Packaging's pill dispenser and have become distinctive trade marks of Richards Packaging", and that (2) "[t]he continued use

of the colour trade marks applied to the top surface of the container-sealing sheets for use with the DISTRIMEDIC Product by the Defendants to the Counterclaim and their agents is likely to lead members of the public to the inference that either the business or wares of Distrimedic and the other Defendants to the Counterclaim are associated with Richards Packaging's container-sealing sheets and Richards Packaging's pill dispenser or that Richards Packaging endorses or otherwise approves of the business, services and wares of Distrimedic, and the other Defendants to the Counterclaim" (Three Times Amended Statement of Defence and Counterclaim, at paras 29 and 46).

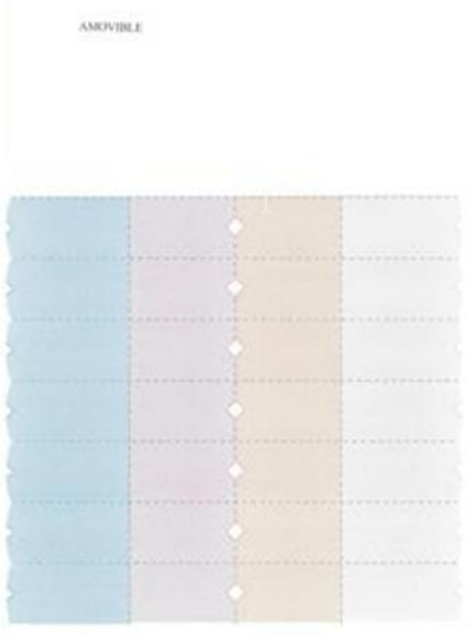
[273] Passing off occurs when a company's business reputation or goodwill will or will likely be injured by a misrepresentation through which a competitor creates an illusion of sameness or similarity to its wares or services, causing confusion in the consumer's mind to the effect that one's goods or services are someone else's or sponsored by or associated with that other person. It is effectively a "piggybacking" by misrepresentation. As Fleming put it in his seminal book *The Law of Torts*, 4th ed (Sydney: Law Book Co, 1971), at p 626:

> Yet another form of misrepresentation concerning the plaintiff's business – unfair competition *par excellence* – is the tort of passing-off, which differs from injurious falsehood in prejudicing the plaintiff's goodwill, not by deprecatory remarks, but quite to the contrary by taking a free ride on it in pretending that one's own goods or services are the plaintiff's or associated with or sponsored by him.
>
> See also: *Canadian Business School Inc v Sunrise Academy Inc* (2002), 23 CPR(4th) 220 (FC), at paras 21, 23.

[274] Despite making this argument, counsel for the Plaintiffs by Counterclaim have offered little (whether in their written submissions or orally) to substantiate it. Aside from referring in their written representations to Schedule "A", comparing Distrimedic customers of the labels ETCP-500

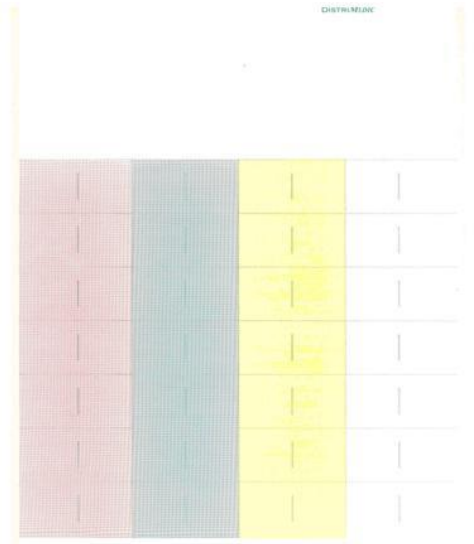
and ETCA-500 with Distrimedic customers of the A4 format of labels, and to Schedule "B", showing that Richards and Distrimedic have many customers in common, there is very little discussion of the necessary components to ground a finding of passing off, whether based on common law or paragraph 7(b) of the *Trade-marks Act*. Having carefully reviewed the evidence, I have come to the conclusion that Richards' claim under that section must fail as it has not demonstrated any of the elements necessary for an action in passing off to succeed, or even that it holds trade-mark rights in its colour scheme.

[275] Before going any further, it is worth clarifying what is at stake here. Richards admitted that Distrimedic's current colour scheme, which has been in use since 2006 and is reproduced below, does not infringe upon any trade-marks rights Richards claims to possess (Agreed Statement of Facts, Trial Exhibit 500, at para 39).



[276] It is therefore only the original colour scheme that Distrimedic used for a period in 2005 that is the subject of Richards' claim under the *Trade-marks Act*. Distrimedic recognized that it printed

and distributed a colour scheme that was for all intent and purpose identical to the Dispill Colour Scheme in its early days of operation, but submits that it made only a limited run of labels bearing the original colour scheme and that they were distributed solely for testing purposes. This original colour scheme used by Distrimedic, which is identical to that used by Dispill, is reproduced below:



[277] The first issue identified by the Prothonotary in his Order dated September 28, 2011 relates to the very existence of a trade-mark right in the Dispill Colour Scheme. This is entirely consistent with the inherent logic of a passing off action under paragraph 7(b) of the *Trade-marks Act*. As the Federal Court of Appeal stated in *Kirkbi AG v Ritvik Holdings Inc*, 2003 FCA 297, aff'd 2005 SCC 65, [2005] 3 SCC 302 [*Kirkbi*], the scope of a passing off action is limited to situations where the plaintiff can demonstrate that it holds trade-marks rights in the indicia alleged to have been misappropriated:

> 38. (…) Paragraph 7(b) is the equivalent statutory expression of the common law tort of passing off, with one exception: in order to use paragraph 7(b) a person must prove that they have a valid and enforceable trade-mark, whether registered or unregistered. The thing that distinguishes the common law action of passing-off from a passing-off action under paragraph 7(b) of the Act is that in the

> common law action a litigant need not rely on a trade-mark to make use of the action. To bring a passing-off action under the Act, one must have a valid trade-mark within the meaning of the Act. The definitions in section 2 of the Act are integral to any trade-mark passing off action under paragraph 7(b), such as the Appellants' action.

[278] The Supreme Court confirmed the Federal Court of Appeal's findings with respect to the necessity of showing that a "trade-mark" exists in order to succeed in a passing off action. This decision is interesting and of much relevance in deciding the case at bar. Kirkbi was the owner of the patents for the LEGO construction sets. When the patents expired, Ritvik, a Canadian toy manufacturer, began manufacturing and selling bricks interchangeable with LEGO. Kirkbi tried to assert a trade-mark in the "LEGO indicia" (i.e., the upper surface of the block with eight studs distributed in a regular geometric pattern), but was unsuccessful with the Registrar of Trade-marks. Kirkbi then claimed the LEGO indicia as an unregistered mark and sought a declaration that it had been infringed by Ritvik pursuant to paragraph 7(b) of the *Trade-marks Act* and the common law doctrine of passing off. It requested a permanent injunction to prevent Ritvik from marketing infringing products and sought damages.

[279] After having found that paragraph 7(b) of the *Trade-marks Act* is *intra vires* the jurisdiction of Parliament as it is directly connected, in pith and substance, to the enforcement of trade-marks and trade-names in Canada, the Supreme Court applied the doctrine of functionality and determined that an unregistered trade-mark consisting solely of the technical or functional characteristics of the LEGO bricks cannot be the basis of a trade-mark. In coming to this conclusion, the Supreme Court reiterated that a mark that goes beyond distinguishing the wares of its owner to protect the functional structure of the wares themselves is transgressing the legitimate bounds of a trade-mark.

It would indeed be a perversion of trade-mark law to grant trade-mark protection to a mark that has a primarily functional use, as it would provide something which a patent for the same product could not provide because patent protection cannot be perpetual. The Supreme Court quoted with approval the following paragraph from the reasons of Justice Sexton of the Federal Court of Appeal:

> Indeed, in my view, subsection 13(2) [of the *Trade-marks Act*] reinforces the concept that the doctrine of functionality invalidates a mark which is primarily functional. It makes clear that the public is not constrained from using any utilitarian features of a distinguishing guise. It follows that if a distinguishing guise is wholly or primarily functional, then the public is not constrained from using the distinguishing guise in its entirety. Thus a distinguishing guise which is primarily functional provides no rights to exclusive use and hence no trade-mark protection. In other words the fact that the distinguishing guise is primarily functional means that it cannot be a trade-mark. The appellants have simply misconstrued subsection 13(2).
>
> (*Kirkbi*, above, at para 59 as quoted by the SCC in its Reasons at para 60)

[280] In order to succeed under paragraph 7(b), therefore, Richards needed to show that it holds trade-mark rights in the Dispill Colour Scheme. As already mentioned, I find that Richards has failed to do so, first and foremost because the Dispill Colour Scheme has a purely functional purpose, second because there is no convincing evidence that Richards' intention was to use the Dispill Colour Scheme as a trade-mark, and finally because the Dispill Colour Scheme has not acquired trade-mark recognition among the relevant public. I will now expand on each of these shortcomings.

i. The Dispill Colour Scheme Is Not A Trade-Mark

[281] In order to determine whether the Dispill Colour Scheme is a trade-mark, it is essential to go back to the definition of a "trade-mark" found in the *Trade-marks Act*, at section 2:

(a) a mark that is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others,	a) marque employée par une personne pour distinguer, ou de façon à distinguer, les marchandises fabriquées, vendues, données à bail ou louées ou les services loués ou exécutés, par elle, des marchandises fabriquées, vendues, données à bail ou louées ou des services loués ou exécutés, par d'autres;

[282] The appearance of a product which is "known" or "different" but not used for the purpose of distinguishing is not a "trade-mark". In other words, it is not sufficient simply to say that the goods of a defendant are very much like the goods of a plaintiff. It must be established that consumers have, by reason of the appearance of the goods of the plaintiff, come to regard those goods as having a single source or provenance, even if the customers do not know or believe that the plaintiff is the only source of the product: *Oxford Pendaflex Canada Ltd v Korr Marketing Ltd*, [1982] 1 SCR 494, at 502.

[283] Even if intention is not necessary for a trade-mark to be "used for the purpose of distinguishing", the owner's intention to use it as a trade-mark and the public recognition of the mark as a trade-mark are relevant considerations. This is inherent in the use of the disjunctive in the definition of a trade-mark, that it is used "for the purpose of distinguishing or so as to distinguish". As the Federal Court of Appeal stated in *Tommy Hilfiger Licensing Inc v International Clothiers Inc*, 2004 FCA 252, at para 35:

> …in determining whether a mark has been used as a trade-mark, the user's intention and public recognition are relevant considerations, and that one or the other may be sufficient to demonstrate that the mark has been used as a trade-mark.

See also: *Medox Ltd v Roussel (Canada) Ltée*, [1979] TMOB No 21 (QL), 48 CPR (2d) 97, at paras 11-15.

[284] Counsel for the Defendants to the Counterclaim argued that the Dispill Colour Scheme has a purely functional purpose, which is to allow a patient, or those administering medication to a patient, to more easily identify which medication to take at a specific moment of the day. I agree. Richards did not present convincing evidence demonstrating an intention to use the Dispill Colour Scheme as a trade-mark, or that the Dispill Colour Scheme has acquired trade-mark recognition among the relevant public. As such, Richards has failed to establish that the Dispill Colour Scheme is a trade-mark.

[285] It is worth remembering that the Trade-marks Opposition Board allowed Distrimedic's opposition and refused to register the Dispill Colour Scheme as a trade-mark. In its decision, the Opposition Board found that Richards or its predecessor in title did not provide sufficient evidence to demonstrate an intention to use the Dispill Colour Scheme as a trade-mark. In the case at bar, both Mr. Filiatrault and Mr. Poirier testified that, in the late 1990s when the Dispill product was launched, they never contemplated using the Colour Scheme as a trade-mark, but rather always viewed it as a utilitarian feature of their product.

[286] Moreover, it appears from the cross-examination of Mr. Glynn that no suggestion was made that the Dispill Colour Scheme was a trade-mark when Dispill was acquired by Richards, and there is no mention of any Dispill Label Form as a trade-mark in the schedule listing the intellectual property forming part of the share purchase agreement of July 2005 whereby Richards acquired Dispill from Mr. Bouthiette. While Richards submits that the Agreement contemplated a transfer of

all intellectual property associated with the business and that the lack of reference to the trade-mark in the schedule is not determinative, its absence nevertheless lends support to the conclusion I have reached.

[287] Finally, Richards has not pointed to any symbol or reference, be it on the product itself or elsewhere, suggesting that trade-mark rights have attached to the Dispill Colour Scheme. I recognize that there is no requirement to mark a TM symbol in connection with a trade-mark; however, in light of the fact that other Richards products bear indications of trade-mark or patent rights, this is certainly an additional indicia in support of a finding that neither Richards nor Dispill Inc. intended to use the Dispill Colour Scheme as a trade-mark.

[288] There is no dispute between the parties that trade-mark protection does not extend to marks which are purely or primarily functional. This is a corollary to the requisite distinctiveness of a trade-mark: *Parke, Davis & Co v Empire Laboratories Ltd*, [1964] SCR 351, at 354. If it were otherwise, a trade-mark could be used to perpetuate a patent monopoly that would otherwise have expired. As a result, one cannot obtain a trade-mark right in the functional structure of the wares themselves; as the Supreme Court ruled in *Kirkbi*, above, at paras 42-43, a trade-mark is meant to protect the distinctiveness of a product, and not its function. As stated by the Court at paragraph 67 of that decision, "[t]he doctrine of passing off did not develop to protect monopolies in respect of products but of guises, get-ups, names and symbols which identify the distinctiveness of a source". Conversely, a mark which displays some functional features is not excluded from trade-mark protection, so long as protection of the functional features do not create a monopoly over the

function: *Crocs Canada Inc v Holey Soles Holdings Ltd*, 2008 FC 188, at para 18. This doctrine of "functionality" applies both to registered and unregistered trade-marks.

[289] In the case at bar, the evidence is to the effect that the Dispill Colour Scheme is primarily functional. Specifically, the colour code appears to have been adopted primarily or entirely to identify a specific moment of the day when the pill(s) contained in a blister must be taken. The resulting arrangement does not serve as a "get up", nor does it distinguish Richards' product. It was always clear in the minds of Dispill's executives, Messrs. Filiatrault and Poirier, that the Dispill Colour Scheme was just a colour code whose function was to indicate periods of the day, and in no way was it intended to be used as a trade-mark (Examination-in-chief of Claude Filiatrault at Trial, April 5, 2013, at pp 77-79; Examination-in-chief of Robert Poirier at Trial, April 11, 2013, at pp 171-173).

[290] France Morissette also testified that the colour code reinforces the safety and efficiency of pill dispensing, especially with the non-professional staff in nursing homes.

[291] Once more, I find myself in agreement with the Opposition Board when it stated that "[a]ll of this evidence reinforces the fact that the Mark operates as a colour code indicating the time of the day for taking the medication contained in the pill dispenser rather than as a trade-mark identifying the source of the Wares" (*Distrimedic Inc v Richards Packaging Inc*, 2012 TMOB 199, [2012] TMOB No 5199 (QL), at para 40).

[292] Mr. Glynn himself, in his testimony, does not seem to contest that the colours do contain a certain functionality to the extent that they facilitate use of the product. He claims, however, that the particular colours used for the Dispill label were selected randomly, that they have no particular advantage over any other four colours, that they are well-known in the marketplace as being Richards' colours, and that these colours are not used by any other company. In other words, Richards' argument is that the Dispill Colour Scheme has acquired distinctiveness, or a secondary meaning, through use and public recognition.

[293] To assess this argument, one must first delineate the relevant group of customers to which the product is marketed and offered. Obviously, some groups of customers are more sophisticated and will be less easily deceived by misrepresentation than others.

[294] Even if the residents of nursing homes are the ultimate consumers of the pills and other pharmaceutical products which have been prescribed to them by their doctors, it is clear that they are not the target clientele of the pill dispensers in dispute. The evidence shows that patients generally do not purchase or even use the pill dispensers as such. Autonomous patients may be given the individual small blister at the appropriate time of the day, but they generally will not see the pill dispenser in its complete form and thus rarely come into contact with the complete Dispill Colour Scheme. Patients are therefore not the relevant customers of the Dispill and Distrimedic products when it comes to determining whether the alleged trade-mark is distinctive. Indeed, Mr. Glynn stated in his testimony that marketing and instructional materials are directed at pharmacies and nursing homes, and this is entirely consistent with how the product is presented in Dispill's advertisements.

[295] The relevant public, therefore, are the pharmacists, since they are the one who purchase the pill dispensers, and to a lesser extent the administrators of nursing homes. Obviously, these people are far less influenced by colours than would be the general public, and far less likely to be confused between one product and another because of the use of a similar colour coding scheme. As professionals, Richards' primary customers care about safety. To the extent that a colour scheme can improve safety and effectiveness in distribution of medication it will obviously be of value, but this is a far cry from saying that customers have come to associate the Dispill Colour Scheme with Dispill Inc. or Richards.

[296] The only evidence presented by Richards to demonstrate that the Dispill Colour Scheme was recognized by the relevant public as a trade-mark, or that it has acquired a secondary meaning, was that of Ms. Morissette. The testimony of this one fact witness is clearly insufficient to establish that the Dispill Colour Scheme has acquired a secondary meaning or distinctiveness of any kind. It is quite telling that Richards did not introduce the evidence of any pharmacists in that respect, and did not see fit to present surveys or studies demonstrating that the relevant public has come to associate the Dispill Colour Scheme with Dispill Inc. or Richards.

[297] Moreover, Ms. Morissette did not opine on the distinctiveness of the trade-mark *per se*, but only mentioned in her report that the Dispill Colour Scheme is "well-known". That does not make it a distinctive trade-mark within the meaning of the *Trade-marks Act*. At best, this colour scheme may have helped identify the product, but this was more as a result of the fact that Dispill was for many years the only pill dispenser to use a pattern of colours on its pill dispensers. The fact that a particular product has been in use for many years as the only product of its category doesn't

necessarily transform its features into trade-marks, particularly where, as in the *Kirkbi* case, those features are primarily functional.

[298] In short, I have not been convinced that the four colours on the Dispill product serve as an identifier of Richards as the source of the product. The colour scheme was adopted first and foremost for functionality reasons, and even if it may have come to be somewhat linked with the Dispill product in the mind of some people (a proposition for which there is scant evidence), it was more as a result of being the only product of its type on the market than as a result of an active or deliberate marketing effort aimed at creating an association with the Dispill product in the minds of pharmacists. To that extent, the colour scheme was not "used" by Richards to distinguish its product; it is the trade name Dispill that fulfilled that function.

[299] Counsel for the Defendants to the Counterclaim also relied on cases such as *Apotex Inc v Registrar of Trade-marks*, 2010 FC 291 [*Apotex Inc, FC 2010*], aff'd 2010 FCA 313, leave to appeal to the SCC refused, [2011] SCCA No 11 and *Eli Lilly and Co v Novopharm Ltd* (1997), 73 CPR (3d) 371, aff'd (2000), 10 CPR (4th) 10, to suggest that an attempt to have the shape, colour and/or form of pharmaceutical products recognized as trade-marks will in most cases be denied. This may well be true, for the obvious reason that shape, colour and form are usually not the primary characteristics or features by which the manufacturers of these products wish to distinguish them from the products of their competitors. The same is not necessarily true of other pharmaceutical paraphernalia, the main characteristic of which may not be their effectiveness to treat or cure a medical condition and whose appearance may be more relevant in helping the customer to choose the products of one manufacturer in preference to another. Be that as it may, I

do not need to say more on this topic as I have already found that Richards did not use the Dispill Colour Scheme primarily, if at all, to identify its product. Paragraph 7(b) of the *Trade-marks Act* is therefore not available to Richards.

ii. The Distrimedic Original Colour Scheme Was Not "Used" In A Way That Triggers The Application Of Paragraph 7(B) Of The *Trade-Marks Act*

[300] Even if I were to accept that the Dispill Colour Scheme was a trade-mark at the time Distrimedic entered the market in 2005, there is a second reason why paragraph 7(b) of the *Trade-marks Act* has not been infringed. Not only must the Plaintiff by Counterclaim show that it owned a trade-mark on the Dispill Colour Scheme, but it must demonstrate that the Defendants to the Counterclaim used that trade-mark within the meaning of the *Trade-marks Act*. After all, paragraph 7(b) is inextricably linked to the overall scheme of the *Trade-marks Act*. Contravention of paragraph 7(b) hinges on the proof of confusion in connection with a trade-mark, which in turn stems from the "use" by a defendant of a trade-mark within the meaning of section 4 of the *Trade-marks Act*: see *Positive Attitude Safety System Inc v Albian Sands Energy Inc*, 2005 FCA 332, at paras 31-32.

[301] The definition of "use" of a trade-mark in association with wares is found at section 4 of the *Trade-marks Act*:

4. (1) A trade-mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of the wares, in the normal course of trade, it is marked on the wares themselves or on the packages	4. (1) Une marque de commerce est réputée employée en liaison avec des marchandises si, lors du transfert de la propriété ou de la possession de ces marchandises, dans la pratique normale du commerce, elle est

in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.	apposée sur les marchandises mêmes ou sur les colis dans lesquels ces marchandises sont distribuées, ou si elle est, de toute autre manière, liée aux marchandises à tel point qu'avis de liaison est alors donné à la personne à qui la propriété ou possession est transférée.

[302] The expression "in the normal course of trade" has been interpreted as "requiring that the transfer of the property in or of the possession of the wares be a part of a dealing in the wares for the purpose of acquiring goodwill and profits from the marked goods" (*Cast Iron Soil Pipe Institute v Concourse International Trading Inc* (1988), 19 CPR (3d) 393, at 395 (TMOB) [*Cast Iron Soil Pipe*]). Such a dealing requires some payment or exchange, which excludes the use of a trade-mark in situations where the wares are given away for free or donated. In situations where samples have been distributed for free, without any subsequent sales of this same product on the market, courts have consistently held that the alleged trade-mark was not used "in the normal course of trade": see, for example, *Cast Iron Soil Pipe*, above, at 395; *Renaud Cointreau & Cie v Cordon Bleu International Ltd* (1993), 52 CPR (3d) 284, at 287, aff'd [2000] FCJ No 1414 (QL), 188 FTR 29 (FCTD); *Royal Bank of Canada v Canada (Registrar of Trade Marks)*, [1995] FCJ No 1049, at para 13, 63 CPR (3d) 322 (FCTD); *Professional Gardener Co v Canada (Registrar of Trade Marks)* (1985), 5 CPR (3d) 568, at 571-572 (FCTD).

[303] It follows that the handing out of free samples of a product without subsequent distribution of said product on the market does not amount to "use" of the affixed mark as a trade-mark, and therefore does not trigger the application of paragraph 7(b) of the *Trade-marks Act*. This is precisely what the Defendants to the Counterclaim allege was done in 2005 when they temporarily

distributed the Distrimedic original colour scheme. The evidence before this Court is that approximately 100,000 sheets with the same colour scheme as the Dispill Colour Scheme were printed. Both Mr. Filiatrault and Mr. Poirier testified that only a few batches of 500 sheets were distributed for free to approximately eleven pharmacies for testing purposes and to receive feedback on their product. This was apparently done over a period of several weeks in November and December 2005. Subsequently, these sheets are said to have been destroyed and never to have been sold by the pharmacists to their clients.

[304] It is true that the circumstances surrounding the printing and subsequent destruction of these initial sheets are far from clear, and that no evidence was produced to corroborate the testimonies of Messrs. Filiatrault and Poirier. Conversely, the Plaintiff has not adduced any evidence, be it in the form of pharmacists' testimonies or otherwise, sufficient to undermine the credibility of Messrs. Filiatrault and Poirier.

[305] The only argument put forward by the Plaintiff by Counterclaim in that respect is that the same product codes (ETCA-500 and ETCP-500) were used by Distrimedic for labels bearing different colour schemes (the original Distrimedic colour scheme and a new design with different colours), thereby making it difficult to determine whether and when Distrimedic stopped using the Dispill Colour Scheme. This is far from sufficient to rebut the testimony of Messrs. Filiatrault and Poirier. There could be any number of reasons why the same product codes were used for the same product before and after the colour change.

[306] Finally, I note that Distrimedic suffered a loss on the sales of ETCP-500 and ETCA-500 labels, according to Richards' own accounting expert. Therefore, even if one were to assume that the labels were not destroyed and that all of the ETCP-500 and ETCA-500 labels bore the original Distrimedic colour scheme, these figures would tend to confirm that the labels were not used in the normal course of trade, and would not warrant an award of damages for passing off.

iii. Distrimedic Did Not Direct Public Attention To Its Business In Such A Way As To Cause Confusion With That Of Richards

[307] Richards alleged that the use of the Distrimedic original colour scheme in association with the Distrimedic products "is likely to lead members of the public to the inference that either the business or wares of […] the […] Defendants to the Counterclaim are associated with [Richards' container-sealing sheets dispenser, or] that Richards endorses or otherwise approves of the business, services and wares of […] the […] Defendants to the Counterclaim" [underlining in original] (Three Times Amended Statement of Defence and Counterclaim, at para 46). In the present case, there has been no evidence of actual confusion. As previously mentioned when summarizing the evidence, Mr. Thibault is the only witness presented by Richards who met a Distrimedic representative during the period when the alleged misrepresentation occurred, and his evidence did not establish misrepresentation or confusion. Even if he may have thought that Dispill and Distrimedic relied on the same external supplier for their accessories, he was clearly aware that Dispill and Distrimedic were two different companies. He knew exactly who he was dealing with when he met Distrimedic's representative, and the representative did not misrepresent himself or his products in any way. When asked specifically whether or not he thought that Richards' and Distrimedic's products were linked, Mr. Thibault said no.

[308] As for Ms. Glaude, her testimony was far from satisfactory due to significant reliance on hearsay and double hearsay. Her descriptions were not very specific, and records of alleged misrepresentations were not kept by Richards prior to the commencement of the present lawsuit. If, in any event, there was any confusion among pharmacists when Distrimedic entered the market, it was quickly dispelled as a result of Richards sending them a notice to make sure they were aware that the new competitor on the market was not Dispill or authorized by Dispill; when asked about the effectiveness of this notice, Ms. Glaude answered that she believed it worked.

[309] Richards having failed to show actual confusion, it had to demonstrate that confusion was likely to occur. Such demonstration was not made.

[310] As previously mentioned, the customers of the container-sealing sheets bearing the Dispill Colour Scheme are pharmacists and, indirectly, administrators of nursing homes. According to the parties' submissions, the container-sealing sheets are rarely, if ever, sold to individual patients. Typically, pharmacists supply nursing homes directly, and nursing homes in turn distribute the medication to patients. Often the patient never sees the colour arrangements at issue, as individual doses are prepared by nurses or staff outside of the patient's view. Pharmacists and other health professionals are less likely than other customers to confuse products that they have the professional duty to use carefully and, as a result, the burden to show confusion is significantly higher than for mass consumption goods.

[311] Moreover, the pharmacist's decision to adopt a brand of pill dispensers is not a decision made in a hurry, as changing or adding brands involves many changes to the organization and

affects client nursing homes. Going with a new supplier of pill dispensers involves numerous steps, such as ordering and paying for supply which involves calling a different phone number or writing to a different address, contacting the pharmacy software company and paying to have the Dispill or Distrimedic application installed on the pharmacy computer, training staff to use a new system of mounting pill dispensers, possibly reorganizing work stations to adapt to the new system and accessories, and informing clients of the change or addition to existing products. According to Mr. Thibault, a pharmacist may take anywhere from a few days to months to make a decision to switch after first being presented with a new pill-dispensing system. In addition, it has been recognized that health professionals are in no way influenced by the shape or colour of health products when choosing one product over another: *Apotex Inc FC 2010, above,* at para 33. For all of these reasons, pharmacists are unlikely to be confused into thinking that Dispill and Distrimedic pill dispensers both come from the same source, or that one is endorsed by the supplier of the other.

[312] The same is true for the nursing homes and their administrators. The choice and use of pill dispensers in those facilities is monitored and analyzed by health professionals. Absent any proof to the contrary, it is difficult to imagine that such professionals, whose responsibility is to ensure the smooth running of healthcare facilities, might be confused by a colour scheme, especially when the Dispill or Distrimedic trade names are printed clearly on the reverse side of the container-sealing sheet.

[313] In light of the above, and of the fact that no actual instance of confusion was put in evidence by Richards, it is obvious that none of the Defendants to the Counterclaim directed public attention to Distrimedic's wares, services or business in such a way as to cause or be likely to cause

confusion in Canada within the meaning of paragraph 7(b) of the *Trade-marks Act*. Richards' claim under that provision must therefore fail, as it has not demonstrated any of the elements necessary for an action in passing off to succeed: i.e., a trade-mark with a reputation, a misrepresentation causing or likely to cause confusion, and damages resulting from such misrepresentation and confusion. Allowing Richards to succeed in its passing off claim would not only be contrary to trade-marks legislation, but also to healthy competition in the Canadian market.

d) Copyright

[314] The questions raised by Prothonotary Morneau in connection with Richards' copyright claim are whether copyright subsists in the "Dispill Label Form", whether Richards can be said to be the owner of any such copyright and, if so, whether Distrimedic has infringed any copyright owned by Richards in the Dispill Label Form.

i. The Relevant Legal Principles Applicable To Copyright Protection

[315] Copyright in Canada is a creation of statute. The *Copyright Act* has the dual objective of promoting the public interest in the encouragement and dissemination of works and obtaining a just reward for the creator. In interpreting the Act, courts must strive to maintain an appropriate balance between these goals: *Théberge v Galerie d'Art du Petit Champlain Inc*, [2002] 2 SCR 336, 2002 SCC 34, at paras 30-31.

[316] It is well established in Canadian law that what is protected by copyright is not the idea itself, but the expression of that idea: *CCH Canadian Ltd v Law Society of Upper Canada*, 2004 SCC 13, [2004] SCR 339, at para 8 [*CCH*]; *Moreau v St Vincent*, [1950] Ex CR 198, 12 CPR 32, at

para 11 [*Moreau*]; *Tri-Tex Co v Ghaly et al*, [1999] QJ No 4123 (QL) at paras 38-39 (Que CA).

This is made clear by the opening words of paragraph 5(1) of the *Copyright Act*, which read as follows:

5. (1) Subject to this Act, copyright shall subsist in Canada, for the term hereinafter mentioned, in every original literary, dramatic, musical and artistic work (…)	5. (1) Sous réserve des autres dispositions de la présente loi, le droit d'auteur existe au Canada, pendant la durée mentionnée ci-après, sur toute oeuvre littéraire, dramatique, musicale ou artistique originale (…)

[317] The *Copyright Act*, in turn, gives the following definition of such works:

2. "every original literary, dramatic, musical and artistic work" includes every original production in the literary, scientific or artistic domain, whatever may be the mode or form of its expression, such as compilations, books, pamphlets and other writings, lectures, dramatic or dramatico-musical works, musical works, translations, illustrations, sketches and plastic works relative to geography, topography, architecture or science;	2. « toute oeuvre littéraire, dramatique, musicale ou artistique originale » S'entend de toute production originale du domaine littéraire, scientifique ou artistique quels qu'en soient le mode ou la forme d'expression, tels les compilations, livres, brochures et autres écrits, les conférences, les oeuvres dramatiques ou dramatico-musicales, les oeuvres musicales, les traductions, les illustrations, les croquis et les ouvrages plastiques relatifs à la géographie, à la topographie, à l'architecture ou aux sciences.

[318] Because copyright only protects the expression of ideas, a work must also be expressed in some way or be in a fixed material form, in order to attract copyright protection: *CCH*, above, at para 8; *Goldner v Canadian Broadcasting Corp* (1972), 7 CPR (2d) 158 (FCTD). Ideas or schemes *per se* are public property as soon as they are disclosed, however good and valuable they may be.

As John S. Mckeown puts it in *Fox- Canadian Law of Copyright and Industrial Designs*, 4th ed, vol 1 (Toronto: Carswell, 2004), at 4-3:

> There is no requirement for originality in the idea of a work, and a novel idea, as distinct from the form in which it is expressed, is not the subject of copyright protection. Copyright is confined to the form in which the ideas are expressed. The ideas are public property, the work is the author's.
> (…)
> Similarly, copyright does not extend to schemes, systems, or methods, even if they are original, but is confined to their expression; nor does it extend to a method of communicating information if it is not original. However good and valuable an idea, plan, scheme or system is, the moment it is disclosed to the public, in so far as copyright is concerned, it becomes public property.

[319] Finally, it is a well-known and undisputable principle of copyright law that works need to be original to attract copyright protection. The Supreme Court defined "originality" as follows in *CCH*, above, at para 16:

> For a work to be "original" within the meaning of the *Copyright Act*, it must be more than a mere copy of another work. At the same time, it need not be creative, in the sense of being novel or unique. What is required to attract copyright protection in the expression of an idea is an exercise of skill and judgment. By skill, I mean the use of one's knowledge, developed aptitude or practised ability in producing the work. By judgment, I mean the use of one's capacity for discernment or ability to form an opinion or evaluation by comparing different possible options in producing the work. This exercise of skill and judgment will necessarily involve intellectual effort. The exercise of skill and judgment required to produce the work must not be so trivial that it could be characterized as a purely mechanical exercise.(…)

[320] In coming to that conclusion, the Court purported to strike a middle ground between two prior competing views on the meaning of "original" in copyright law. According to some, an author deserved to have his or her efforts in producing a work recognized so long as it was not a mere copy of another work. Others favoured a more restrictive view, requiring a work to be creative to be

original. The Court decided to opt for a position that falls between these two extremes. In other words, it will not be sufficient, as suggested by the Plaintiff by Counterclaim, to demonstrate industriousness or "sweat of the brow" to make a work copyrightable: see, for example, *U & R Tax Services Ltd v H & R Block Canada Inc* (1995), 62 CPR (3d) 257 (FCTD) [*U&R Tax Services Ltd*]. Conversely, the bar should not be set so high so as to exclude every work that is not creative in the sense of being novel or unique. What is required, at the end of the day, is not creativity *per se*, but at least some sort of intellectual effort. For copyright to subsist, skill and judgment must be exercised in the expression of an idea: see *CCH*, above, at para 18.

[321] Compilations and forms, therefore, must be subject to the same threshold of originality as any other work. The *CCH* decision defined "compilation" as a form of expression that arises when an individual (the "arranger") takes existing material and casts it in a different form. It is not the individual components that are the subject of the copyright but the overall arrangement of them, which the arranger has produced: see *CCH*, above, at para 33.

[322] In *CCH*, the plaintiff publishers were claiming copyright in headnotes, case summaries, a topical index and compilations of reported judicial decisions. The Supreme Court concluded that the headnotes, case summaries and topical index were original works in which copyright subsisted, on the basis that there had been an exercise of skill and judgment required to create them. As for the reported decisions, they were considered as a compilation of the headnotes and of the edited judicial decisions and were afforded protection. However, the Supreme Court found that the publishers could not claim copyright in the edited judicial decisions in and of themselves without the headnotes, as the addition to the judicial decisions of factual information such as the date of the

judgment, the court and the panel hearing the case, counsel for each party, lists of cases, statutes and parallel citations, were trivial and not requiring judgment or skill.

[323] It follows that the alignment of factual data in a non-original way is not sufficient to attract copyright protection: *Tele-Direct (Publications) Inc v American Business Information Inc* (1997), 76 CPR (3rd) 296 (FCA), leave to appeal refused, [1997] SCCA No 660. Moreover, when an idea can be expressed in only a limited number of ways, then the expression of that idea is not protected, as protecting it would grant a monopoly on the idea itself. In those situations, therefore, the threshold of originality is not met and there is no copyright protection*: Delrina Corp v Triolet Systems Inc* (2002), 17 CPR (4th) 289, at paras 48-52 (Ont CA), leave to appeal refused, (2002), 305 NR 398.

[324] Similarly, when the content and layout of a form is largely dictated by utility and/or legislative requirements, it is not to be considered original. A good illustration of this principle is found in the case of *Bonnette c Entreprise Dominion Blueline Inc*, 2005 QCCA 342 (CanLII) [*Bonnette*]. In that case, Bonnette was suing a competitor for infringement of his copyright in wages and payroll ledgers. The Court of Appeal reiterated the basic principle that the idea of compiling information required by legislation in one place is not susceptible to protection under the *Copyright Act*, as it is the expression of an idea which is protected, and not the idea itself. The only remaining question was whether the wages books revealed an original expression of the idea of compiling such mandatory information into one document. The Court concluded that it was not the case, as there is only one way of calculating the net revenue of an employee and the disposition of the data in table form was not a copyrightable form of expression but rather a method. On the other

hand, the Court of Appeal conceded that the general appearance of the payroll ledger was not devoid of originality, as there were more options open to the author to exercise some originality in the disposition of the information on the document, and that such disposition was not dictated purely by utility, as was the case for the wages books.

[325] In conclusion, I agree with the Defendants to the Counterclaim that forms and other works resulting from the compilation of elements will not be considered to have a sufficient degree of originality when the selection of the elements entering into the work are dictated by function and/or law, and where their arrangement into a tangible form of expression is not original. Only the visual aspect of the work is susceptible to copyright protection, if original.

ii. Is The Dispill Label Form Susceptible To Copyright Protection?

[326] There has been some confusion as to what element of the software used in association with Richards' product is actually claimed as being protected by copyright. While there is no doubt that this is not a software infringement case, it is much less clear what Richards means when referring to the Dispill Label Form.

[327] In its broadest form, Richards' claim appears to be that the "Dispill Label Form" that should be protected by copyright is the selection and use of information to be printed onto a container-sealing sheet and aligned in the cells of the columns on the container-sealing sheet (Pre-Trial Conference Memorandum of the Defendants and Plaintiff by Counterclaim, at paras 18-19; Trial Written Representations, at para 314). Such a broad characterization of the Dispill Label Form would obviously fail to attract any copyright protection. As previously shown, copyright does not

protect ideas, schemes, methods or selection in the abstract, but rather the original expression of them. As such, the selection of information or fields of information is not a "work" susceptible of copyright protection. In my view, this finding is entirely obvious and this version of Richards' claim need not be discussed any further. Allowing Richards to monopolize the business of printing basic patient and prescription information on the sealing sheet of a pill dispenser, as Mr. Glynn seemed at time to claim in cross-examination and in examination for discovery, would be anti-competitive and against the spirit of copyright law.

[328] Despite the ambiguity in Richards' pleadings and representations, I am prepared to accept that what Richards really seems to be referring to by the term "Dispill Label Form" is a series of entry screens from a software program written in the DOS language, which was used in the 1990s and screenshots of which are reproduced at paragraph 145 of these reasons. In its Three Times Amended Statement of Defence and Counterclaim (at para 30), Richards defines the Dispill Label Form as "(…) a form for use in a computer program wherein patient information is inputted and then printed onto a permanent container-sealing sheet or replaceable container-sealing sheet" and qualifies it as a "literary work" (see also para 312 of Richards' Written Representations). It appears, therefore, that what is claimed to be copyrighted is the layout, appearance or aesthetics of the entry screens and the arrangement of the information selected.

[329] While Distrimedic has apparently never used the Dispill DOS program as its abandonment predated the incorporation of Distrimedic Inc., it is Richards' submission that this program survived in the Windows version of the Mentor pharmacy software and its entry screens, reproduced at paragraph 147 of these reasons. Richards therefore seems to be claiming copyright on these

Windows entry screens as well. Richards finds support for this proposition in Dr. Abdelrahman's affidavit and testimony, according to whom the information provided in the form of the Richards' DOS program is necessary for the Mentor Windows program to print label sheets.

[330] As helpful as were the report and testimony of Dr. Aldelrahman in helping the Court to better understand the two generations of operating systems used to print the Dispill labels, his evidence is of little relevance to the questions which this Court has been asked to answer; namely, whether any aspect of the Distrimedic application found in current versions of the computer software used by pharmacists in association with the Distrimedic product infringes Richards' alleged copyright in the Dispill Label Form. To be sure, Dr. Abdelrahman is not to be faulted on the relevance of his evidence as this was not the mandate he was given by Richards.

[331] There is no dispute between the parties that a form does not have to be on a paper support and that a computer screen (which in any event can be printed) falls within the definition of a "work" for the purposes of the *Copyright Act*, and can therefore be protected. Similarly, the Defendants to the Counterclaim do not dispute that the DOS Dispill Label Form is a literary work.

[332] There are, however, two problems preventing the recognition of copyright in the Dispill Label Form. First, the selection of the information for the DOS Dispill Label Form bears a very low degree of originality, as it is mostly dictated by provincial legislation on the labelling of prescription drugs, both in Quebec and Ontario, where the parties' products are mainly sold. In Quebec, the legal requirements regarding information that must appear on a prescription label is governed by section 2.01 of the *Regulation respecting the labelling of medications and poisons*, RRQ 1981, c P-10, r 15. According to section 2.01 of that Regulation, a pharmacist must enter on a prescription

label the name of the patient, the medication prescribed (including, where applicable, the date of dispensing and number of the prescription, generic or trade name, quantity and concentration of the medication, dosage, directions for use of the medication, special directions for preservation of the medication, authorized renewal, special precautions and expiration date of the medication), the name of the prescribing physician, and the name, address and telephone number of the pharmacy.

[333] It is true, as submitted by the Plaintiff by Counterclaim, that there is nothing in the Regulation referring to some elements of the information collected by the DOS Dispill Label Form, such as the DIN, the time of day and the medication format, which appear in the Medication Management screen, as well as the patient location, the number of days and the file number, which appear in the Label Printing screen. Most of these elements, however, are specific to pill dispensers and to patients living in nursing homes, and are therefore essentially dictated by utility.

[334] The decision of the Quebec Court of Appeal in *Bonnette c Entreprise Dominion Blueline Inc*, above, is quite interesting in this respect. The Court considered the fact that the author had added spaces in the document to include some additional information, such as information regarding a person's previous employment, whether the employee was affiliated with a union, her family situation, etc. The Court recognized that some judgment had been exercised, but found that it was not sufficient to confer on the overall document the required level of originality, as the elements had been integrated in a logical way into the document, and the ways in which the information could be presented were limited:

> Il paraît clair que la majorité des données inscrites dans les tableaux relatifs aux gains et déductions des employés n'ont pas été sélectionnées grâce au jugement et au talent de l'auteur, mais simplement parce qu'elles constituent des données qu'un employeur

> a l'obligation légale de conserver. Au surplus, le choix des données ou éléments inscrits découle de l'objectif à atteindre, celui-ci étant de conserver les données relatives au calcul du revenu net des employés, il résulte que les éléments inscrits dans les tableaux sont nécessairement l'ensemble des gains et déductions susceptibles d'entrer dans ce calcul. Cette portion de la conception des livres de paye n'a pas nécessité que l'auteur fasse appel à des connaissances ou à une compétence particulières ni qu'il utilise son discernement afin de parvenir au résultat exprimé.
>
> (*Bonnette*, above, at para 34)

[335] Similarly, it cannot be said that Mr. Bouthiette, the alleged author of the DOS Dispill Label Form, exercised much originality with regards to the selection of the information on the form. Nor can it be seriously argued that this Form is susceptible of protection because of the originality of its layout, appearance or aesthetics. No evidence has been filed tending to demonstrate that the arrangement of the user interface on the DOS Dispill Label Form differs in any significant way from the DOS interface generally in use during the relevant years.

[336] In short, I am unable to find in favour of the Plaintiff by Counterclaim. Copyright protects originality of form or expression. As the Supreme Court reminded us in *CCH*:

> …an original work must be the product of an author's exercise of skill and judgment. The exercise of skill and judgment required to produce the work must not be so trivial that it could be characterized as a purely mechanical exercise…
>
> (*CCH*, above, at para 25).

[337] In the case at bar, I have not been convinced that the selection of information and its arrangement in the DOS Dispill Label Form required of its author the type of skill and judgment deserving of copyright protection. It may be, as suggested by counsel for Richards, that Dispill was the first to create a method of generating the necessary patient information for printing on each cell

of a pill dispenser. This cannot be the subject of copyright protection, however, as it would amount to creating a monopoly on an idea or method, which the law does not permit.

[338] The Plaintiff by Counterclaim submits that the original DOS program licensed by Dispill Inc. survives in the Windows version. In fact, what the Plaintiff seems to be arguing is that the information printed using the DOS program containing the DOS Form is similar to the information printed using the Windows program containing the Windows Form. The implication is that Richards, by virtue of its alleged ownership of the copyright in the DOS Form, also owns rights in the Windows Form.

[339] There is no doubt that the inputted data provided to the form of the DOS program is necessary for the Windows program to print Dispill or Distrimedic label sheets, as indicated by Dr. Abdelrahman in his report (at para 11). After all, two software programs may perform the same function and allow for the printing of the same form as a result of retrieving the same information from a database. This is a far cry from saying that one program is a copy of the other, or more specifically that the Dispill Label Form (or the DOS Form) is equivalent to the Windows version of the Mentor software.

[340] It must be stressed that the first and second screen shots of the Mentor software (reproduced at para 147 of these reasons) are not specific to the operation of printing onto a Dispill container-sealing sheet. In fact, these screens are part of the Mentor pharmacy software and exist independently from the software's capacity to allow a user to print information on a Dispill sheet. It

is only the third entry screen that is specific to Dispill and over which Richards could conceivably claim copyright.

[341] It is also interesting to note that of the fifteen fields available on the DOS Form, only three are specific to the Dispill section of the larger Mentor software. The remaining twelve fields appear to be available for completion in modules other than the Windows Form for printing on Dispill (i.e., in the first two screen shots), and therefore are found in the Mentor software for reasons other than or in addition to printing on Dispill labels. There appear to be only two elements of the DOS Form (the start date of the label sheet and the number of days) that are also found in the Dispill-specific section of the Windows Mentor software (i.e., in the third screen shot). This means that what Richards presents as being the Windows version of the DOS Form has only two basic elements in common with the original form.

[342] If the original DOS Dispill Label Form is not original within the meaning of the *Copyright Act* because the selection of information is mostly dictated by legislation, utility and common sense, the same must be said for the Dispill section of the Windows Mentor program. The information that is specific to Dispill is minimal, and there is no greater originality in the layout or aesthetics of the third screen of the Windows Form. The screen is no more than a list of legislatively required or common sense fields for printing, expressed in a non-original manner, and no evidence has been brought to suggest that it is the product of an author's exercise of skill and judgment. I find, therefore, that neither the DOS nor the Windows version of the Dispill Label Form can be protected by copyright under the *Copyright Act*.

iii. Does Richards Own Any Copyright In The Dispill Label Form?

[343] The Defendants to the Counterclaim also challenge Richards' standing to sue them for copyright infringement, arguing that even if copyright subsists in the DOS Form or the WINDOWS Form, Richards does not own the copyright in either one. Richards retorts that there was a transfer of copyright in the Dispill Label Form from Bouthiette to Dispill, and refers to the following chain of titles: (a) Agreement regarding the purchase of the assets by Dispill Inc. from Bouthiette dated January 1, 1998 (JBD 68); (b) Share purchase agreement dated July 29, 2005 (Confidential, JBD 244 and JBD 245); and (c) Winding-up Agreement transferring all assets of a corporation to its shareholder dated July 29, 2005 (JBD 135).

[344] Despite the mention "DISPILL Copyright 1996 – Tous Droits Réservés" appearing on the first page of the computer software program from which the Dispill Label Form was printed (JBD 149), I agree with the Defendants to the Counterclaim that there are a number of holes in Richards' alleged ownership in the copyright of the Dispill Label Form, assuming that it could be protected by copyright.

[345] Paragraph 13(1) of the *Copyright Act* states that, subject to other provisions of that Act, the author of a work is the first owner of the copyright therein. In a proceeding where the title of a plaintiff is in issue, paragraph 34.1(1) indicates that the author is presumed to be the owner of the copyright unless proven otherwise:

13. (1) Subject to this Act, the author of a work shall be the first owner of the copyright therein.	13. (1) Sous réserve des autres dispositions de la présente loi, l'auteur d'une oeuvre est le premier titulaire du droit d'auteur sur cette oeuvre.

Presumptions respecting copyright and ownership	Présomption de propriété
34.1 (1) In any civil proceedings taken under this Act in which the defendant puts in issue either the existence of the copyright or the title of the plaintiff to it,	34.1 (1) Dans toute procédure civile engagée en vertu de la présente loi où le défendeur conteste l'existence du droit d'auteur ou la qualité du demandeur :
(a) copyright shall be presumed, unless the contrary is proved, to subsist in the work, performer's performance, sound recording or communication signal, as the case may be; and	a) l'oeuvre, la prestation, l'enregistrement sonore ou le signal de communication, selon le cas, est, jusqu'à preuve contraire, présumé être protégé par le droit d'auteur;
(b) the author, performer, maker or broadcaster, as the case may be, shall, unless the contrary is proved, be presumed to be the owner of the copyright.	b) l'auteur, l'artiste-interprète, le producteur ou le radiodiffuseur, selon le cas, est, jusqu'à preuve contraire, réputé être titulaire de ce droit d'auteur.

[346] In the case at bar, Richards is clearly and admittedly not the author of the DOS Form or of the Windows Form. Therefore, Richards was required to prove that it is now the rightful owner of the alleged copyright in these alleged works, by establishing a valid chain of title linking it to the author(s) or to the first owner of the copyrights therein. This has not been done satisfactorily.

[347] First of all, the identity of the author(s) of the DOS Form has not been established. This would be a crucial first step in proving any valid chain of command. Richards identified Mr. Bouthiette as the author of the DOS Form. Messrs. Filiatrault and Poirier, on the other hand, testified that Mr. Bouthiette's nephew, Francis Pelletier, programmed the DOS software and that

some input was also received from pharmacists and software companies as to the selection of fields and operation of the DOS software.

[348] Mr. Bouthiette could have been called as a witness by Richards, as he is alive and reachable by Ms. Glaude's own admission. Nevertheless, Richards chose not to produce him as a witness. It is well established that, absent a reasonable explanation, an adverse inference may be drawn if a party fails to adduce evidence available to him or her which could have resolved the issue: see *Milliken & Co v Interface Flooring Systems (Canada) Inc* (1998), 83 CPR(3d) 470, at para 26, aff'd (2000), 5 CPR(4th) 209. No explanation having been provided to explain why Mr. Bouthiette could not testify, I therefore draw an adverse inference and come to the conclusion that Mr. Bouthiette is not the author of the copyrightable part of the DOS Form, or at least that he is not its sole author.

[349] Moreover, the evidence of a proper assignment of copyright to Richards is deficient in at least two respects; even assuming that Mr. Bouthiette was in fact the author of the DOS Form. By virtue of sections 13(4) and 41.23 (previously 36(1)) of the *Copyright Act*, Richards was required to produce a chain of signed written assignments from Mr. Bouthiette to Richards. It has failed to do so.

13. (4) The owner of the copyright in any work may assign the right, either wholly or partially, and either generally or subject to limitations relating to territory, medium or sector of the market or other limitations relating to the scope of the assignment, and either for the whole term of the copyright or for any other part thereof, and may grant any interest in the	13. (4) Le titulaire du droit d'auteur sur une oeuvre peut céder ce droit, en totalité ou en partie, d'une façon générale ou avec des restrictions relatives au territoire, au support matériel, au secteur du marché ou à la portée de la cession, pour la durée complète ou partielle de la protection; il peut également concéder, par une licence, un intérêt quelconque dans ce

right by licence, but no assignment or grant is valid unless it is in writing signed by the owner of the right in respect of which the assignment or grant is made, or by the owner's duly authorized agent.

droit; mais la cession ou la concession n'est valable que si elle est rédigée par écrit et signée par le titulaire du droit qui en fait l'objet, ou par son agent dûment autorisé.

41.23 (1) Subject to this section, the owner of any copyright, or any person or persons deriving any right, title or interest by assignment or grant in writing from the owner, may individually for himself or herself, as a party to the proceedings in his or her own name, protect and enforce any right that he or she holds, and, to the extent of that right, title and interest, is entitled to the remedies provided by this Act.

41.23 (1) Sous réserve des autres dispositions du présent article, le titulaire d'un droit d'auteur ou quiconque possède un droit, un titre ou un intérêt acquis par cession ou concession consentie par écrit par le titulaire peut, individuellement pour son propre compte, en son propre nom comme partie à une procédure, soutenir et faire valoir les droits qu'il détient, et il peut exercer les recours prévus par la présente loi dans toute l'étendue de son droit, de son titre et de son intérêt.

Copyright owner to be made party

(2) If proceedings under subsection (1) are taken by a person other than the copyright owner, the copyright owner shall be made a party to those proceedings, except

Partie à la procédure

(2) Lorsqu'une procédure est engagée au titre du paragraphe (1) par une personne autre que le titulaire du droit d'auteur, ce dernier doit être constitué partie à cette procédure sauf :

(a) in the case of proceedings taken under section 44.1, 44.2 or 44.4;

a) dans le cas d'une procédure engagée en vertu des articles 44.1, 44.2 ou 44.4;

(b) in the case of interlocutory proceedings, unless the court is of the opinion that the interests of justice require the copyright owner to be a party; and

b) dans le cas d'une procédure interlocutoire, à moins que le tribunal estime qu'il est dans l'intérêt de la justice de constituer le titulaire du droit d'auteur partie à la procédure;

(c) in any other case in which the court is of the opinion that the interests of justice do not require the copyright owner to be a party.	c) dans tous les autres cas où le tribunal estime que l'intérêt de la justice ne l'exige pas.
Owner's liability for costs	Frais
(3) A copyright owner who is made a party to proceedings under subsection (2) is not liable for any costs unless the copyright owner takes part in the proceedings.	(3) Le titulaire du droit d'auteur visé au paragraphe (2) n'est pas tenu de payer les frais à moins d'avoir participé à la procédure.
Apportionment of damages, profits	Répartition des dommages-intérêts
(4) If a copyright owner is made a party to proceedings under subsection (2), the court, in awarding damages or profits, shall, subject to any agreement between the person who took the proceedings and the copyright owner, apportion the damages or profits referred to in subsection 35(1) between them as the court considers appropriate.	(4) Le tribunal peut, sous réserve de toute entente entre le demandeur et le titulaire du droit d'auteur visé au paragraphe (2), répartir entre eux, de la manière qu'il estime indiquée, les dommages-intérêts et les profits visés au paragraphe 35(1).

[350] The asset purchase agreement whereby Mr. Bouthiette sold his business to his company Dispill Inc., dated January 1, 1998, makes no mention of any copyright in the Dispill Label Form (JBD 68). Of course, when interpreting an assignment or license, the Court may look at the context of the contract and the intent of the parties to determine its scope; however, care must be taken not to give too wide an interpretation to an assignment or a license, given the clear objective of copyright law to protect creators (see Tamaro, Normand, *The 2012 Annotated Copyright Act* (Toronto: Thomson Carswell, 2012), at 419).

[351] In the present case, I do not think that the Clause 1 of that Agreement, stating that "[l]e *vendeur* vend à l'*acquéreur*, qui l'achète, son entreprise de vente d'un système de dispensateur de médicaments, connue sous le nom de DISPILL…"[emphasis in original], explicit enough to encompass the alleged copyright in the Dispill Label Form. This is made even clearer by the description that is given of that enterprise in that same clause, which explicitly refers in Section C to the invention in the patent. It doesn't appear, therefore, that the parties to the agreement had the Dispill Label Form and the copyright possibly attaching thereto in mind, particularly as they made no reference to it despite referring explicitly to the patent. That Mr. Bouthiette did not assign his copyright in the Dispill Label Form to Dispill Inc. is also confirmed to a certain extent by another document, entitled "DISPILL - Interface Reference – Dispill Dosette and Unidose", dated March 31, 1998, which contains a copyright notice "Copyright Michel Bouthiette 1998".

[352] It is worth mentioning that the DOS Dispill Label Form is alleged by Richards to have been created by Mr. Bouthiette "around 1996" (see Pre-Trial Conference Memorandum, para 17). At that point in time, Dispill Inc. was not yet in existence, as it was incorporated on November 11, 1997 (Agreed Statement of Facts, at para 3). Therefore, Dispill Inc. could not have acquired the copyright in the Dispill Label Form unless it was assigned to it by Mr. Bouthiette, and the fact that Mr. Bouthiette was an employee of Dispill Inc. is immaterial in that context.

[353] On the basis of the foregoing, I find, on a balance of probabilities, that there was no valid assignment of copyright between Bouthiette and Dispill Inc., so that Dispill Inc. could not, later, properly assign the alleged copyright in the DOS Form to Richards.

[354] As a result, it is no answer for Richards to rely on section 5.1(ee) of the Share Purchase Agreement dated July 29, 2005 (JBD 244) between Richards Packaging Holdings Inc. and 9120-0493 Québec Inc, Chantal Hebert, Étienne Bouthiette, Martin Bouthiette and Michel Bouthiette (collectively referred to as "Bouthiette" or "Guaranteeing Party") whereby Richards Packaging Holdings Inc. acquired, among other things, the shares owned by the Vendors in Dispill Inc. and all its intellectual property. Even assuming that this particular clause would have been broad enough to encompass any alleged copyright in the Dispill Label Form, Mr. Bouthiette and the other sellers could not transfer to the Plaintiff by Counterclaim more than what they owned in Dispill Inc.

[355] Finally, neither Mr. Bouthiette nor any employee of Richards is the author of the Windows Form. Richards did not present any evidence to the effect that DLD assigned its copyright in the Mentor software or in the Windows Form to Dispill Inc. or to Richards. As such, Richards cannot claim to be the owner of any copyright in the Windows Form.

iv. Did The Defendants To The Counterclaim Infringe Any Copyright?

[356] From 2005 to 2006, DLD created an application in its Mentor software allowing users to print the necessary information onto Distrimedic container-sealing sheets. This is done by selecting the "Imprimer" ("Print") button in the second screen shot of the Windows Form (reproduced at para 147) then selecting the Distrimedic icon that appears in the pop-up menu screen directly below Dispill Laser. According to Richards, the creation by DLD and the use by pharmacists of the function in the Mentor software that allows one to print onto Distrimedic container-sealing sheets is an infringement of its copyright, and the Defendants to the Counterclaim authorized that infringement.

[357] The *Copyright Act* defines infringement as follows:

27. (1) It is an infringement of copyright for any person to do, without the consent of the owner of the copyright, anything that by this Act only the owner of the copyright has the right to do.	27. (1) Constitue une violation du droit d'auteur l'accomplissement, sans le consentement du titulaire de ce droit, d'un acte qu'en vertu de la présente loi seul ce titulaire a la faculté d'accomplir.

[358] In the case of a work, the copyright owner's exclusive rights are listed in section 3 of the *Copyright Act*:

3. (1) For the purposes of this Act, "copyright", in relation to a work, means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever, to perform the work or any substantial part thereof in public or, if the work is unpublished, to publish the work or any substantial part thereof,	3. (1) Le droit d'auteur sur l'oeuvre comporte le droit exclusif de produire ou reproduire la totalité ou une partie importante de l'oeuvre, sous une forme matérielle quelconque, d'en exécuter ou d'en représenter la totalité ou une partie importante en public et, si l'oeuvre n'est pas publiée, d'en publier la totalité ou une partie importante
…	…
and to authorize any such acts.	Est inclus dans la présente définition le droit exclusif d'autoriser ces actes.

[359] The alleged infringer must therefore have reproduced the work itself or a substantial part thereof, or have authorized a third party to effect such reproduction, in order to be liable for copyright infringement by "reproduction".

[360] The determination of what constitutes a "substantial" part of an original work is a question of fact, and will depend on the quality of what was taken from the original rather than on the

quantity. In *U&R Tax Services Ltd*, above, at 268, this Court listed some of the factors that will be taken into consideration in assessing whether the copied part of a work is "substantial":

> a) the quality and quantity of the material taken;
> b) the extent to which the defendant's use adversely affects the plaintiff's activities and diminishes the value of the plaintiff's copyright;
> c) whether the material taken is the proper subject-matter of a copyright;
> d) whether the defendant intentionally appropriated the plaintiff's work to save time and effort; and
> e) whether the material taken is used in the same or a similar fashion as the plaintiff's.

[361] In the case of works containing elements not protected by copyright, only similarities with respect to copyright-protected elements must be looked at, as it is not copyright infringement to copy ideas, arrangements or systems (*Moreau*, above, at paras 14-15). In the same vein, similarities between two works will not ground a finding of infringement if these similarities are in the public domain (*Philip Morris Products S.A. v Marlboro Canada Ltd*, 2010 FC 1099, at para 320, aff'd on copyright issues at 2012 FCA 201 [*Philip Morris Products S.A.*]). Access to the work by the alleged infringer must also be established; if the second work was created independently, there will be no infringement (*U&R Tax Services Ltd*, above, at 268; *Philip Morris Products S.A.*, above, at para 320). Finally, "to authorize", for the purposes of copyright law, must be interpreted restrictively as "to sanction, approve and countenance". Accordingly, courts will presume that a person who authorizes something does so "only so far as it is in accordance with the law" (*CCH*, above at paras 37-38, 43).

[362] Even if this Court were to find that copyright subsists in one or many versions of the Dispill Label Form and that Richards owned such copyright, there is no evidence that the Defendants to the

Counterclaim illegally reproduced any of these versions, or that they authorized someone else to make such a reproduction.

[363] Counsel for the Plaintiff by Counterclaim submitted that when Distrimedic first launched its product, toward the end of 2005, it had not yet entered into an agreement with DLD to print the Distrimedic labels (which was subsequently signed on September 6, 2006), and therefore "it appears the DLD software pointed their applications to the Dispill laser to print the Distrimedic labels", at least during that period of time. This, however, is pure speculation. It appears that Dispill initially sold an 8½ x 10 label only, but later sold an 8½ x 11 label as well (Agreed Statement of Facts, para 38), whereas Distrimedic sold only the A4 (8½ x 11) format in the relevant period. Even if the Distrimedic sheets that were sold during that period were the same size as that of the Dispill sheets, Dr. Abdelrahman said that they would have to be exactly the same to print properly using the Dispill module. He also said that he could not, not having reviewed the source codes of the Windows Form and Distrimedic Module, confirm whether or not the program module that executes when the Dispill option is selected was made to execute the Distrimedic Module as well. Finally, Richards presented no evidence at all of what occurs if one chooses the Distrimedic option in the printing menu of the Mentor software.

[364] There is evidence that the DOS Form was abandoned long before Distrimedic was incorporated and entered the market. Consequently, Distrimedic cannot be said to have used, reproduced or authorized the reproduction of the DOS Form. Even if some elements of the DOS Form found their way into the Distrimedic Module, these elements did not constitute a substantial part of the DOS Form and were not the expression of an author's original or literary work, as

discussed above. As for the Windows Form itself, Richards does not own any copyright in it. Consequently, the programming, presumably by employees of DLD, of a Distrimedic Application in the Mentor software (that not surprisingly uses the same interface as the Windows Form and pops up in the same manner prior to printing), cannot be said to constitute infringement of any of Richards' alleged copyrights.

[365] Richards has presented no tangible evidence of Distrimedic having authorized anyone to reproduce any portion of the DOS Form or Windows Form, or to otherwise infringe upon Richards' allegedly copyrighted material. If Distrimedic instructed DLD to create the Distrimedic Module, which allows users of the Mentor software to print onto Distrimedic's container-sealing sheets, using similar fields to those used for the Dispill product, that is simply because those fields are required by law and/or are obvious fields to be displayed on a pill dispenser. Even if there were infringement of Richards' alleged copyright by the programmers of the Windows program, the Defendants to the Counterclaim cannot be said to have authorized such infringement, as none of the Defendants to the Counterclaim have a sufficient degree of control over the activities of DLD so as to be said to have "sanctioned, approved or countenanced" any infringement. In any event, it must be presumed that a person who authorizes an activity does so only to the extent that it is in accordance with the law.

[366] For all of the foregoing reasons, Richards' copyright claim must fail as it is not substantiated by the evidence and finds no support in the applicable legal principles.

VII. CONCLUSION

[367] Having found that the Defendants to the Counterclaim have not infringed any patent or copyright of Richards, and have not misrepresented their wares, services or business, or passed off such wares, services or business as being in any way associated with Richards' business or products, Richards' counterclaim must be dismissed entirely. As a result, there is no need to make any finding with respect to liability.

[368] The Defendants to the Counterclaim are entitled to their costs. In the event that the parties cannot agree on the amount of costs within 30 days from the issuance of this judgment, they may make submissions to this Court. The parties will have a further 15 days to make reply submissions, if they so choose.

JUDGMENT

THIS COURT'S JUDGMENT is that the counterclaim be dismissed in its entirety, with costs. In the event that the parties cannot agree on the amount of costs within 30 days from the issuance of this judgment, they may make submissions to this Court. The parties will have a further 15 days to make reply submissions, if they so choose.

"Yves de Montigny"

Judge

APPENDIX

United States Patent [19] [11] **3,780,856**
Braverman [45] **Dec. 25, 1973**

[54] **MEDICINAL DISPENSING DEVICE**

[75] Inventor: **Milton Braverman**, Philadelphia, Pa.
[73] Assignee: **Medi-Dose, Inc.**, Sellersville, Pa.

[22] Filed: **July 26, 1971**
[21] Appl. No.: **166,165**

[52] **U.S. Cl.** ..... **206/56 AB**, 206/42
[51] **Int. Cl.** **B65d 83/04**, B65d 85/56
[58] **Field of Search** ..... 206/56 AB, 56 A, 206/42, 46 P, 46 F; 53/390, 371, 373

[56] **References Cited**

UNITED STATES PATENTS

2,673,805	3/1954	Colman	206/46 F
3,049,224	8/1962	Fredette et al.	206/42
3,054,679	9/1962	Bradford	206/56 AB
3,092,945	6/1963	Wizelman	53/373
3,143,208	8/1964	Sizemore, Jr.	206/56 AB
3,503,493	3/1970	Nagy	206/56 AB
3,630,346	12/1971	Burnside	206/56 AB

FOREIGN PATENTS OR APPLICATIONS

577,151	5/1946	Great Britain	206/56 AB

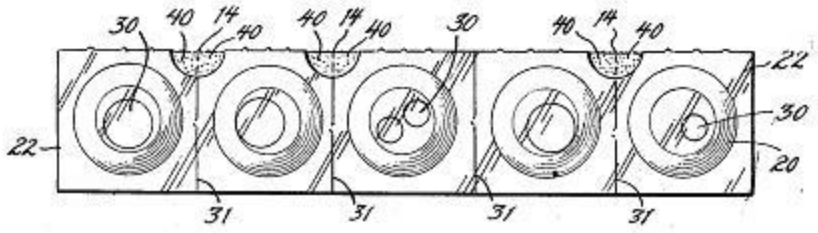
Primary Examiner—William T. Dixson, Jr.
Attorney—Caesar, Rivise , Bernstein & Cohen

[57] **ABSTRACT**

A medicinal dispensing device comprising a plurality of flanges having corners and being detachably connected along certain lines so that each flange may be separated from the remaining flanges, a chamber with an outer opening depending from each flange, the chamber being adapted to hold a drug, tablet, capsule, etc., a continuous closure member covering said chamber openings with certain portions of the interior surface of the closure member being in contact with the flanges, the closure member being perforated along certain lines closely corresponding to the flange lines, certain portions of the interior surface of the closure member being provided with a tacky adhesive coating which is in contact with said flanges, and certain other areas of the interior surface of the closure member being non-tacky and covering the chamber openings, at least one corner of each flange being removed in a cut-away area so that the existing corner of the closure member overlies the cut-away area to function as a lift tab to facilitate the separation of a portion of the closure member from a particular flange to provide access to the contents of the chamber.

The flanges are preferably provided in groups of 25, there being a cut-away area for at least one corner of every flange that is provided by the formation of a minimum number of punched openings, which minimum number is far less than the total number of 16 intersections that exist in a 5 × 5 pattern of flanges.

2 Claims, 17 Drawing Figures



PATENTED DEC 25 1973 3,780,856

SHEET 1 OF 3

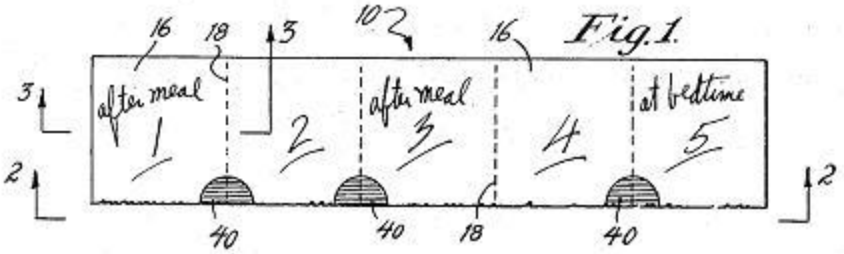


Fig. 1.

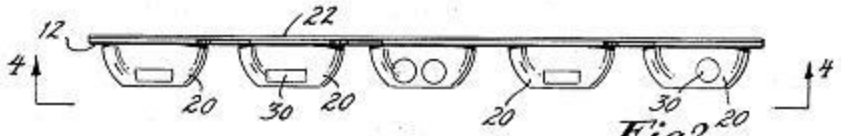


Fig. 2.

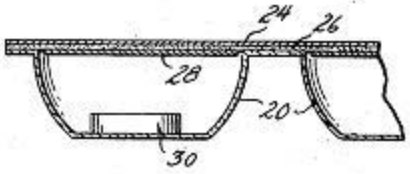
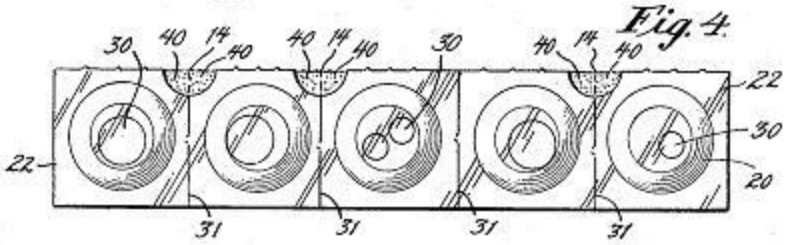


Fig. 3.

Fig. 4.



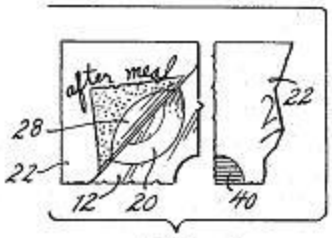


Fig. 5.

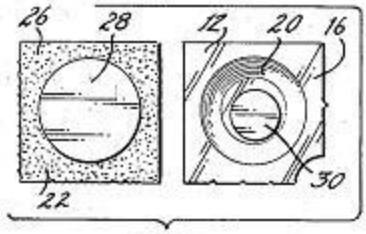


Fig. 6.

INVENTOR.
MILTON BRAVERMAN
BY
Caesar, Rivise, Bernstein & Cohen
ATTORNEYS.

PATENTED DEC 25 1973 3,780,856

SHEET 2 OF 3

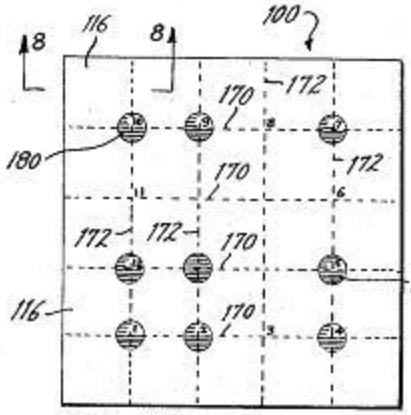


Fig. 7.

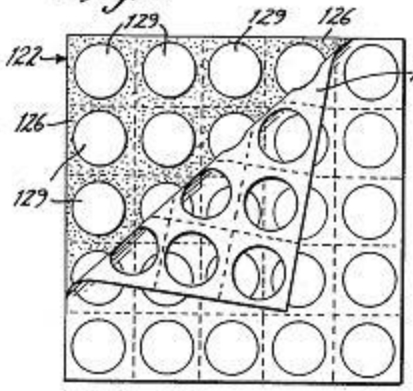


Fig. 12.

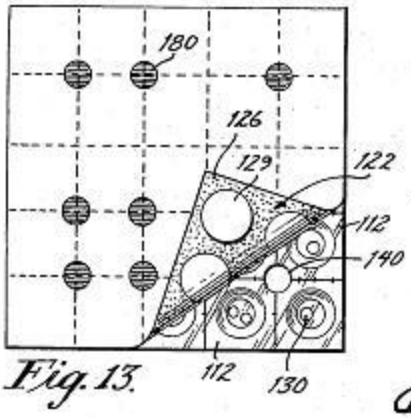


Fig. 13.

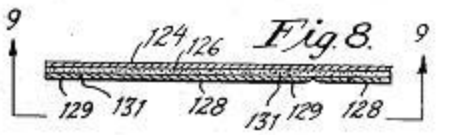


Fig. 8.

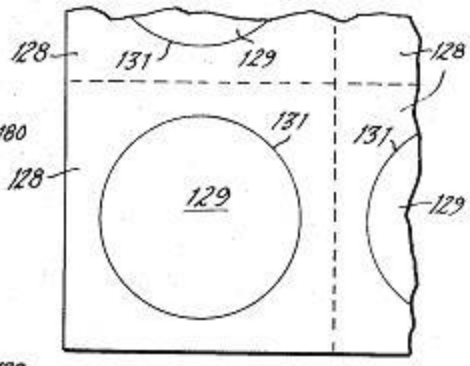


Fig. 9.

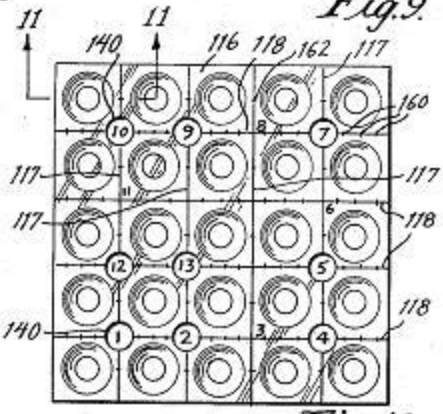


Fig. 10.

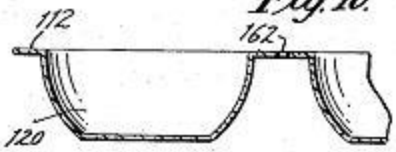


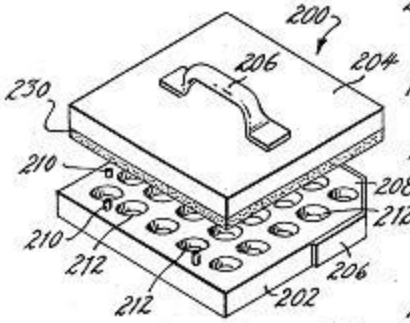
Fig. 11.

INVENTOR.
MILTON BRAVERMAN
BY
Caesar, Rivise, Bernstein & Cohen
ATTORNEYS.

PATENTED DEC 25 1973 3,780,856

SHEET 3 OF 3

Fig. 14.



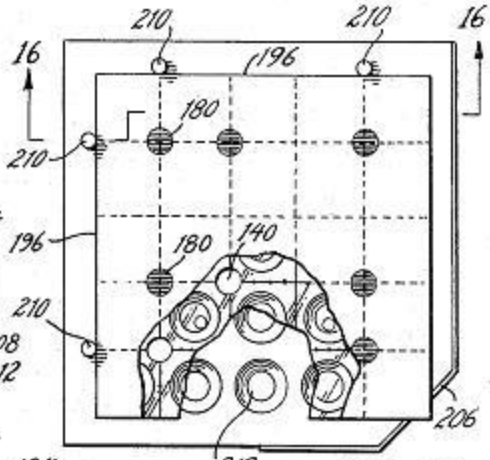


Fig. 15.

Fig. 17.

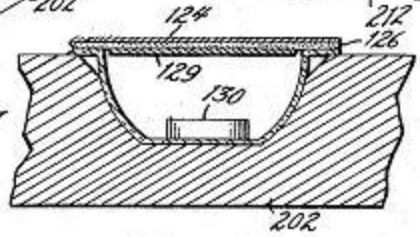
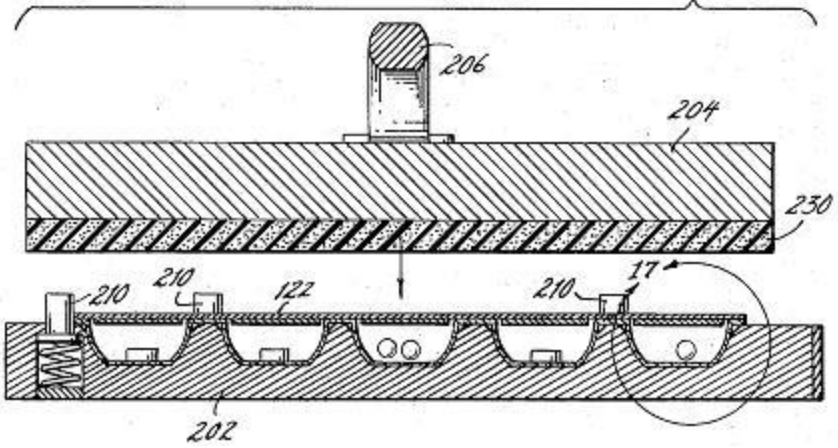


Fig. 16.



INVENTOR.
MILTON BRAVERMAN
BY
Caesar, Rivise, Bernstein & Cohen
ATTORNEYS.

MEDICINAL DISPENSING DEVICE

The present invention relates to a medicinal dispensing device and has as its objective the provision of a new and improved device of this general class.

The dispensing of various medicines and drugs to patients in a hospital is necessarily a time consuming task that is greatly complicated by the usual large number of patients to be serviced. This is further complicated by the ever changing composition of the patients with continuous admissions and discharges.

In view of the foregoing, it is necessary for the attending nurse carefully to examine the instructions furnished for each patient, and carefully to dispense a particular combination of pills and other medicinal items.

The present invention, however, has broader aspects in that the chamber of the dispensing device need not necessarily accept a drug, tablet or capsule, but instead could hold a liquid or even function as a receptacle for non-drug items. Furthermore, the present invention contemplates the use of a novel assembly device to produce the dispensing device.

It is therefore an object of the present invention to provide a medicinal dispensing device which can be simply loaded and labelled by hospital or other personnel and which provides an effective device for the dispensing of medicinal items. While U.S. Pat. No. 3,503,493 discloses a multi-compartment arrangement, nevertheless, such a device is suitable only for mass production and not for manual unit dose.

The foregoing, as well as other objects of the invention, are achieved by providing a medicinal dispensing device comprised of a plurality of flanges, each having corners and being detachably connected along weakened lines. A chamber with an outer opening depends from each flange, and a continuous closure member then covers the chambers, with the closure member also being perforated along lines closely corresponding to the weakened lines of the flanges. Certain portions of the interior surface of the closure member are provided with a tacky adhesive coating that is in contact with the flanges and certain other areas of the interior surface of the closure member being non-tacky and covering the chamber openings. At least one corner of each flange is removed in a cut-away area so that the existing corner of the closure member overlies the cut-away area to function as a lift tab.

In a preferred embodiment of the invention, 25 flanges are detachably connected in a 5 × 5 pattern, there being a first set of parallel weakened lines in said flanges and a second set of parallel weakened lines in said flanges, said first set of parallel lines being perpendicular to the second set of parallel lines, with the connection of said flanges, one to the other, being weaker along said first set of parallel lines and being stronger along said second set of parallel lines whereby it is much easier to sever the set of 25 flanges into five sets of five flanges along said first parallel lines. Furthermore, at nine of the intersections between the first and second parallel lines, there are provided circular punched openings, each of which act as a cut-away area for the four flanges meeting at the intersection of the first and second parallel lines, with the nine punched openings providing at least one cut-away area for each of the 25 flanges.

It will be seen that the first and second parallel lines meet in 16 intersections or interconnecting lines or network to define a pattern of 12 outer sections and four inner intersections. The 12 outer intersections are arbitrarily numbered from 1 to 12 in a counterclockwise sense, and there will be punched openings at at least intersections nos. 1, 2, 4, 5, 7, 9, 10 and 12. There will also be a punched opening at the intersection which constitutes the fourth corner of a square wherein the other three corners are defined by intersections nos. 1, 2 and 12. With this arrangement, a minimum number of punched openings is provided so that there will be a portion of a punched opening in a corner of each flange so that the corner of the closure member in contact with the flange is always free of the flange where the punched opening has been formed in the flange. In this way, the corner of the closure member always is readily accessible for lifting in order to facilitate the separation of the closure member from the flange when the patient desires to gain access to the material held in the chamber that depends from the flange.

Other objects and many of the attendant advantages of the invention will become more readily apparent by reference to the accompanying drawings wherein:

FIG. 1 is a plan view showing a medicinal dispensing device constituting a first embodiment of the present invention;

FIG. 2 is an elevational view taken along the lines 2—2 of FIG. 1;

FIG. 3 is an enlarged sectional view taken along the lines 3—3 of FIG. 2;

FIG. 4 is a bottom plan view taken along the lines 4—4 of FIG. 3;

FIG. 5 is a view of two dispensing units with the cover member of one of the units partially removed;

FIG. 6 is a view showing the cover member of FIG. 5 completely removed and showing the interior surface of the cover member as well as the exposed chamber and flange of the dispensing unit;

FIG. 7 is a plan view of another embodiment of the medicinal dispensing device as an invention;

FIG. 8 is an enlarged partial sectional view taken along the lines 8—8 of FIG. 7;

FIG. 9 is a fragmentary bottom plan view taken along the lines 9—9 of FIG. 8;

FIG. 10 is a plan view of the dispensing device of FIG. 7 with the closure member removed;

FIG. 11 is an enlarged sectional view taken along the lines 11—11 of FIG. 10;

FIG. 12 is a plan view showing the underside of the closure member with the anti-stick liner partially removed;

FIG. 13 is a view similar to FIG. 7 with the closure member partly removed;

FIG. 14 is a three-dimensional view showing an assembly mechanism used to produce the device of FIGS. 6 to 13;

FIG. 15 is a plan view showing the various components of FIGS. 7 to 13 laid up in proper registration;

FIG. 16 is an enlarged sectional view taken along the lines 16—16 of FIG. 15; and

FIG. 17 is an enlarged view showing the various components of a particular unit during the manufacturing process.

Referring now in greater detail to the various FIGURES of the drawing wherein like reference characters refer to like parts, there is generally shown at 10 in FIG. 1 a medicinal dispensing device 10 comprising flanges 12 having corners 14 (FIG. 4). The dispensing device

10 is actually comprised of individual units 16 that are detachably connected together along lines 18. Chambers 20 depend from the flanges 12 with each chamber 20 being adapted to hold a drug, tablet, capsule, liquid or other device. The chambers 20 each have an open end that is covered by a closure member 22 that is comprised (FIG. 3) of a base 24 bearing tacky adhesive coating 26 on one surface thereof. A non-stick liner comprised of circular portions 28 prevents the contents 30 in the chamber 20 from becoming adhered to tacky surface 26.

It should be noted from FIG. 4 that the closure member 22 may be separated along lines 31 so that each unit 16 may be severed from the other units 16. Furthermore, the outer surface of the closure member 22 is adapted to contain writing or other instructions to the patient.

With reference to FIGS. 1 and 4, it can be seen that at least one corner of the closure member 22 has a cut-away portion 40, it being recognized that it is necessary for only one corner of each unit 16 to have a cut-away portion. This is sufficient to gain access to the underside of the closure member 22 to peel it, together with its adhesive surface, away from flange 12 (FIG. 5). As seen in FIG. 6, a unit 16 comprised of the flange 12 and chamber 20 is now separate from the closure member 22 with tacky adhesive coating 26 and non-stick portion 28.

Another embodiment of the invention is shown in FIGS. 7 to 13 wherein the medicinal dispensing device 100 provides 25 units at a time, with there being at least one cut-away area 140 for each unit 116. Otherwise, the medicinal device 100 is similar in certain respects to the device 10, and similar reference characters are used. Thus, there is a first set of parallel weakened lines 118 in the flanges 116 (FIG. 10), but in the embodiment 100 there is also a second set of parallel weakened lines 117 which run perpendicular to the first set of parallel weakened lines 118.

It will be seen from FIG. 10 that the first set of weakened lines 118 carries three indentations 160 for each side of the units 116 whereas the second set of weakened lines 117 carries but a single identation 162 per unit 116. These indentations are actually strengthening welds wherein the thermoplastic material of the flanges 122 is caused to flow. Thus, in view of the three indentations 160, it is more difficult to separate the units 116 along the weakened lines 118. Instead, it is easier to separate the units 116 along weakened lines 117. For this reason, a device 100 can be more easily separated into five, five unit devices along weakened lines 117, and this gives assurance that the device 100 will aways be subdivided in a desired manner. Thus, the pharmacist, physician or nurse can be sure of the way in which the patient will use each individual unit 116 in a prescribed sequence.

As shown in FIG. 8, the closure member 124 is provided with a tacky adhesive coating 126 on its interior surface. The tacky surface 126 is covered by a non-stick liner that is subdivided into discrete circular portions 128 and sheet portion 129 along cuts 131. This construction is readily apparent from FIG. 12 which shows the removal of the sheet portion 129 of the non-stick liner, leaving behind circular portions 128 that remain adhered to tacky adhesive surface 126. Furthermore, the non-stick liner is subdivided into two portions corresponding to each unit 116 along weakened lines 170 and 172 that run perpendicular to each other.

With reference again to FIG. 10, it can be seen that openings 140 are strategically placed at the inner sections of lines 117 and 118, with the openings 140 being established by a punch in a well known manner. It had been determined that the simultaneous punching of openings at all the various intersections defining the units 116 was impractical since it was not always possible to guarantee a perfect registration of all punching dies which also would wear as time went on. Thus, the present invention has devised a technique of forming punched openings at only certain of the intersections of lines 117 and 118 separating the various units 112. By this strategic selection it is possible to insure that there will be atleast one cut away area for each unit in a 25 unit set-up.

It will be seen that the first and second parallel lines 118 and 117 meet in 16 intersections or interconnecting lines or network to define a pattern of 12 outer intersections that carry the consecutive numbers 1 to 12 in FIG. 7 and FIG. 10 as well as four inner intersections, only one of which has been labelled as intersection no. 13. As shown in FIG. 10, it is necessary only to form punched openings at intersections Nos. 1, 2, 4, 5, 7, 9, 10 and 12, as well as interior intersection no. 13. By this technique, there is a cut away area in at least one corner of each unit 116. The avoidance of the necessity to form cut away areas in intersections nos. 3, 6, 8, 11 and three of the four interior intersections is sufficient to insure adequate operations of the punching dies.

For ease of use, the outer surface of the closure member 116 contains printed areas 180 which correspond to the punched openings 140 in the flanges 112. Thus, the user will know where the punched openings exist by simply looking at the printed areas 180.

From FIG. 13 it can be seen that the closure member 122 is simply adhered to exposed flanges 112 after the annular portion 129 of the non-stick liner has been separated from the remainder of the non-stick liner, as shown in FIG. 12.

In order to prepare a device 100, an assembly fixture 200 of FIG. 14 may be used. This device consists of a base 202 and a pressure applying member 204 with handle 206. The base 202 includes a liner strip 206 covering nipped corner 208 and, furthermore, the base 202 has a plurality of openings 210 corresponding to the flanges in the dispensing unit. The openings 210 possess chamfered edges to facilitate the entry of the chambers 120 of the dispensing units. Furthermore, spring loaded pins 212 are provided to facilitate the release of the pressure applying member 204 away from the base 202.

The use of the device 200 is illustrated in FIG. 16 wherein a 25 unit piece, corresponding to that shown in FIG. 11 is placed in the base 202 so that each of the flanges 120 is received in an opening 210. The closure member 122 is then stripped of the annular portion 129 of the non-stick liner and then is applied. The resilient pins are properly arranged so as to guide the placement of the closure member as can be seen in FIG. 15 wherein edges 196 of the closure member are in actual contact with the pins 210. The pressure applying member 204 is then brought down upon the closure member 122. For this purpose, the pressure applying member 204 possesses a resilient layer 230 so that the pressure of the member 204 is yieldingly applied to the closure

member **122.** As soon as the pressure is released, the member **204** is ejected away from the base **202** by the pins **210.**

It is thus seen that the assembly device **200** provides a quick and convenient way for production of the devices **100.** Furthermore, the unit dose features of devices **10** or **100** offer extensive advantages to the pharmacist and accuracy to the patient or user in the dispensing of medicine or other articles in a predetermined sequence.

Without further elaboration, the foregoing will so fully illustrate our invention that others may, by applying current or future knowledge, readily adapt the same for use under various conditions of service.

What is claimed as the invention is:

1. A medicinal dispensing device comprising 25 units arranged in a square having five units on a side, each unit including flanges having corners and being detachably connected along certain lines so that each flange may be separated from the remaining flanges, a chamber depending from each flange, said chamber having an outer opening, with the chamber being adapted to hold an article, a closure member covering said chamber openings, said closure member having an interior

surface which is in contact with said flanges, said interior surface carrying a tacky adhesive which contacts said flanges, the closure member being perforated along certain lines closely corresponding to the flange lines, at least one corner of each flange being removed in a cut-away area to facilitate separation of the portion of the closure member in contact with each flange, said flanges being detachably connected along first and second groupings of weakened lines, generally perpendicular to each other, said weakened lines meeting in **16** intersections consisting of **12** outer intersections and four inner intersections with the outer intersections being numbered consecutively from **1** to **12,** there being punched openings at intersections numbers **1, 2, 4, 5, 7, 9, 10** and **12** as well as a punched opening at the intersection which constitutes the fourth corner of a square wherein the other three corners are defined by intersections numbers **1, 2** and **12.**

2. The medicinal dispensing device of claim **1** wherein the intersections of the perforations in said closure member contain indicators to show the existence of the punched openings in the weakened lines of said flanges.

* * * * *

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-1591-05
STYLE OF CAUSE:	DISTRIMEDIC INC. v DISIPLL INC. AND EMBALLAGES RICHARDS INC.
AND BETWEEN:	EMBALLAGES RICHARDS INC. v DISTRIMEDIC INC., ROBERT POIRIER, CLAUDE FILIATRAULT, DISTRIMEDIC CANADA INC. AND 9268-2244 QUEBEC INC.
PLACE OF HEARING:	Montréal, Québec
DATE OF HEARING:	March 25 to 28, 2013 April 2 to 5, 2013 April 8 to 12, 2013 April 15 and 16, 2013
REASONS FOR JUDGMENT AND JUDGMENT:	de MONTIGNY J.
DATED:	October 15, 2013

APPEARANCES:

George R. Locke Madeleine Lamothe-Samson	FOR THE PLAINTIFF AND DEFENDANTS TO THE COUNTERCLAIM
Dale E. Schlosser Joanna Vatavu	FOR THE DEFENDANTS AND PLAINTIFF BY COUNTERCLAIM

SOLICITORS OF RECORD:

Norton Rose Canada LLP Montréal, Québec	FOR THE PLAINTIFF AND DEFENDANTS TO THE COUNTERCLAIM
McMillan LLP Toronto, Ontario	FOR THE DEFENDANTS AND PLAINTIFF BY COUNTERCLAIM