

**Date: 20080903**

**Docket: T-2459-03**

**Citation: 2008 FC 988**

**BETWEEN:**

**AVENTIS PHARMA INC. and  
AVENTIS PHARMA DEUTSCHLAND GmbH**

**Applicants**

**and**

**APOTEX INC. and  
THE MINISTER OF HEALTH**

**Respondents**

**ASSESSMENT OF COSTS – REASONS**

**Charles E. Stinson  
Assessment Officer**

[1] The Respondent, Apotex Inc. (Apotex), served a Notice of Allegation (NOA) alleging that the claims of Canadian Patent No. 1,246,457 (the '457 Patent) were invalid due to anticipation, obviousness and double patenting. The Applicants brought this application for judicial review for a declaration that the NOA was deficient and alternatively for an order prohibiting the Minister of Health from issuing of a Notice of Compliance (NOC) permitting Apotex to market ramipril oral capsules of various dosages (ramipril) until after the expiration of the '457 Patent (addressing cardiac insufficiency). The Court dismissed this judicial review with costs to Apotex (the Decision).

[2] The framing of these reasons and my consideration of the issues are consistent with my approach in para. 3 of *Abbott Laboratories v. Canada (Minister of Health)*, [2008] F.C.J. No. 870 (A.O.) [*Abbott*]. Apotex's bill of costs claims mid-range values for counsel fee items. I have not summarized the respective evidence and submissions of the parties concerning counsel fee items 2 (claimed six times for the Respondent's record and for each of five affidavits); 15 (Compendium); 25 (services after judgment); 26 (appearance on assessment of costs) and 27 (preparation of bill of costs) as I rely on my findings in *Abbott* for their disposition. I allow a single fee item 2 for preparation of the record; fee item 27 (such other services as the assessment officer may allow) instead of fee item 15 (written argument where requested by the Court); fee item 25 and fee item 26 as the global indemnity for assessment of costs, but nothing under fee item 27 for work associated with this assessment of costs. Similarly, I rely on my findings in *Abbott* to disallow the various claims for second counsel in the absence of a visible direction of the Court, except where the record confirms the absence of an objection on the part of the Applicants, i.e. fee item 14(b)(attendance at hearing). I have not summarized the respective positions of the parties on distributive nature relative to an award of costs and on sufficiency of evidence as *Abbott* sufficiently canvassed those issues.

#### I. Apotex's Position

[3] Apotex noted the affidavit of Andrew R. Brodtkin, one of the counsel with direct carriage of this matter, sworn October 10, 2007 asserting the complexity of this matter and its importance for access to the rampiril market with annual sales of many tens of millions dollars. Apotex incurred costs relative to the three grounds advanced to challenge the '457 Patent regardless of the fact that the Court's finding of invalidity was based on obviousness. The record confirms the amount and

complexity of work required, i.e. five affidavits from each side and extensive cross-examination of each concerning highly technical points, Applicants' Record consisting of 11 volumes comprising 3,132 pages, three-day hearing and a 53-page decision. There was nothing in those 53 pages to indicate that the hearing judge viewed this matter as of average complexity.

[4] Apotex discounted the Applicants' position, i.e. that Apotex's failure to diligently pursue its appeal of the earlier decision in Federal Court file T-1851-03 (the T-1851-03 decision) rejecting allegations of non-infringement and refusing to issue the NOC until after the expiration of the '457 Patent undermined its assertions of the importance of access to the rampiril market, by arguing that litigation strategy in another proceeding is irrelevant for the assessment of costs here and the success here on the broader issue of invalidity precluded the necessity to pursue the appeal of the T-1851-03 decision. It is disingenuous of the Applicants to argue against Apotex's assertion of the significance of the rampiril market given their position in para. 42 of *Sanofi-Aventis Canada Inc. v. Canada (Minister of Health)*, [2006] F.C.J. No. 1958 (F.C.) that the impact of Apotex's generic rampiril product would be devastating and result in millions of dollars of lost sales in the first few weeks.

[5] One of Apotex's experts, Dr. John Parker, was cross-examined on his affidavit on November 19, 2004 and January 27, 2005. Apotex claimed a fee item 8 (preparation) for each day because, although Apotex's counsel could not speak to his own witness while his cross-examination remained open, real work was necessary to put counsel on January 27 in the position he was in when the cross-examination adjourned on November 19. Apotex advanced a similar argument for fee item 8 claimed separately for each of January 28 and April 22, 2005, the dates of the cross-

examination of Dr. Morris Karmazyn on his affidavit sworn on behalf of the Applicants.

The Applicants' opinion of the amount of work required for preparation is irrelevant.

[6] Apotex disagreed with the Applicants' position that all breaks during various cross-examinations of affiants should result in reduction of the fee item 9 (attendance on cross-examination of affidavit) claim from 43 to 33.3 hours because it ignores the work that continued throughout those breaks. Apotex discounted the Applicants' position concerning fee item 13(b) (preparation per hearing day after the first hearing day) by arguing that preparation for the final day should be based on a full day regardless of the fact that the hearing ended somewhat earlier on the final day.

[7] Apotex argued that the Applicants' proposed reduction of Dr. Parker's charge (\$32,564.18) to \$25,000 is unwarranted because his attendance on cross-examination spanned two days and his work extended beyond actual attendance time. The circumstances here are very different from those in *Biovail Corp. v. Canada (Minister of National Health and Welfare)*, 61 C.P.R. (4<sup>th</sup>) 33, [2007] F.C.J. No. 1018 (A.O.) [*Biovail*], aff'd [2008] F.C.J. No. 342 (F.C.) where 23 hours for preparation were claimed relative to a cross-examination lasting less than three hours.

[8] Apotex discounted the Applicants' characterization of Dr. Haralambos Gavras as a Cadillac type witness by arguing that his charge (\$55,717.22) was much less than the charge and assessed amount of the expert in *Biovail*. As well, that he had to travel between Boston and Toronto (for his cross-examination) accounts for some of the difference between his charge and that of Dr. Parker.

The absence of a taxi charge from the Toronto airport indicates that he did not charge for everything. There is no evidence of undue benefit by reason of pocketing a second ticket. There was nothing in the decision to warrant discounting of his charge because his evidence allegedly duplicated that of Dr. Parker, the latter charging some \$23,000 less, or for any other reason.

[9] Apotex argued that Applicants' proposed reduction of the charge (\$6,825) of Dr. Robert McClelland by \$595 on the basis that his claim of 2.7 hours for preparation and attendance is excessive given actual duration of one hour is unwarranted because it ignores the reality of the pace of cross-examination, i.e. his professional time was still engaged during breaks. Apotex conceded a possible inconsistency between the one hour claimed under item 9 for attendance by counsel and the 2.7 hours claimed by Dr. McClelland, but argued that actual time in session might have been one hour and that 2.7 hours accounted for the breaks.

[10] Apotex argued that the charge (\$6,791.44) for consulting by Associates In Cardiology to review documents and meet with counsel is allowable. For example, *Merck & Co. v. Canada (Minister of Health)*, [2007] F.C.J. No. 428 (A.O.) [*Merck* assessment] allowed a large amount for a consultant who did not prepare an expert affidavit. On appeal, the Court in *Merck & Co. v. Apotex Inc.*, [2007] F.C.J. No. 1337 (F.C.) [*Merck* appeal] reduced that amount, but still allowed much more than the charge here. If there is some doubt about this item, it could be reduced somewhat further to *Carlile v. M.N.R.* (1997), 97 D.T.C. 5284 (T.O.) instead of entirely disallowing it.

[11] Apotex noted that the rate of \$0.25 per page for photocopies was not in issue. Apotex discounted the Applicants' position on the charge (\$16,753.50) for photocopies by arguing that it ignores the size of the record, the size of Apotex's legal team and its need for working copies of documents, the need for drafts of documents and copies of the prior art, exchanges among experts, correspondence and the Compendium. An assessment of costs should not proceed on hindsight: *Apotex Inc. v. Egis Pharmaceuticals*, 4 O.R. (3d) 321 at 331 (Ont. Ct. Gen. Div.).

[12] Apotex argued that time constraints and international locations of witnesses made the charge (\$520.99) for couriers necessary. The charge (\$819.44) for meetings/parking/cab/mileage resulted from necessary meetings with witnesses, deliveries outside the scope of couriers, late nights working and refreshments during extended cross-examinations and their preparation, but not from fees to book meeting rooms. These disbursement categories were allowed by *Merck* assessment at much higher amounts and affirmed by *Merck* appeal.

[13] Apotex had to have had the prior art before institution to list in its NOA. *Merck* assessment affirmed by *Merck* appeal allowed such a charge. There have been several proceedings addressing ramipril in which the prior art as here was a key element. The charge (\$3,557.04) here was not about simply photocopying, but rather access to third party databases.

## II. The Applicants' Position

[14] The Applicants argued further to *Abbott Laboratories v. Canada (Minister of Health)*, 59 C.P.R. (4<sup>th</sup>) 1 at para. 56 (F.C.A.), that NOC proceedings are summary in nature, are not as

extensive as actions for determination of patent validity or infringement and are limited in scope to the administrative purpose of whether an NOC should issue and are therefore less complex than actions. The Court viewed this matter as of average complexity given it did not award increased costs. The length of a decision does not necessarily indicate complexity. The Applicants argued that their evidence confirming several other patents to be addressed by Apotex before access to the ramipril market corrected the erroneous assertion that the '457 Patent was the sole obstacle to market access. Apotex's failure to pursue the appeal of the T-1851-03 decision resulted in said decision being extant until expiry of the '457 Patent. That undercuts its assertion of the importance of this matter for its interests.

[15] The Applicants argued that Apotex cannot claim multiple times under fee item 8 for a single affiant even if it was prudent to prepare separately for each day of cross-examination because the tariff permits only a single recovery. If extra work was necessary, and there is no evidence here of that, some movement to the upper part of the available range of values might be a remedy. However, once Apotex's expert (Dr. Parker) began his cross-examination, Apotex's counsel was precluded from speaking with him. Presumably, counsel was fully prepared before the first day of Dr. Karmazyn's cross-examination.

[16] The Applicants argued that the various fee item 9 claims should be reduced because breaks of various durations are not indemnifiable. This fee item addresses actual time in session and not breaks. Fee item 13(b) should be reduced from two to 1.5 days for its calculation.

[17] The Applicants do not seek a distributive assessment of costs, but they argued that, for example, the allowance for Dr. Gavras should reflect the reality that Apotex succeeded on only one of three grounds advanced and that Dr. Parker charged considerably less. The test is: what was reasonable in the circumstances? For example, the amount of the bill of costs as presented in *Merck* appeal was about \$800,000 and one expert was allowed some \$100,000 (reduced on appeal). This should not create a pervasive benchmark of \$100,000 for experts so that a claim of some \$55,000 as here for Dr. Gavras is deemed reasonable by comparison, without any regard for reasonableness of the actual work or relevance for the outcome. Another factor should be the observation by the hearing judge, who was best situated to discern the relative worth of experts and who based the Decision on Dr. Parker's evidence, in para. 120 of the Decision that the evidence of Dr. Gavras was essentially the same as that of Dr. Parker. The former's account should be reduced accordingly.

[18] The Applicants noted that the affidavit of Dr. Gavras was 20 pages and 70 paragraphs and that his cross-examination lasted six hours. He charged 61 hours at US\$600 per hour for preparation and attendance. The August 31, 2005 invoice indicated that he charged for every hour from the moment he left Boston for Toronto (cross-examination) to the moment he returned to Boston, including sleeping time. This inclusion of significant charges for travel status and sleep demonstrates the unreasonableness of his account for which the Applicants should not be responsible. The evidence is that he purchased two sets of tickets (itinerary change). The airline refused a refund for one set, but he was able to retain it for future use. Its cost (US\$516.82) should be disallowed. As well, his account is disproportionately high in that his rate was over twice that of Dr. Parker, yet the decision did not indicate that Dr. Parker was any less qualified. Further to *Biovail*



at para. 33 and *Laboratoires Servier v. Apotex Inc.*, [2007] F.C.J. No. 465 at para. 17 (F.C.), the Applicants should not have to pay for a Cadillac expert. His account should be reduced to about \$25,000 as below for Dr. Parker.

[19] The Applicants noted that Dr. Parker's affidavit was 35 pages and 106 paragraphs and his cross-examination lasted eight hours. His invoices charged 102 hours at CAN\$300 per hour. The five hours one way charged for each leg of two trips between Kingston and Toronto should be reduced to three hours for each leg. In particular, he used a train for the second trip. Further to *Biovail*, his claim of 14 hours for his cross-examination should be reduced to the actual duration of eight hours given the Applicants conceded preparation time. His claim (\$32,564.18) is excessive and should be reduced to \$25,000 inclusive of disbursements.

[20] The Applicants generally conceded Dr. McClelland's charge (\$6,825) but argued that since Apotex claimed only one hour under item 9 (attendance by counsel at cross-examination), Dr. McClelland's claim of 2.7 hours for his attendance should be reduced to one hour by removing \$595 (1.7 hours x CAN\$350 per hour). GST claimed for Dr. McClelland and Dr. Gavras should be disallowed as they are not from Canada.

[21] The Applicants argued further to *Halford v. Seed Hawk Inc.*, [2006] F.C.J. No. 629 at para. 158 (A.O.) [*Halford*] and *Records on Wheels Ltd. v. Astral Communications Inc.*, 2000 Carswell Ont. 1290 at para. 6 (Ont. S.C.J.) that, although Apotex was free to engage multiple law firms, any resultant extra expenses as here for photocopies (\$16,753.50) should be disallowed (as in *Abbott*,

the firm of Ivor M. Hughes, not formally of record, performed certain solicitor work). Four of the eleven volumes of the Application Record consisted of prior art documents listed in the NOA, meaning that Apotex had acquired them before any certainty that this litigation would ensue.

The Applicants prepared the Application Record. The evidence here is insufficient relative to the findings in *Williams v. M.N.R.*, [2001] F.C.J. No. 249 at para. 20 (A.O.) and *Mitchell v. M.N.R.*, [2003] F.C.J. No. 1530 at para. 13 (A.O.) addressing costs prior to institution. Therefore, costs for prior art documents should not be allowed and should be a factor in reducing photocopy charges.

The evidence generally on photocopies is insufficient as to breakdown and manner of calculation of their cost thereby precluding analyses of reasonableness. The Applicants conceded some photocopying costs were assessable, but the claim here is grossly excessive and should be reduced to about \$9,000 further to the formula approved in *Merck* appeal.

[22] The Applicants asserted that they were not even aware of the use of a consultant until served with the bill of costs. Dr. Beanlands did not file an affidavit and the evidence does not explain his work. *Merck* assessment allowed a consultant's charge, but it is unclear whether it was unopposed. The charge in *Merck* assessment was clearly, unlike here, for someone directly assisting an expert on the record and was sharply reduced by *Merck* appeal. The evidence is scanty for the remaining disbursements with particular regard to relevance and reasonableness for couriers (\$520.99) and meetings/parking/cab/mileage (\$819.44).

### III. Assessment

[23] I held in *Métis National Council of Women v. Canada (A.G.)*, [2007] F.C.J. No. 1259 at paras. 30-31 (A.O.) [*Métis*] that a second fee item 8 may be claimed for the same affiant. There, I did allow a second fee item 8 for one affiant further to circumstances and an order in the record relative to problems on the first day. I refused a second fee item 8 for another affiant. A single fee item 8 may adequately address a cross-examination with an adjournment of more than a few days. As in *Métis*, I examined the affidavit and transcript of cross-examination. I refuse a second fee item 8 for Dr. Parker. As well, I am not convinced that Apotex should have a second fee item 8 for Dr. Morris Karmazyn, but further to *Starlight v. Canada*, [2001] F.C.J. No. 1376 at para. 7 (A.O.) concerning variances of allowances, I allow a single fee item 8 for him at the maximum value in the range.

[24] As I think that the duration issues for fee item 9 can be considered differently than duration issues as, for example, in *Abbott* at para. 102 for fee item 14(a) (attendance at hearing), I reduced the fee item 9 claims as suggested by the Applicants. The record indicates that the Court sat from 9:30 a.m. to 12:20 p.m. on the third day of the hearing. I allow fee item 13(b) as presented as I think that its mid-range value is appropriate in the circumstances.

[25] My findings in *Halford*, *Biovail* and *Abbott* (under appeal) shape my approach to the disbursements in issue here. Paragraphs 68-71 inclusive of *Abbott* summarize the subjective elements of assessments of costs. Dr. Parker submitted two statements: one in July 2004 for 41 hours (analysis of materials and preparation of affidavit) and another in May 2005 for 61 hours

(analysis, preparation, transit time, cross-examination, follow-up work and disbursements).

The roundtrip distance for the first day of cross-examination was 600 kilometres. The trip duration for the train for the second day was two hours each way plus time to and from the train station.

He claimed five hours each way for both days. Traffic can extend the time from the outskirts of Toronto to downtown. An extra additional hour of his time was \$300. I will base the allowance for his time in transit on a duration of four hours each way meaning a reduction of four hours total.

Dr. Parker likely could not have done other paid work during the breaks (lunch or recess) in his cross-examination. He met counsel in Toronto the day before the first day and charged eight hours for preparation. He charged eight hours for the first day. I allow five hours for the first day as I do not think that last minute preparation required more than one hour. For the second day, he claimed four hours for preparation and six hours for attendance. He was barred at that point from speaking to Apotex's counsel. I think four hours (the fee item 9 allowance) for the second day attendance is sufficient. The result is removal of nine hours at \$300 per hour leaving his account assessed at \$29,864.18.

[26] I think that the account of Dr. Gavras is an example of one likely not subjected to close scrutiny by counsel as a filter for reasonableness and clarity. His invoice charged US\$238.84 for a "first set of tickets" for a roundtrip on January 31 and February 2, 2005. It charged US\$516.82 for a "second set of tickets" for a roundtrip between Boston and Toronto on February 1 and 3, 2005. The date sequence of the travel agent's two invoices was consistent with this description as first and second sets of tickets. However, other evidence in the record was not. His invoice charged for dinners on January 31 and February 1, 2005 in Toronto; a calculation worksheet referred to

departure on January 31 and return on February 2, a ticket stub listed the January 31-February 2 routing and the hotel statement fit with the January 31-February 2 itinerary all indicating that the actual itinerary might have been associated with the first set of tickets. His letter dated February 22, 2005 to counsel referred to “the second set of tickets I had issued because of rearranging the meeting one day later” and stated that he kept it for use within the next year because the airline had refused reimbursement. This is confusing and does not warrant indemnification by the Applicants.

[27] That this expert’s account passed through for payment unchallenged for a charge for sleeping time induces me to speculate that other parts of his account may be suspect. Some professionals consider time in transit as lost earnings time if not included in their accounts. There is no evidence that his rate of US\$600 per hour, which is considerably more than that of Dr. Parker, was negotiated with regard to relative rates in his area of expertise. His credentials were impressive. I reduce that portion of his account (52 hours) which included a charge for two nights’ sleep during the cross-examination trip by 29 hours leaving four hours transit each way, nine hours consultation with counsel and six hours deposition at US\$600 per hour x 1.2825 (exchange rate in the evidence). I reduced his account by another CAN\$2,100 to account for problematic disbursements and other possible inconsistencies leaving it allowed at \$31,301.72.

[28] On the day of his cross-examination, Dr. McClelland charged for 9:00 a.m. to 11:45 a.m. His cross-examination lasted from 10:00 a.m. to 10:56 a.m. He likely conferred with counsel before (preparation) and after (instructions for follow-up). I allow his account as presented at \$6,825.

[29] The use here by Apotex of associate counsel (the law firm of Ivor M. Hughes) mirrors the circumstances of *Abbott* and I apply my findings there at para. 65 in reducing the claim here for photocopies (\$16,753.50) to \$12,500. I reduce couriers (\$520.99) to \$400. Further to my approach in *Abbott* at para. 110, I reduce meetings/parking/cab/mileage (\$819.44) to \$425.

[30] My usual concern with items of costs such as consulting (\$6,791.44) in NOC matters is whether their purpose, in the absence of evidence such as here, is so obscure as to preclude an inference of purpose and relevance similar to that for other items more obvious as to purpose, i.e. transcripts (\$3,664). It is common practice for supervising counsel pursuing intellectual property litigation to obtain technical advice not ultimately used as part of an expert report. Given that it may not as here be subject to scrutiny until appearing in a bill of costs, extra effort may be required to establish relevance. As above, I am not sure of the extent to which this item was subjected before payment to a filter for reasonableness and I therefore reduce it to \$3,100. I am satisfied that the other disbursements are reasonable and allow them as presented. That includes prior art (\$3,557.04) as its relevance was indisputable regardless of when its charge was incurred.

[31] As in *Abbott*, GST was claimed for certain non-Canadian items of costs (Dr. Gavras, taxis, etc.) not subject to GST. As in *Abbott*, I endorsed a GST exclusion calculation on the bill of costs as assessed to adjust for this. Although the Applicants led evidence that Dr. McClelland had moved away from Canada, the record is unclear whether his charges were incurred after that happened and I have therefore assumed that they were subject to GST. I have not, as I did in *Abbott*, made additional adjustments for transportation (air and ground) inside and outside Canada as I felt that

other disbursement considerations would effect such adjustments. Apotex's bill of costs, presented at \$171,403.96, is assessed and allowed at \$118,139.74.

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“Charles E. Stinson”  
Assessment Officer

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-2459-03

**STYLE OF CAUSE:** AVENTIS PHARMA INC. et al. v. APOTEX INC. et al.

**PLACE OF HEARING:** Toronto, ON

**DATE OF HEARING:** November 1, 2007

**REASONS FOR ASSESSMENT OF COSTS:** CHARLES E. STINSON

**DATED:** September 3, 2008

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