

Federal Court



Cour fédérale

Date: 20120411

Docket: T-1407-09

Citation: 2012 FC 414

BETWEEN:

APOTEX INC.

**Plaintiff/
Defendant by
Counterclaim**

and

H. LUNDBECK A/S

**Defendant/
Plaintiff by
Counterclaim**

REASONS FOR ORDER

TABIB P.

[1] As case management judge, I am seized of a motion by Lundbeck A/S (“Lundbeck”) for leave to amend its Statement of Defence and Counterclaim, and of a motion by Apotex Inc. (“Apotex”) for an order that the issue of quantification of damages or profits be severed and heard after the determination of the other issues in this action. As the motions involve consideration of some of the same factors and as the outcome of one could affect the outcome of the other, both motions were heard at the same time in early February 2012. The trial of this matter is scheduled to begin on November 5, 2012. Time being of the essence, the formal order disposing of these motions was issued on February 27, 2012, with reasons to follow. These are the reasons for order.

History and Chronology of the proceedings

[2] In April 2007, Apotex served on Lundbeck a Notice of Allegation pursuant to the *Patented Medicines (Notice of Compliance) Regulations* (SOR/93-133) (“the *PM(NOC) Regulations*”), alleging that Lundbeck’s patent no. 1,339,452 in respect of the (+) enantiomer of citalopram (also known as escitalopram) was invalid and that Apotex should therefore be permitted to obtain a Notice of Compliance to sell escitalopram in Canada prior to the expiration of the said patent. As it was entitled to do under the *PM(NOC) Regulations*, Lundbeck commenced an application in this Court seeking a declaration that Apotex’s allegations of invalidity were not justified and an order prohibiting the Minister of Health from issuing an NOC to Apotex until the expiration of the patent. Lundbeck was successful in its application, and a prohibition order issued on February 12, 2009.¹

[3] Applications under the *PM(NOC) Regulations* are summary proceedings, which are not finally determinative of the issues of validity or infringement raised therein. Apotex was therefore at liberty to formally launch an action to impeach the ‘452 patent, notwithstanding the Court’s decision of February 2009. It did so by launching the present proceedings on August 21, 2009. In addition to the allegations of invalidity previously raised in the NOC proceedings, Apotex’s action includes a request for a declaration that the escitalopram product it intends to sell in Canada will, in any event, not infringe certain claims of the patent.

[4] Lundbeck defended the action and added a counterclaim seeking a declaration that Apotex had and would infringe the ‘452 patent, an injunction, and other remedies.

[5] By motion dated April 9, 2010, Apotex moved to strike Lundbeck’s counterclaim, arguing that the counterclaim failed to plead material facts to support a finding that it had in the past or was currently committing any act of infringement; insofar as the counterclaim could be construed as a

¹ Apotex’s appeal from that order was dismissed by the Federal Court of Appeal on November 25, 2010. A subsequent application for leave to appeal to the Supreme Court was denied in August 2011.

quia timet recourse, Apotex argued that it failed to meet the jurisprudential criteria for a valid recourse.

[6] At the hearing of the motion, Lundbeck conceded that it had, at that time, knowledge of no material facts that might show that Apotex had actually begun manufacturing, importing or selling escitalopram. On that basis, and subject to Lundbeck's right to seek to amend should such facts come to light, I granted Apotex's motion in part and struck that part of the counterclaim seeking a declaration of past infringement and related relief. I did, however, hold that Lundbeck's counterclaim, seeking a declaration that Apotex's proposed escitalopram product would infringe the patent and a *quia timet* injunction were fair and appropriate, given that the issue of whether or not the proposed product was infringing had been put into play by Apotex itself in seeking a declaration of non-infringement.²

[7] In September 2010, both parties being desirous of an early trial, the trial date of November 5, 2012 was set, and a schedule established for all steps leading up to it. At that time, the past infringement allegations of Lundbeck having been struck, no issues of damages, profits or quantification were at play and a bifurcation order was not needed.

[8] As a result of both parties' inability at different times to comply with the schedule, the schedule was twice amended, each time compressing the time allotted to pre-trial steps. Although meeting the trial date has become more and more difficult as a result, the parties appear committed to the trial dates; I do not believe either is intentionally attempting to delay the trial.

[9] In October 2011, as a result of facts it learned in the course of the litigation, Lundbeck filed a motion for leave to amend its statement of defence and counterclaim, notably to reinstate its

² *Apotex Inc. v. H. Lundbeck A/S*, 2010 FC 807.

allegations of past and present infringement by Apotex. These amendments arose primarily out of Apotex's importation of escitalopram API manufactured by Hetero Labs, which it then transformed into tablets in Canada and exported and sold to other countries. On or about October 27, 2011, Apotex consented to that part of the amendment, without condition, and more importantly, without seeking a bifurcation order as a pre-condition to its consent.

[10] The parties proceeded to discoveries in November 2011 on the basis of these proposed amended pleadings. It is only shortly thereafter that Apotex asked Lundbeck to consent to the bifurcation and that Lundbeck asked Apotex to consent to the addition of Apotex Pharmachem Inc. as an additional defendant to its infringement counterclaim. In the face of each one's refusal of the other's request, these motions came before me for determination.

The motions and the parties' positions

[11] As mentioned, Apotex had already consented to Lundbeck amending its counterclaim to reinstate its claim of infringement against it. The proposed new amendment would add Apotex Pharmachem Inc. ("Pharmachem"), an affiliate of Apotex, as an additional third party defendant to that claim. Pharmachem is identified as the entity who will be manufacturing in Canada the active pharmaceutical ingredient in Apotex's proposed escitalopram product, and who allegedly has already manufactured some API batches for Apotex.

[12] Apotex does not take the position that Lundbeck's proposed infringement claim against Pharmachem is unmeritorious. Indeed, it has formally offered to consent to the amendments on condition that the quantification of damages or profits, if any, be bifurcated, that the addition not cause the trial to be adjourned and that Lundbeck accept the first round of discovery of Apotex on infringement issues as its first round of discovery of Pharmachem (counsel for Apotex confirmed at

the hearing that Pharmachem had also agreed to be bound by that round of discovery). Apotex's formal position on the motion to amend is that it should be refused, and alternatively, that the amendment should only be allowed if those conditions are imposed.

[13] In support of that position, Apotex argues that Lundbeck waited too long to seek to add Pharmachem as a defendant: Lundbeck first raised that possibility on January 16, 2012, even though it knew a year earlier that Pharmachem was the proposed supplier of Apotex's API and that it was aware by November 3, 2011 that Pharmachem had manufactured some API for Apotex. Apotex then argues that Pharmachem is not a "necessary" party for the complete determination of the issues between itself and Lundbeck, and that adding a new party to the litigation at this time (and without imposing the aforementioned conditions) would result in the loss of the trial dates or an unreasonably compressed schedule, causing it prejudices which cannot be compensated (compensated) in costs.

[14] Lundbeck for its part submits that it did not become aware that Pharmachem, other than being the proposed supplier, had actually begun manufacturing until November 2011, that not adding Pharmachem to the existing action would result in a multiplicity of actions and potentially contradictory judgments, that the trial dates can be met despite the addition of Pharmachem, and that even if they cannot, Apotex is the author of its own misfortune as it delayed production of the documents that would have shown Pharmachem's actual manufacture and misleadingly asserted that it had not sold or used commercial quantities of escitalopram, even though the recently produced documents show the opposite.

[15] Towards the end of the hearing, Lundbeck further undertook, if it was allowed to add Pharmachem as an additional defendant without bifurcation of the quantification issues, to abandon its claim for damages against Apotex and Pharmachem, restricting its monetary claims to an

accounting of their profits and punitive or exemplary damages (to the extent these remedies are available to it in the circumstances).

[16] Apotex's motion for bifurcation seeks an order that the discovery and trial of the quantification aspects of any claim for damages or accounting of profits (whether against Apotex pursuant to the re-instated claim of infringement or against Pharmachem under the proposed new claim) be severed from the main trial and be determined after the Court's determination of whether the patent is valid and has been infringed. Apotex's arguments are essentially the same as those advanced on the motion to amend. Lundbeck opposes the bifurcation, arguing that it has the right, as a litigant, to having all the issues raised in its pleadings heard and determined in a single trial and that Apotex has failed to demonstrate, as is its burden, that bifurcation is necessary to achieve the just, most expeditious and least expensive determination of the issues herein.

Motion to amend

[17] It appears that the allegedly infringing product of Pharmachem is one of the very products which form the basis of Lundbeck's infringement action against Apotex, newly added on consent. In the circumstances, it is beyond dispute that the interest of justice, in ensuring the efficient use of judicial resources and avoiding a multiplicity of proceedings and the risk of contradictory judgments, dictates that Lundbeck's amendment be permitted.

[18] Lundbeck's alleged delay in proposing the amendment would not detract from that conclusion, unless, in the circumstances, the delay is prejudicial to the interests of justice or to Apotex, and the prejudice cannot be adequately mitigated, compensated or eliminated by conditions (such as those argued by Apotex) or an award of costs.

[19] As will be discussed below, I am satisfied that allowing the amendments is neither contrary to the interest of justice nor of a nature to cause prejudice to Apotex or Pharmachem in the circumstances and on the conditions imposed. Thus, it would not be necessary to consider whether Lundbeck unreasonably delayed in proposing the amendment.

[20] Still, as the amendment will undoubtedly add additional demands on Apotex's and Pharmachem's counsel's time in the preparation for trial, in an already demanding schedule, it is appropriate that the issue of delay be addressed.

[21] First, it should be stressed that the delay at issue is not Lundbeck's delay in reasserting its infringement claim against Apotex, but in asserting it against Pharmachem.

[22] It is true that Apotex disclosed as early as December 22, 2010, through its affidavit of documents, that Pharmachem was intended to be its future supplier of escitalopram API and may have, to that end, already produced escitalopram. However, it was held in *Eli Lilly Canada Inc. v Nu-Pharm Inc.*, 2011 FC 255 that the preparation and filing of an ANDS (including production of product for that purpose) are insufficient to properly ground an action for infringement. Apotex itself, in the covering letter to its affidavit of documents, clearly stated that "no batches for commercial use" had been obtained from Pharmachem. It is only in early November 2011, on the eve of Lundbeck's discovery of Apotex, that Apotex produced Pharmachem's batch production records, from which Lundbeck could have noticed that Pharmachem had in fact begun production and on what scale. Yet, in the face of Apotex's assertion that it had not obtained any product for commercial use, I doubt Lundbeck was bound to immediately scrutinize those records for signs of commercial quantities.

[23] On December 16, 2011, however, in answer to an undertaking, Apotex produced for the first time amended records of raw material receipts showing receipt of two lots of 6.58 and 1.76 kg of

escitalopram from Pharmachem, only 0.32 kg of which is listed as having been used for reserve samples, and a purchase order indicating that Apotex had ordered from Pharmachem in June 2010 a total 117 kg of escitalopram – arguably commercial quantities given that Apotex’s own records show a total use of only 48.919 kilos of escitalopram over five years for R & D and regulatory usage. It is only at that point that Lundbeck could reasonably be said to have had the knowledge of Pharmachem’s potentially infringing conduct that would mandate prompt notice of an intention to amend. It can hardly be suggested that, taking into account the Christmas recess, the delay between December 16, 2011 and January 16, 2012 is unreasonable. Nor has it been suggested that Apotex or Pharmachem could have used that time to any great effect had Lundbeck notified them of an intention to add Pharmachem as a defendant as of December 16, 2011. I therefore conclude that there was no undue delay in Lundbeck moving to amend.

[24] Given that the proposed claim against Pharmachem has *prima facie* merit, that it is intimately connected to the existing infringement claim made against Apotex, that there would be clear duplication and a real risk of contradictory judgments if it were to proceed separately, and that Lundbeck has not delayed in seeking to add Pharmachem as a defendant, the interest of justice clearly lies in permitting the amendment, unless doing so would cause prejudice to Apotex that cannot be compensated in costs.

[25] The prejudice that was advanced by Apotex here is the potential loss of the November trial dates, and then, only if the quantification of the damages or profits was not bifurcated. Apotex did not suggest that adding Pharmachem at this point with a bifurcation order in place would jeopardize the trial dates or cause it prejudice. Indeed, counsel for Apotex represented to the Court at the hearing that it had been instructed by Pharmachem to defend it, that Pharmachem’s defence would be substantially the same as Apotex’s and that it would agree to be bound by the discoveries already

conducted. As to the nature of the prejudice flowing from the loss of the November trial dates in the event the quantification issues were not bifurcated, Apotex's argument was that it would delay the determination of its impeachment and declaratory action. More specifically, Apotex has not alleged or led evidence to show that such a delay would cause irreparable, or even significant financial losses, or that it would make the evidence necessary to make its case more difficult or impossible to marshal. The delay, if any, would simply have the effect of delaying Apotex's ability to come to market in Canada with its proposed escitalopram product – assuming it is successful in its impeachment or declaratory action.

[26] The loss of trial dates and an unreasonable delay in bringing a matter to trial can, in certain cases, be assimilated to prejudice that cannot be compensated in costs (*Montana Band v Canada* 2002 FCT 583, *Apotex Inc. v Shire Canada Inc.* 2011 FC 1159). However, whether, in any given case, a delay in reaching trial is “unreasonable” is a determination which must be made taking into account all relevant circumstances.

[27] As mentioned before, and will be more fully discussed below, I am in any event not satisfied that in the circumstances and on the conditions imposed by this order, the existing trial dates must necessarily be lost as a result of the amendment, even without bifurcation. Even if I am wrong, I find any such delay would not, in the circumstances, be unreasonable and would not outweigh the interests of justice in allowing the amendment or justify denying it in the circumstances.

[28] It must be remembered here that Apotex has already invoked the *PM(NOC) Regulations* and benefited from a summary and timely determination of whether the same allegations of invalidity which it is pursuing here were justified. Nothing prevented Apotex from choosing, instead of the summary *PM(NOC)* route, to proceed with a full-fledged impeachment action back in 2007. Its wish to see this action determined within little more than three years from its institution, having

failed in the earlier *PM(NOC)* proceeding, is not improper or abusive; however, it cannot trump Lundbeck's rights or the Court's ability to judiciously allocate its resources.

[29] Finally, the procedural choices which Apotex made in this matter must be taken into consideration. A party, especially one as sophisticated as Apotex, must be taken to accept the possible consequences of the procedural choices it makes, and cannot be heard to complain that these consequences are prejudicial to it. In particular, parties who ask for the Court's early and intensive case management services to secure an early trial date are expected to make procedural choices that would expedite, rather than risk delaying, the litigation.

[30] Apotex brought its motion to strike Lundbeck's infringement counterclaim in the spring of 2010, at a time where it had already imported, transformed into tablets and sold abroad significant quantities of escitalopram. Those facts would clearly have been sufficient to reasonably sustain a counterclaim for infringement, had Lundbeck known and pleaded them at the time. By the time Apotex's motion was heard in July 2010, Apotex had purchased and received from Pharmachem escitalopram in quantities that could reasonably be argued to be commercial. It was Apotex's strict procedural right to insist that Lundbeck discover these facts by itself before being allowed to counterclaim for infringement and Apotex cannot be faulted for standing on this right. However, it was equally within its purview to choose not to challenge Lundbeck's counterclaim and allow Lundbeck to obtain knowledge of the relevant facts through early discovery rather than through happenstance or incidental disclosure. Apotex knew – and it was clearly stated in the reasons disposing of its motion to strike – that if and when Lundbeck became aware of facts that could establish current infringement, such as the purchases and sales mentioned above, it would be entitled to seek to amend. In choosing to bring and pursue its motion to strike, Apotex must be taken to have known and taken the chance that if Lundbeck discovered those facts at a time which would

make it difficult or impossible to meet the trial dates, the possibility would exist that the trial be postponed.

[31] Apotex may have made other procedural choices that tended to delay the time where Lundbeck would be in a position to revive its counterclaim or add Pharmachem as a defendant. Lundbeck argues that Apotex purposefully delayed transmitting to it documents that would show the extent of Apotex's sales abroad and the fact that Pharmachem had manufactured and sold escitalopram to Apotex. Lundbeck further argues that Apotex's pleadings, in which it specifically denies having ever sold escitalopram, were improper. Although these arguments are of concern to me, I decline to further discuss them or determine whether Apotex's actions were inappropriate or intentional. I merely reiterate that Lundbeck had a right to seek to amend when the facts became known to it, and that it did not unduly delay in bringing this motion to amend; I also note that, had Apotex transmitted to Lundbeck the documents which are now before me at the time it served its affidavit of documents in December 2010, the need for and the consequences of this amendment could have been dealt with nearly 22 months before trial, rather than eight months as matters now stand.

[32] I find that Lundbeck's proposed amendments do serve the interest of justice, and that there is no reason why they should not be permitted at this stage.

[33] The conclusion that an amendment ought to be permitted in the interest of justice does not mean that it should be permitted without any conditions or terms. With a trial eight months away, an amendment adding a party and a claim of infringement, even if it does not result in the adjournment of the trial, is bound to add to both parties' existing procedural burdens. The Court must consider all circumstances and determine whether the trial dates can be met and at what price. It must consider

whether conditions or measures can be imposed to minimize the chances of an adjournment and ensure that the parties can realistically and reasonably be ready to proceed to trial as scheduled.

[34] Apotex has requested, as a condition to the amendment being permitted, that no further first round of discovery on the issues of infringement be required; that Lundbeck be prevented from raising the amendment or anything flowing therefrom as a basis for moving, extending or otherwise affecting the currently scheduled trial; and that a bifurcation of the proceedings be ordered.

[35] As for the first condition, I note that Apotex had tendered for discovery as its representative an employee of Pharmachem itself and that by agreement of the parties, Lundbeck's discovery included the infringement issues. Further, Pharmachem having now instructed Apotex's counsel to consent to being bound by the first round of examination for discovery, it necessarily follows that Lundbeck should not be permitted to duplicate the discovery already conducted, without it being necessary to make this a formal condition of this order.

[36] As for the second condition, I find it in part unnecessary and in part excessive in the circumstances. The record before me indicates that Apotex is satisfied that the issues of infringement raised against it, save for the quantification issues, would not require an amendment to the trial dates. In particular, Apotex has not suggested that the allegations it might make in defence to Lundbeck's claim to an entitlement of profits would require protracted discovery. Apotex's counsel on behalf of Pharmachem also represented that Pharmachem would not raise substantial new defenses and would agree to be bound by Apotex's discovery of Lundbeck. I have therefore concluded that the amendment should not cause the trial to be moved, extended or otherwise affected. There is no need for Lundbeck to be specifically prevented from raising arguments which the Court has already considered and determined. Further, Apotex would wish the Court's determination or the prohibition on Lundbeck to include not merely the amendment but "anything

flowing therefrom". Such a condition would be unreasonable and excessive, since it would prevent Lundbeck from raising and the Court from considering unforeseen or unannounced grounds of defence raised by Pharmachem, or any unforeseen difficulty or delay in discovery, even if caused by Pharmachem itself.

[37] As for the last condition, I will deal with it in the context of dealing with Apotex's motion for bifurcation.

Motion for bifurcation

[38] It is trite law that it is a basic right of a litigant to have all the issues in dispute in a litigation resolved at one trial, and that on a motion for a bifurcation order, the moving party always bears the burden of demonstrating that, in light of the evidence and all the circumstances of the case (including the nature of the claims, the conduct of the litigation, the issues and the remedies sought), severance is more likely than not to result in the just, most expeditious and least expensive determination of the proceeding on its merits (*Apotex Inc. v Bristol-Myers Squibb Co.* 2003 FCA 263). It is also true, as pointed out by Apotex, that bifurcation tends to be the rule rather than the exception in intellectual property matters. In my view, this is so not merely because actions in intellectual property tend to be complex, because the scientific and financial issues are often discrete and because parties are generally loathe to share sensitive commercial or financial information with potential competitors until their liability to do so has been established, but mostly because of the nature of the remedies available and sought in infringement actions. A successful plaintiff in an infringement action is entitled to the damages it has suffered as a result of the infringement, but may also be entitled to opt instead for an accounting of the profits realized by the defendant. Because the right to elect an accounting of profits is discretionary, parties would not, in an un-bifurcated action,

know whether the option is available to the plaintiff until the final judgment has been rendered. As such, without bifurcation, both parties will necessarily conduct and be subject to discoveries, and trial time will be necessarily be spent in leading evidence as to both parties' revenues and expenses, even though only one side's losses or profits can ever form the basis of an actual award. It is that inherent inefficiency that, in my view, most often justifies a bifurcation order.

[39] Here, in order to ensure that all the issues in its infringement action can be heard and determined in a single trial and without delay, Lundbeck has made the bold decision to forego its entitlement to damages in the event Apotex and Pharmachem are found to infringe its patent, and claim only their profits, taking the risk that Apotex and Pharmachem could successfully oppose its entitlement to that type of remedy. That decision, although it came late in the hearing of the motions, has had a dramatic and determinative effect on the outcome of Apotex's motion.

[40] Indeed, had Lundbeck not made this belated concession, I would have had to conclude, on the evidence before me, that the task of completing discoveries, preparing expert reports and leading trial evidence on both parties' losses or profits could not realistically be accomplished in the time remaining before and allocated for trial. The almost inevitable loss of the trial date, together with the inherent waste of time and effort, for the parties and for the Court, in conducting discoveries and adducing evidence at trial of both parties' financial affairs where only one could form the basis of the final award, if any, would clearly have justified a bifurcation order.

[41] For the reasons discussed below, I am satisfied that an inquiry into Apotex and Pharmachem's profits can reasonably be made in the existing timeframe and trial time, without causing prejudice to Apotex or to Pharmachem. In addition, Lundbeck's abandonment of its right to claim damages results in a greater certainty of savings of time and effort for the parties and for the Court. Without it, the prospect of Lundbeck being successful in its infringement action, including

the right to elect an accounting of profits, and thereafter having discovery of Apotex and Pharmachem's profits, electing for its damages, subjecting itself to discovery of same by Apotex and Pharmachem, and then proceeding to a second trial on quantification, remain real possibilities.

[42] A party's willingness to so drastically narrow the issues in dispute, potentially at the risk of compromising its substantial rights, in order to achieve the just, most expeditious and least expensive determination of the dispute before the Court is a factor that should weigh heavily in the Court's exercise of its discretion. I have done so here. And even if I had not come to the conclusion, as set out below, that the parties could reasonably be ready for and proceed to trial on the issue of Apotex's and Pharmachem's profits within the existing timetable without bifurcation, I would still have dismissed Apotex's motion for bifurcation, on the basis that the benefits of Lundbeck's concession, both in terms of the allocation of judicial resources and of savings of costs and expenses to both parties, outweigh the prejudice that might be caused to the Court and to Apotex from delaying the trial by six months or even a year.

[43] I have carefully reviewed the evidence adduced by the parties on this motion, including the expert affidavit Dr. Pierre-Yves Crémieux for Lundbeck and that of Mr. Howard Neil Rosen for Apotex and the transcript of both experts' cross-examinations on affidavit. I note that the testimony of both experts took into account the complexity and time required to have discovery, assess and produce expert reports as to both Lundbeck's damages and Apotex's and Pharmachem's profits. Lundbeck having offered to abandon its claim for damages, only the quantification of Apotex and Pharmachem's profits would remain at issue.

[44] Apotex's cross-examination of Dr. Crémieux addressed mostly, if not solely, the correctness of his opinion as regards the complexity and difficulties of assessing Lundbeck's damages, and did little to challenge his conclusion insofar as it concerns the assessment of Apotex and Pharmachem's

profits. I also note that in cross-examination, Mr. Rosen specifically acknowledged that if Lundbeck were to abandon its claim for damages, it would substantially reduce the work required to be done on quantification issues, and even halve it.

[45] There is little dispute between the experts that the exercise of quantifying Apotex and Pharmachem's profits primarily involves calculating the revenues of Apotex and Pharmachem (which, even taking into account the application of currency exchange, is still a relatively simple exercise, involving, as it does, less than 20 invoices), and then deducting therefrom the cost of the sales. It is noteworthy that Mr. Rosen, who has acted for Apotex in numerous proceedings involving quantification issues, could not be very precise as to the time and effort required of Apotex or Pharmachem to identify, produce and disclose to him the documents necessary to support the costing data which Apotex admittedly tracks within its accounting system.

[46] It was Apotex's burden to satisfy the Court that bifurcation was necessary to avoid losing the trial dates. Apotex chose to concentrate its evidence on the complexities and effort involved in quantifying Lundbeck's potential damages, even though it has privileged access to information that would have established the time and difficulties involved in quantifying it and its affiliate's own profits. Considering the above, I am satisfied that it would be reasonably possible for the parties to complete their discovery on the issue of Apotex and Pharmachem's profits, and prepare the required expert reports in time for trial.

[47] I have, in that determination, taken into consideration the fact that the extent of the infringement is fairly limited, that the amounts at stake, while not insignificant, are comparatively small, and that the timeframe in which the alleged infringement took place is both short and recent. I have also considered the fact that all of the information and documents relevant to the quantification of Apotex and Pharmachem's profits are within their full power and control, and how the parties'

respective rights and obligations on discovery would enable Apotex and Pharmachem to avoid unnecessary delay and ensure a timely trial.

[48] The rules relating to documentary discovery require of a party that it discloses to its opponent only those documents that would assist its opponent's case and those upon which it intends to rely at trial. It has no obligation to disclose documents that can only assist it, if it accepts that it won't be able to use them at trial. Similarly, proportionality in oral discoveries demands that the Court, in determining whether certain questions be ordered answered, consider whether the information sought is necessary for the requesting party to make its case, or whether the questions were asked solely to ensure that it not be taken by surprise at trial. If the latter, it is my practice to decline ordering that an answer be provided, it being understood that the party being examined will then be precluded by Rule 248 from relying on the information at trial.

[49] The most important information Lundbeck needs to establish its rights are the volume of sales made by Apotex and Pharmachem and the invoices reflecting those sales, as establishing the gross revenues. Its discovery, to that extent, is nearly complete. Once Lundbeck has in its possession and can adduce at trial evidence of Apotex and Pharmachem's revenues, the main part of Apotex and Pharmachem's burden as defendants would be to establish the costs of those sales, as they go directly to reducing their apparent profits. In that, Apotex and Pharmachem have the advantage that all the costing information is within their possession and control. To the extent Apotex and Pharmachem wish to assert certain costs as reducing their profits and rely on documents to establish same, they can and must promptly disclose to Lundbeck all relevant documentation. To the extent full and complete production is made, there would be little scope for Lundbeck to have protracted discovery, or to complain now that it has insufficient time to analyze the data and produce an adequate expert report. Apotex and Pharmachem may also choose, in order to simplify

and expedite discovery, to forego producing the entirety of the supporting documents for certain costs. Again, unless Lundbeck can show that the undisclosed documents would likely contradict the information or documents which Apotex and Pharmachem have chosen to produce (and therefore assist Lundbeck), it would have little scope to delay or extend discoveries to demand further production; the risk that certain items of costs would not be accepted for lack of sufficient evidence would fall on Apotex and Pharmachem and would not negatively affect Lundbeck's case. In that sense, Apotex and Lundbeck can exercise a great degree of control over the scope and extent of discovery, and they can make such procedural choices as may be appropriate to ensure that the trial dates can be met.

[50] I have, for all these reasons, not been satisfied that a bifurcation order is necessary to achieve the just, most expeditious and least expensive determination of the issues herein on their merits, or that same should be imposed as a condition to allowing Lundbeck to amend its counterclaim to assert a claim of infringement against Pharmachem, given Lundbeck's undertaking to abandon its claim for damages for infringement if the trial herein is allowed to proceed, without bifurcation, on all issues.

Costs

[51] The costs of an amendment, including that of a motion for leave to amend, should in principle be borne by the amending party. In this case, however, Apotex did not merely ask that the amendment be permitted on terms. It actively opposed it, on the argument that Lundbeck had unreasonably delayed in moving to amend. I found that argument to be without merit. Moreover, I found that Apotex's own procedural choices had caused the delay of which it complained. To the extent Apotex sought, in the alternative, that terms (other than bifurcation) be imposed for the amendment, I found those terms to be unnecessary, excessive or dependant upon an undertaking

which Pharmachem had yet to make. As for bifurcation, it was not procedurally appropriate for Apotex to seek it as a condition to the amendment and Apotex should have confined that request to its motion for bifurcation. The amendment sought only to add Pharmachem as a defendant. Apotex had already agreed, without condition, to the infringement action being reinstated against it.

Whether or not Pharmachem was added as a defendant was quite irrelevant to Apotex's desire for a bifurcation, and indeed, bifurcation of the quantification issues arising out of the claim against Apotex was not an appropriate consideration or condition to determining whether Pharmachem should be added as a defendant. I find that Apotex had no reasonable grounds to oppose Lundbeck's proposed amendments, and that it should not have opposed the motion. Lundbeck having been successful on its motion, it should have its costs.

[52] Lundbeck was also the successful party on Apotex's motion for bifurcation and, in the application of the general rule, it should also recover its costs. However, but for Lundbeck's belated undertaking to forego its claim for damages for infringement, Apotex's motion would have been granted. Lundbeck should not, in the circumstances, recover its costs. I have considered whether Apotex should instead be awarded the costs of the bifurcation motion. However, considering that the late reinstatement of the infringement claim would have been one of the main justifications for bifurcation, and that that delay was caused by the manner in which Apotex chose to conduct this litigation, Apotex too should be denied its costs.

Ottawa, Ontario
April 11, 2012

“Mireille Tabib”
Prothonotary

FEDERAL COURT
SOLICITORS OF RECORD

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