Federal Court  Cour fédérale

Date: 20130812

Docket: T-1051-10

Citation: 2013 FC 859

BETWEEN:

FOURNIER PHARMA INC. AND LABORATOIRES FOURNIER S.A.

Applicants

and

THE MINISTER OF HEALTH AND SANDOZ CANADA INC.

Respondents

ASSESSMENT OF COSTS - REASONS

Bruce Preston - Assessment Officer

[1] On January 25, 2012, the Applicants discontinued their Application pursuant to the *Patent Act* and the *Patented Medicines (Notice of Compliance) Regulations*.

[2] On, March 20, 2013, counsel for Sandoz Canada Inc. (Sandoz) filed a Bill of Costs to be assessed. Further to the Direction issued April 2, 2013, the parties filed Affidavits and Written Submissions. The hearing for the assessments of costs on files T-1051-10, T-991-10 and T-1184-10 was held on May 22, 2013.

Assessable Services

[3] Sandoz has submitted claims for two motions, the Motion for a protective order and the Motion for the reversal of evidence filed by Fournier Pharma Inc. and Laboratoires Fournier S.A. (Fournier). At the hearing of the assessment, counsel for Sandoz argued that in situations when Fournier brought a motion and Sandoz was compelled to respond, if the order is silent as to costs and even if Fournier was successful, Sandoz should be entitled to costs as costs in the cause. At paragraph 4 of Sandoz' Reply Written Submissions, counsel contends that Fournier discontinued this proceeding and Sandoz is hence deemed as the successful party, therefore, Sandoz is entitled to the costs of the motions. In support of this contention, counsel referred to *Letourneau v Clearbrook Iron Works Ltd*, 2004 FC 1626 at paragraph 8. Concerning the Protective Order dated October 6, 2010, at the hearing of the assessment, counsel for Sandoz contended that, although the Order is silent as to costs, in the normal course, protective orders are a necessary step in proceedings of this type. Counsel argued that in other proceedings with protective orders the Court awarded costs; therefore, Sandoz should be allowed its costs in the cause for the Protective Order in this proceeding.

[4] At the hearing of the assessment, counsel for Fournier argued that in circumstances where Sandoz has claimed costs for motions which were disposed of by an order silent as to costs, no costs may be allowed on the assessment. In support of this, at paragraph 16 of Fournier's Responding Costs Submissions, counsel submits:

> "The discretion described in Rule 400(1) must be a visible allowance by way of an order or judgment." Parties are only entitled to fees for motions when established by order. Where said order is silent as to costs, none shall be awarded.

Counsel for Fournier refers to *Canadian Environmental Law Assn v Canada(Minister of the Environment)*, 2001 FCA 233 at paragraph 33, *GRK Fasteners Inc v Canada (Attorney General)*, 2011 FC 1027 at paragraph 18 and *Carr v Canada*, 2009 FC 1196 at paragraph 4, in support of these contentions. Counsel for Fournier further submitted that Sandoz, in asking that orders silent as to costs be treated as orders awarding costs in the cause, is asking that the actual Order of the Court be changed. Concerning the Protective Order, counsel for Fournier argued that the Order, as signed, was a draft order submitted to the Court on the consent of both parties. Counsel submitted that it was Fournier's understanding there was to be no award of costs in the Protective Order because the Order was made on consent.

[5] Concerning the Protective Order, by way of rebuttal, counsel for Sandoz submitted that if it was Fournier's understanding that there would be no costs, it would have been up to them to make sure that there was a provision that no costs were to be awarded.

[6] Concerning Sandoz argument that where an order is silent as to costs it should be taken that the Court has awarded costs in the cause, the decision counsel for Sandoz referred to in support of this contention, *Letourneau* (*supra*), was a decision of Prothonotary Hargrave concerning costs on a motion. As Prothonotary Hargrave was a member of the Court, he was able to exercise his discretion, under Rule 400(1), and award costs in the cause. On the other hand, pursuant to Rules 4, 5.1(1) and 2 of the *Federal Courts Rules*, Assessment Officers are not members of the Court and do not have the necessary authority to award costs under Rule 400(1). Further, in both *Canadian Environmental Law Assn* (*supra*) and *Carr* (*supra*), the Assessment Officers have relied on other jurisprudence to reach the conclusion that unless the Court awards costs of a motion, no costs may

be allowed by an Assessment Officer. Concerning the Protective Order, given the existing case law, I find that the intentions of the parties are not relevant at this point since the Court made no award of costs. For the above reasons, I find that Sandoz is not entitled to the costs of either motion claimed. Therefore, the costs claimed for the Motion for a protective order and Fournier's Motion for the reversal of evidence are not allowed.

[7] The next group of assessable services in dispute are the amounts claimed for the preparation and attendance at case management conferences under Items 10 and 11 to the Table in Tariff B. At the hearing of the assessment, counsel for Fournier submitted that for the Case Management Conferences held September 14, 2010, January 10, 2011, January 16, 2012 and March 14, 2012, the conferences related to more than this file (T-1051-10) and the amounts claimed for preparation and attendance should be allocated between files T-991-10, T-1051-10 and T-1184-10, as the case may be.

[8] By way of rebuttal, counsel for Sandoz argued that the issues on each file were distinct but that they took no issue with splitting the amount claimed for attendance between the files. However, counsel for Sandoz argued that claiming the time for preparation for each file was reasonable since the issues on each file were distinct and all required separate preparation.

[9] I have reviewed the court record for each file and, as submitted by counsel for Fournier, it appears that the Case Management Conferences held September 14, 2010 and January 10, 2011 were common to files T-991-10, T-1051-10 and T-1184-10. On the other hand, Sandoz has submitted that they take no issue with splitting the amount claimed for attendance. Further, counsel

for Fournier has not presented any evidence to counter Sandoz' claim that each file required distinct preparation time. Under these circumstances, I find that Sandoz' claims under Item 10 for preparation are reasonable and necessary under the circumstances and are allowed as claimed. However, I find that the claims under Item 11 are excessive in that there was only one attendance encompassing files T-991-10, T-1051-10 and T-1184-10. Therefore, as Item 11 was allowed in file T-991-10 for the Case Management Conferences held September 14, 2010 and January 10, 2011, the claims under Item 11 for Case Management Conferences on these dates in this file are not allowed.

[10] Concerning the claim under Item 24, travel by counsel to meet with Dr. Bogardus, at paragraph 12 of Fournier's Responding Costs Submissions, counsel argues that Item 24 has been interpreted to require an explicit direction of the Court in order to allow the assessable service. Counsel submits that since there is no visible exercise of discretion by the Court, Sandoz is not entitled to any fees in respect to travel. In support of this contention, counsel refers to *Abbott Laboratories Limited v Minister of Health*, 2009 FC 399 at paragraph 13, *Marshall v Canada*, 2006, FC 1017, at paragraph 6, *Merck & Co Inc v Apotex*, 2007 FC 312 at paragraph 9 – 13 and *Carr v The Queen*, 2009 FC 1196 at paragraph 8.

[11] At paragraph 6 of Sandoz Reply Written Submissions, counsel submits that travel costs incurred to visit the expert were reasonable and necessary and that an assessment of costs must not be taken from a position of hindsight. Counsel further contends that an Assessment Officer does not have the discretion to limit or decrease the travel costs recoverable by Sandoz. In support of this counsel refers to *Janssen Inc v Tava Canada Ltd*, 2012 FC 48 at paragraph 133, *Bayer AG v*

Novopharm Ltd, 2009 FC 1230 at paragraph 41, *Novopharm Ltd v Janssen-Ortho Inc*, 2012 FCA 29 at paragraph 38 and *See You In-Canadian Athletes Fund Corp. v Canadian Olympic Committee*, 2009 FC 908 at paragraph 7.

[12] Although it has been held in many decisions that an assessment of costs must not be taken from a position of hindsight, this premise is not intended to suggest that Assessment Officers do not have discretion to reduce costs claimed. In fact, in *Bayer* (*supra*) and *Janssen* (*supra*) the costs claimed were reduced despite the hindsight argument. Further, and more importantly, it has also been held on many occasions that Item 24 may not be allowed without a clear exercise of discretion on the part of the Court. As Assessment Officers are not members of the Court and as the Court has not clearly directed that assessable services for travel may be allowed in this particular file, I lack the discretion to allow the costs claimed under Item 24. Therefore, Sandoz' claim under Item 24 is not allowed.

[13] The final assessable service in dispute is Item 26 for the assessment of costs. At paragraph 11 of Fournier's Responding Costs Submissions, counsel submits that the bulk of the preparatory work for the Bill of Costs was performed by Deborah Zak, a law clerk and that Sandoz has failed to establish why it is reasonable to claim at the high end of Item 26 and as a result, Item 26 should be assessed at 3 units.

[14] At the hearing of the assessment, counsel for Sandoz indicated that the claim under Item 26, for Mary McMillan, was being withdrawn. At paragraph 5 of Sandoz' Reply Written Submissions, counsel argues that due to the complexity of the issues counsel time was required to prepare for the

assessment and that the Tariff was not intended to merely compensate the successful party for a law clerk's efforts in gathering documents.

[15] Having reviewed the documents filed in support of the Bill of Costs and taking into account counsels' attendance at the hearing of the assessment, I find that this is an assessment which warrants more than 3 units. On the other hand, the vast majority of the hearing related to files T-991-10 and T-1184-10 suggesting that an allowance of 6 units is excessive. Taking these factors into consideration, Item 26 is allowed at 5 units.

[16] As the amounts claimed under Item 28 are not contested, they are allowed as claimed.

Disbursements

[17] Concerning Sandoz claim for photocopies, at paragraph 33 of Fournier's Responding Costs Submissions, counsel submits that the evidence in support of the claim is scant making it difficult to assess the appropriateness of the claim. At the hearing, counsel for Fournier submitted that the proof of the photocopies claimed is not precise and based on the hearsay evidence of Deborah Zak who, on cross-examination confirmed that the amounts claimed were provided by a bookkeeper and that she did not actually review the invoices that had been submitted to Sandoz or independently verify the amounts claimed and that some of the copies were for internal use by counsel. Counsel further argued that Sandoz has provided no evidence concerning what the photocopies were required for or a description of the charges. In support of the contention that photocopies are only allowable if they are essential to the conduct of the action, counsel for Fournier referred to *Diversified Products Corp. v Tye-Sil Corp.*, [1990] FCJ No 1056. Finally, counsel referred to *Advance Magazine*

Publishers Inc v Farleyco Marketing Inc, 2010 FCA 143, in support of the contention that the less evidence available, the more the assessing party is bound in the assessment officer's discretion, the exercise of which should be conservative with a view to the sense of austerity. At paragraph 36 of Fournier's Responding Costs Submissions, counsel argues for an allowance of $300.00 based upon the procedural steps taken in the application and the approximate number of pages of documents received.

[18] At paragraph 10 of Sandoz' Reply Submissions, counsel contends that Fournier has grossly underestimated the number of copies required and submits that the claim for photocopies includes Books of Authorities, Compendia of documents handed up at motions, case law and legal and scientific research materials. Counsel further argues that Fournier used a subjective method for estimating the number of copies allowable. Concerning the sufficiency of evidence, at the hearing of the assessment, counsel referred to the Affidavit of Deborah Zak, in support of the contention that photocopies are billed separately by each file number at a rate of $0.25 per copy and are tracked by way of a commonly used automated technology for counting copies. Concerning Fournier's suggestion that the evidence is hearsay, counsel suggested that the evidence was admissible as it relates to a regular business record and that in order to meet Fournier's standard Ms. Zak would have had to witness the production of each photocopy, which is unreasonable to expect.

[19] I have reviewed the amounts claimed for photocopying and note that the amount claimed for September 2010 is $450.25. In reviewing the Court Record, it is apparent that on September 21, 2010 Sandoz filed a Motion for a Protective Order. As the costs of that motion were not allowed at paragraph 6, above, I find that the costs relating to the photocopying of that motion may not be

allowed. The same holds true for the Motion Record filed October 20, 2010. Therefore, taking these motions into account and considering the reasonable and necessary documentation filed of Record, I allow photocopying in the amount of $300.00.

[20] The next disbursement disputed by Fournier is the expert fee for Dr. Bogardus. In Fournier's Responding Costs Submissions, counsel submits that Sandoz is not entitled to the fees and disbursements relating to Dr. Bogardus as he was a consultant and does not meet the threshold of necessity for an expert witness. Counsel argued that Sandoz should not be allowed to recover the costs of the consultant as the services provided are part of the normal overhead costs of the litigation process. In support of this argument counsel referred to *Sanofi-Aventis Canada Inc v Apotex Inc*, 2009 FC 1138, at paragraph 19 and *Bristol-Myers Squibb Canada Co v Apotex Inc*, 2009 FC 137, at paragraph 192.

[21] At paragraph 9 of Sandoz' Reply Written Submissions, counsel submits:

> Fournier discontinued this proceeding in January 2012. Therefore, the issue of whether Sandoz filed any expert affidavit of Dr. Bogardus is irrelevant to the costs assessment and should not be a valid ground to disallow or limit Sandoz' costs. The discontinuance by Fournier rendered Dr. Bogardus' affidavit unnecessary. The assessment of costs is not to be taken from a position of hindsight. It was prudent, reasonable and necessary for Sandoz to defend the proceeding up to the discontinuance by Fournier. In addition, an Assessment Officer does not have the discretion to limit or decrease the expert fees payable to Sandoz.

[22] Concerning the claim for the fees and disbursements of Dr. Bogardus, Fournier has submitted no evidence that Dr. Bogardus was not an expert witness. Although it is noted that in file T-1184-10, which is being assessed with this file, Dr. Bogardus was considered a consultant, in file

T-991-10, which is also being assessed with the file, Fournier accepts Dr. Bogardus as an expert witness. Also, at paragraph 6 of Sandoz Reply Written Submissions, counsel refers to the travel costs incurred to visit the expert. Further, I am in agreement with Sandoz that the Application was discontinued prior to the filing of any expert affidavits, rendering Dr. Bogardus' affidavit unnecessary. Finally, the invoice from Dr. Bogardus, found at Exhibit E to the Affidavit of Deborah Zak sworn March 20, 2013, is dated November 1, 2010, more than one year prior to the discontinuance of the proceeding and just after Fournier's motion for reversal of evidence. Considering the above, I find an expenditure of $725.41 to be reasonable and necessary under the circumstances. Therefore, the disbursement for Dr. Bogardus is allowed as claimed.

[23] The final disbursement to be contested is for travel by counsel to meet with Dr. Bogardus in October 2010. Counsel for Sandoz has presented no submissions further to those concerning Item 24 above and counsel for Fournier submitted that Sandoz is not entitled to travel disbursements to meet with Dr. Bogardus as he is a consultant.

[24] Having determined that the disbursements for Dr. Bogardus fees may be allowed, it follows that Sandoz is entitled to the travel disbursements for meeting with Dr. Bogardus. It is also noted that the travel claimed has appropriately been distributed among T-991-10 and T-1184-10. Therefore, having found the amount claimed to be reasonable and necessary, travel disbursements to meet with Dr. Bogardus are allowed as claimed at $185.25.

[25] As the disbursements for facsimile charges and the Law Society of Upper Canada Levy have not been contested, they are allowed as claimed.

[26] For the above reasons, Sandoz' Bill of Costs is assessed and allowed at $ 4,289.43. A Certificate of Assessment will be issued.

"Bruce Preston"
Assessment Officer

Toronto, Ontario
August 12, 2013

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-1051-10
STYLE OF CAUSE:	FOURNIER PHARMA INC AND LABORATOIRES FOURNIER S.A. v THE MINISTER OF HEALTH AND SANDOZ CANADA INC

ASSESSMENT OF COSTS WITH PERSONAL APPEARANCE OF THE PARTIES

PLACE OF ASSESSMENT:	TORONTO, ONTARIO
REASONS FOR ASSESSMENT OF COSTS:	BRUCE PRESTON
DATED:	AUGUST 12, 2013

APPEARANCES:

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