

Federal Court



Cour fédérale

Date: 20160129

**Docket: T-366-11
(consolidated with T-719-14)**

Citation: 2016 FC 109

Ottawa, Ontario, January 29, 2016

PRESENT: The Honourable Mr. Justice Barnes

BETWEEN:

CANPLAS INDUSTRIES LTD.

Plaintiff

and

**AIRTURN PRODUCTS INC. AND
MERIT PRECISION MOULDING LIMITED**

Defendants

ORDER AND REASONS

[1] The Defendants have moved to amend their Second Amended Statement of Defence and Counterclaim. In support of their defence of obviousness, they seek to add a prior art reference concerning a product made by Vent Air, Inc.

[2] The Plaintiff opposes the amendments on the ground that the Defendants have not and cannot establish that the Vent Air product was disclosed to the public before the claim date of February 11, 2002.

[3] In the absence of an evidentiary foundation, the Plaintiff contends that the proposed citation is speculative and should not be permitted. In addition, the Plaintiff has moved to strike all of the references to the Vent Air product from the expert report of Richard Figliola and from the Joint Book of Documents.

[4] The Plaintiff does not assert that this late amendment would create any prejudice to its ability to respond. It is common ground that the Vent Air product was disclosed to the Plaintiff in late 2014 and it was made available for inspection to the Plaintiff and its expert witness in March 2015. The Plaintiff's expert then dealt with the substance of the prior art reference in his report of April 30, 2015. In doing so, he assumed the Vent Air product was publicly available before February 11, 2002.

[5] The Defendants characterize the Plaintiff's position as "technical". They maintain that, in the absence of any prejudice, even late amendments are generally permitted in furtherance of the goal "of determining the real questions in controversy between the parties": see *Canderel Ltd v Canada*, [1994] 1 FC 3 at para 10, 1993 CanLII 2990 (FCA).

[6] The Plaintiff's objection to the proposed amendment is based on the Defendants' failure to produce particulars of the public disclosure of the Vent Air product before the claim date. It is

clear that the sample of the product the Defendants produced for inspection was manufactured several years after the claim date. Although that sample does reference three United States design patents dating back to the 1980s, none of those patents discloses the screen that is the innovation claimed by the Plaintiff. According to the Plaintiff, this evidence is insufficient to prove the temporal provenance of the Vent Air product. The Plaintiff argues that amendments should be refused where it is “plain and obvious” that the assertion will not succeed. A pleading based only on assumptions and speculation will be struck. Similarly, an amendment that is unsupported by any evidence should be refused. In support of this argument, the Plaintiff cites *Bauer Hockey Corp v Sport Maska Inc*, 2014 FCA 158, [2014] FCJ No 646, *Caterpillar Tractor Co v Babcock Allatt Limited*, [1983] 1 FC 487, [1983] FCJ No 528, *Terra Nova Shoes Ltd v Nike Inc*, 2003 FC 1053, [2003] FCJ No 1326, and *Nidek Co, Ltd v Visx Inc*, 2009 NR 342 (FCAD).

[7] I do not doubt that, in appropriate circumstances, a pleading amendment stands to be refused where it is “manifestly incapable of being proven”: see *Bauer Hockey*, above, at para 14.

[8] The same result would be warranted where as in *Caterpillar Tractor*, above, at para 11, the moving party admits it has no evidence to support the impugned allegation or where the allegation is otherwise certain to fail.

[9] What distinguishes this case from the above authorities is that the Defendants are continuing to search for evidence to establish that the Vent Air product is, in fact, prior art. To refuse the proposed amendments before trial would be to foreclose that possibility and exclude from the record what may turn out to be relevant evidence.

[10] On the other hand, if the Defendants cannot prove that the Vent Air product is prior art, the allegation and the opinion evidence it supports will be excluded from the validity analysis. The Court is quite capable of ignoring an unproven allegation along with an opinion that is premised on an unsubstantiated assumption.

[11] It seems to me that the authorities cited by the Plaintiff need to be read in light of the Federal Court of Appeal decision in *Janssen Inc v Abbvie Corp*, 2014 FCA 242, [2014] FCJ No 1082. That decision teaches that a holistic approach is required. The test stated at paras 7 and 18 is particularly apt in the context of this motion:

[17] In the context of this case, it would have served the interests of justice that all the relevant prior art be before the Judge to allow him to fully address the issue of obviousness especially in a case where Janssen was not on a fishing expedition for “the” piece of prior art that would support its position. As stated above, the experts on both sides knew of the existence of the Yawalkar paper. It was alleged that Dr. Chizzonite, an IL-12 specialist with a purported expertise in its potential use in treating diseases, was an author of one of the additional prior art references. Yet, AbbVie had directed Dr. Chizzonite to not address the Yawalkar paper in his report.

[18] The jurisprudence on amendments teaches us that no single factor is determinative. The list of factors to be considered is not exhaustive. This is a balancing exercise and although no single factor predominates, proper weight has to be given to the relevant factors applicable to each particular case. In our view, the Judge misapplied the stated test and failed to give proper consideration to the relevant factors including the particularity of this case which involves novel technology with complex scientific and commercial realities going at the heart of the patent bargain between the inventor and the public. Had the Judge considered all of the relevant factors and applied them appropriately to the case at hand, he would have allowed the amendment. Once again, the interests of justice required that the Judge be in possession of the entire relevant prior art.

[12] Where a proposed amendment creates no *de facto* prejudice, it will almost always be in the interests of justice to err on the side of allowing it. To decide otherwise is to run the considerable risk that came to pass in *Janssen*, above, where a new trial was required. It is far less disruptive to permit the amendment and to exclude it from later consideration if it is unproven.

[13] I will accordingly allow the amendments as set out in Schedule “A” to the Defendants’ Notice of Motion. The Plaintiff acknowledges that its motion to strike portions of the Defendants’ expert reports and certain documents from the Joint Book of Documents is entirely dependent on the outcome of the Defendants’ motion to amend. In the result, that motion is dismissed.

[14] The Defendants will have their costs of the motions in the amount of \$2,500.

ORDER

THIS COURT ORDERS that the Defendants' motion to amend is allowed.

THIS COURT FURTHER ORDERS that the Plaintiff's motion is dismissed.

THIS COURT FURTHER ORDERS that the Defendants will have their costs of both motions in the amount of \$2,500.

"R.L. Barnes"

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-366-11

STYLE OF CAUSE: CANPLAS INDUSTRIES LTD.
v
AIRTURN PRODUCTS INC. AND
MERIT PRECISION MOULDING LIMITED

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: JANUARY 21, 2016

ORDER AND REASONS: BARNES J.

DATED: JANUARY 29, 2016

APPEARANCES:

MR. STEPHEN P. SHOSHAN / FOR THE PLAINTIFF
MR. ANTOINE MALEK

MR. MATTHEW R. NORWOOD FOR THE DEFENDANTS

SOLICITORS OF RECORD:

Piasetzki Nenniger Kvas LLP FOR THE PLAINTIFF
Barristers and Solicitors
Toronto, ON

Ridout & Maybee LLP FOR THE DEFENDANTS
Barristers and Solicitors
Toronto, ON