

**Date: 20071101**

**Docket: A-364-07**

**Citation: 2007 FCA 350**

**CORAM: NADON J.A.  
SEXTON J.A.  
SHARLOW J.A.**

**BETWEEN:**

**APOTEX INC.  
And  
APOTEX PHARMACHEM INC.**

**Appellants**

**and**

**LES LABORATOIRES SERVIER,  
ADIR, ORIL INDUSTRIES,  
SERVIER CANADA INC.,  
SERVIER LABORATORIES (AUSTRALIA) PTY LTD.  
and SERVIER LABORATOIRES LIMITED**

**Respondents**

Heard at Toronto, Ontario, on October 4, 2007.

Judgment delivered at Ottawa, Ontario, on November 1, 2007.

**REASONS FOR JUDGMENT BY:**

**NADON J.A.**

**CONCURRED IN BY:**

**SEXTON J.A.  
SHARLOW J.A.**

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**Respondents**

**REASONS FOR JUDGMENT**

**NADON J.A.**

[1] This is an appeal from a decision of Madam Justice Snider of the Federal Court, 2007 FC 837, dated August 10, 2007, which allowed the motion of the respondents (“Servier”) for an order striking those paragraphs of the Defence and Counterclaim pertaining to the issue of “inventorship” in respect of Canadian patent 1,341,196 (the “‘196 patent”).

[2] In the paragraphs at issue in their pleadings, the appellants (“Apotex”) submit that the ‘196 patent is invalid because the individuals named therein as the inventors were not the first and true inventors of the invention found in the patent.

[3] In bringing its motion to strike under Rule 222(1)(a) and (f) of the *Federal Courts Rules*, Servier says that the impugned paragraphs do not disclose a cause of action or defence and that they amount to an abuse of process.

[4] The learned Judge first concluded that Servier had met the burden of demonstrating that Apotex could not possibly succeed on the issue of “inventorship” raised in the impugned paragraphs of its Defence and Counterclaim. Specifically, the Judge accepted Servier’s interpretation of paragraph 61(1)(b) of the pre-October 1, 1989 *Patent Act* (the “old Act”), R.S.C. 1985, c. P-4, that where conflicting claims to the “inventorship” of a patent had been directed by the Commissioner of Patents (the “Commissioner”), it was no longer open to third parties to challenge the validity of a patent on that ground. As a result, it necessarily followed, in the Judge’s view, that the impugned paragraphs did not disclose a reasonable cause of action or defence.

[5] The Judge then turned to the second ground relied upon by Servier in bringing its motion, namely abuse of process. She concluded that the impugned paragraphs constituted an attempt by Apotex to challenge a consent order of this Court dated December 12, 2000, (the “consent order”) which, in her view, Apotex ought to have challenged directly. Hence, that attempt was an abuse of process. She also concluded that the impugned paragraphs constituted a collateral attack on the consent order, which should not be allowed.

[6] For those reasons, the Judge struck, without leave to amend, the following paragraphs or portions thereof of the Defence and Counterclaim:

- (a) the statement “in order to themselves “create” the inventorship of the subject-matter of the Agreement” in paragraph 26 of the Defence and Counterclaim;
- (b) paragraphs 48 to 54 of the Defence and Counterclaim;
- (c) paragraph 65 of the Defence and Counterclaim;
- (d) paragraph 68 of the Defence and Counterclaim; and
- (e) the statement “and allocate among themselves overlapping claims to a number of ACE inhibitor compounds that did not reflect the actual inventorship of those compounds or their constituent classes, or the determinations of inventorship made by the Commissioner of Patents in 1996” in paragraph 71 of the Defence and Counterclaim.

[7] Before proceeding any further, it will be useful to reproduce Rule 221(1):

**221.** (1) On motion, the Court may, at any time, order that a pleading, or anything contained therein, be struck out, with or without leave to amend, on the ground that it

*(a)* **discloses no reasonable cause of action or defence, as the case may be,**

*(b)* is immaterial or redundant,

*(c)* is scandalous, frivolous or vexatious,

*(d)* may prejudice or delay the fair trial of the action,

*(e)* constitutes a departure from a previous pleading, or

*(f)* **is otherwise an abuse of the process of the Court,**

and may order the action be dismissed or judgment entered

**221.** (1) À tout moment, la Cour peut, sur requête, ordonner la radiation de tout ou partie d'un acte de procédure, avec ou sans autorisation de le modifier, au motif, selon le cas :

*a)* **qu'il ne révèle aucune cause d'action ou de défense valable;**

*b)* qu'il n'est pas pertinent ou qu'il est redondant;

*c)* qu'il est scandaleux, frivole ou vexatoire;

*d)* qu'il risque de nuire à l'instruction équitable de l'action ou de la retarder;

*e)* qu'il diverge d'un acte de procédure antérieur;

*f)* **qu'il constitue autrement un abus de procédure.**

Elle peut aussi ordonner que

accordingly.

[Emphasis added]

l'action soit rejetée ou qu'un  
jugement soit enregistré en  
conséquence.

[Je souligne]

[8] Apotex makes a number of submissions as to why its appeal ought to be allowed. First, with respect to that part of Servier's motion pertaining to Rule 221(1)(a), it says, relying on *Apotex Inc. v. Eli Lilly and Co.* (2001), 13 C.P.R. (4<sup>th</sup>) 78, that because paragraph 61(1)(b) of the old Act was a complicated and infrequently considered statutory provision, it was not the proper subject of a motion to strike. Apotex further says that the Motion Judge determined the fate of the motion on the basis of facts which did not arise from the pleadings before her. Apotex also submits that Servier was barred from bringing a second motion to strike in the absence of special circumstances. Finally, Apotex says that the Judge erred in her "fresh" consideration of paragraph 61(1)(b) of the old Act.

[9] With respect to that part of the motion pertaining to Rule 221(1)(f), Apotex submits that the Judge erred in concluding that the impugned paragraphs constituted an attempt on its part to "relitigate" the issue of "inventorship" dealt with in the conflict proceedings which resulted in the consent order. Apotex further says that consent orders are only binding as between the parties thereto and that, as a result, it cannot be said that the issue of "inventorship" of the claims of the '196 patent had been decided by the consent order.

[10] Apotex also says that because the consent order is of no precedential value with respect to the substantive issue arising from the "inventorship" allegations which it makes, it therefore cannot

be said that a determination of this action, inconsistent with the consent order, would impair the integrity of the judicial system.

[11] For the reasons that follow, I conclude that this appeal should be allowed.

### **ABUSE OF PROCESS**

[12] I begin with the abuse of process point. To place this issue in its proper context, it will be useful to reproduce paragraphs 7 to 10 of the Judge's Reasons:

[7] Generally speaking, the 196 Patent claims the compound perindopril, which is sold in Canada and elsewhere under the registered trademark name of COVERSYL.

[8] The process leading to the issue of the 196 Patent began on October 1, 1981 when one of the Plaintiffs in this action, Adir, filed Application 387,093 (the 093 Application) in Canada. The 093 Application named Michel Vincent, George Remond and Michel Laubie, as Inventors. In separate applications, two other claimants also applied for the issuance of patents covering certain compounds. As provided for in the Old Act, certain of the claims in the 093 Application were placed into conflict with claims in other applications. In table form, the specifics of the applications and the claims in conflict are as follows:

Applicant	Application No.	Date of Application	Claims in Conflict
Adir	... (the 093 Application)	Oct 1, 1981	C19, C25 to C28, C33 and C34, C39 and C40
Schering	... (the 336 Application)	Oct 20, 1981	C19, C39 and C40
Hoechst Aktiengesellschaft (Hoechst)	... (the 787 Application)	Aug 28, 1981	C19, C25 to C28
Hoechst	... (the 453 Application)	Dec 23, 1982	C33 and C34

[9] In four decisions dated August 8, 1996, the Commissioner of Patents made determinations related to inventorship, pursuant to s. 43(7) of the *Old Act*. In sum, the effect of his decision was that certain of the claims were awarded to Adir, and others to each of Hoechst and Schering. Of particular

relevance, the Commissioner awarded the subject matter of the conflict claims C19, C39 and C40 to Schering and not to Adir. In table form, the conclusions of the Commissioner are as follows:

Claim No.	First Invention Date	Claim Awarded To	Claims Refused To
C19	Aug 8, 1980	Schering (336 App'n)	Adir (093 App'n) Hoechst (787 App'n)
C25, C27	May 8, 1981	Hoechst (787 App'n)	Adir (093 App'n)
C26, C28	Oct 2, 1980	Adir (093 App'n)	Hoechst (787 App'n)
C33	Oct 8, 1981	Hoechst (453 App'n)	Adir (093 App'n)
C34	Dec 29, 1981	Hoechst (453 App'n)	Adir (093 App'n)
C39, C40	Aug 8, 1980	Schering (336 App'n)	Adir (093 App'n)

[10] This was not the end of the matter. In accordance with s. 43(8) of the Old Act, six proceedings were commenced by way of actions in the Federal Court for the determination of the parties' respective rights in relation to the subject matter of the conflict claims. All of the proceedings were consolidated pursuant to the Order of Justice Joyal dated May 27, 1997 (Court File No. T-228-97). Subsequent to completion of discoveries in the consolidated actions, an Order on consent was issued by Justice Nadon on December 12, 2000. That Order provided for an allocation of the claims of the three Applications. Some claims were awarded to Adir, others to Aventis Pharma Deutschland (Aventis, successor to Hoechst) and others to Schering. The result, for Adir, was the issuance of the 196 Patent. Relevant to this action by the Plaintiffs [Servier], the claims awarded to Adir, pursuant to s. 43(8) of the Old Act, included claims 1, 2, 3, and 5 which are asserted against the Defendants [Apotex] as having been infringed.

[13] As the Judge makes perfectly clear, a number of conflicting applications were made to the Patent Office in respect of certain compounds. As a result, the Commissioner made four decisions, pursuant to subsection 43(7) of the old Act, with respect to the issue of "inventorship". Following the Commissioner's decisions, proceedings were commenced by way of actions in the Federal

Court so as to determine the respective rights of the applicants. However, prior to the actions going to trial, I issued an order on consent on December 12, 2000, which allocated the claims between the various applicants. In the result, the '196 patent was issued in the name of the respondent Adir. At issue in these proceedings are claims 1, 2, 3 and 5 of that patent, which Servier says Apotex has infringed.

[14] After setting out the principles pertaining to the doctrine of abuse of process enunciated by the Supreme Court in *Toronto (City) v. CUPE Local 79*, [2003] 3 S.R.C. 77, the learned Judge asked herself two questions: (i) whether the allegations found in the impugned paragraphs of Apotex's pleadings amounted to relitigation; and (ii) if so, whether the relitigation amounted to an abuse of process. She answered both questions in the affirmative.

[15] In my view, the Judge was clearly wrong in so concluding. It cannot be said that Apotex, in making the allegations found in the impugned paragraphs, is attempting to relitigate the issue which was determined by the consent order. Indeed, Apotex was not a party to the proceedings which led to the consent order. Contrary to the assertion made by the Judge at paragraph 80 of her Reasons, Apotex could not have challenged the consent order because it does not and could not have had the status of a party in the conflict proceedings.

[16] As I indicated earlier, in concluding as she did, the Judge relied on the Supreme Court's decision in *CUPE, supra*. More recently, this Court, in *Sanofi-Aventis Canada Inc. v. Novopharm Limited et al*, 2007 FCA 163, April 23, 2007, fully considered the doctrine of abuse of process. Neither decision, in my view, is helpful to Servier.



[17] In *CUPE*, the issue was whether a labour arbitrator could, in the context of a grievance, reconsider the guilt of a person convicted of sexual assault and, as a result, dismissed from his employment. In concluding that the person's guilt could not be relitigated, the Supreme Court applied the doctrine because the employee, who had been found guilty of sexually assaulting a boy under his supervision, was attempting to adduce before the arbitrator evidence proving his innocence with respect to the charges for which he had been convicted and sentenced to 15 months in prison.

[18] In those circumstances, it was not surprising that the Supreme Court concluded that allowing the employee to attempt to prove his innocence in the grievance proceedings would constitute an abuse of process. As Arbour J. said at paragraph 56 and 57 of her Reasons:

56 ... I am of the view that the facts in this appeal point to the blatant abuse of process that results **when relitigation of this sort is permitted**. The grievor was convicted in a criminal court and he exhausted all his avenues of appeal. In law, his conviction must stand, with all its consequent legal effects. Yet as pointed out by Doherty J.A. (at para. 84):

Despite the arbitrator's insistence that he was not passing on the correctness of the decision made by Ferguson J., that is exactly what he did. One cannot read the arbitrator's reasons without coming to the conclusion that he was convinced that the criminal proceedings were badly flawed and that Oliver was wrongly convicted. This conclusion, reached in proceedings to which the prosecution was not even a party, could only undermine the integrity of the criminal justice system. **The reasonable observer would wonder how Oliver could be found guilty beyond a reasonable doubt in one proceeding and after the Court of Appeal had affirmed that finding, be found in a separate proceeding not to have committed the very same assault**. That reasonable observer would also not understand how Oliver could be found to be properly convicted of sexually assaulting the complainant and deserving of 15 months in jail and yet also be found in a separate proceeding not to have committed that sexual assault and to be deserving of reinstatement in a job which would place young persons like the complainant under his charge.

57 As a result of the conflicting decisions, the City of Toronto would find itself in the inevitable position of having a convicted sex offender reinstated to an employment position where he would work with the very vulnerable young people he was convicted of assaulting. An educated and reasonable public would presumably have to assess the likely correctness of one or the other of the adjudicative findings regarding the guilt of the convicted grievor. The authority and finality of judicial decisions are designed precisely to eliminate the need for such an exercise.

[Emphasis added]

[19] In *Sanofi-Aventis, supra*, we concluded that Sanofi-Aventis, a patentee, was abusing the process in seeking to relitigate an allegation of invalidity made by a generic manufacturer when it had earlier failed, in different proceedings, to establish that a similar allegation made by a different generic drug manufacturer was not justified. Although the parties to the two proceedings were not the same, i.e. different generic drug manufacturers, the party whose proceedings were found to be abusive, i.e. Sanofi-Aventis, was a party to both proceedings. That is not the case in the present matter.

[20] The doctrine of abuse of process seeks to prevent relitigation in situations where the strict requirements of issue *estoppel* are not met, but where permitting the litigation to proceed would be contrary to the integrity of the court's process and to the good administration of justice (see Doherty J.A.'s Reasons in *CUPE v. Toronto (City)* (2003), 55 O.R. (3d) 541 at para. 65). In that light, the words of Kerr L.J. at page 137 of his Reasons in *Bragg v. Oceanus Mutual Underwriting Association (Bermuda) Ltd.*, [1982] 2 Lloyd's Rep. 132, C.A., are entirely apposite:

To take the authorities first, it is clear that an attempt to relitigate in another action issues which have been fully investigated and decided in a former action *may* constitute an abuse of process, quite apart from any question of *res judicata* or issue *estoppel* on the ground that the parties or their privies are the same. It would be wrong to attempt to categorize the situations in which such a conclusion would be appropriate. **However, it is significant that in the cases to which we were**

**referred, where this conclusion was reached, the attempted relitigation had no other purpose than what Lord Diplock described as:**

... mounting a collateral attack upon a final decision ... which has been made by another court of competent jurisdiction in previous proceedings **in which ... (the party concerned) had a full opportunity of contesting the decision of the court by which it was made**

[Emphasis added]

[21] I am entirely satisfied that the impugned paragraphs do not constitute a collateral attack on the consent order. In the end, I am of the view that whether Apotex can raise the issue of “inventorship” as a ground of invalidity will ultimately depend on the interpretation of paragraph 61(1)(b) of the old Act. If that provision is read so as to foreclose that possibility when a conflict has been directed, then Apotex’s challenge will not succeed. However, should the Court ultimately agree with Apotex’s interpretation of the provision, then Apotex will have a fighting chance if it can prove its allegations. However, not having been involved in the proceedings which led to the consent order, Apotex was never in a position to challenge the assertions of “inventorship” made in those proceedings and which resulted in the consent order.

[22] For these reasons, I am of the opinion that the Judge was wrong to conclude that the impugned paragraphs constitute an abuse of process.

### **REASONABLE CAUSE OF ACTION OR DEFENCE**

[23] I now turn to the Rule 221(1)(a) point, i.e. whether it is plain and obvious that the impugned paragraphs disclose no reasonable cause of action or defence. In my view, the Judge also erred in giving an affirmative answer to that question.

[24] There is no disagreement between the parties that the relevant test is that set out by the Supreme Court in *Hunt v. Carey Inc.*, [1990] 2 S.C.R. 959, where the issue before the Court was whether those portions of the Statement of Claim, wherein the plaintiff alleged that the defendants had conspired to withhold information concerning the effects of asbestos fibres, disclosed a reasonable cause of action. A motion to strike was brought under Rule 19(24) of the *British Columbia Rules of Court*, a Rule almost identical to our Rule 221(1).

[25] After a careful review of both English and Canadian jurisprudence on point, the Supreme Court, at page 980, explained the test governing provisions similar to our Rule 221(1) in the following terms:

Thus, the test in Canada governing the application of provisions like Rule 19(24)(a) of the British Columbia Rules of Court is the same as the one that governs an application under R.S.C. O. 18, r. 19: assuming that the facts as stated in the statement of claim can be proved, is it "plain and obvious" that the plaintiff's statement of claim discloses no reasonable cause of action? **As in England, if there is a chance that the plaintiff might succeed, then the plaintiff should not be "driven from the judgment seat"**. Neither the length and complexity of the issues, the novelty of the cause of action, nor the potential for the defendant to present a strong defence should prevent the plaintiff from proceeding with his or her case. **Only if the action is certain to fail** because it contains a radical defect ranking with the others listed in Rule 19(24) of the British Columbia Rules of Court should the relevant portions of a plaintiff's statement of claim be struck out under Rule 19(24)(a).

[Emphasis added]

[26] The Supreme Court then turned its attention to the specific issue before it, i.e. whether it was "plain and obvious" that the plaintiff's allegation concerning the tort of conspiracy disclosed no reasonable cause of action. More particularly, the issue was whether the plaintiff's plea of conspiracy outside of a commercial context stood any chance of success.

[27] In order to resolve the issue, the Supreme Court reviewed both English and Canadian case law. With respect to English law, the Court concluded that the law in England was to the effect that a plaintiff could not succeed with a tort of conspiracy unless he or she was able to demonstrate that the purpose for which the conspirators acted was to harm the plaintiff. At page 189 of his Reasons in *Lonrho Ltd. v. Shell Petroleum Co. (No. 2)*, [1982] A.C. 173, Lord Diplock explained the English position in the following terms:

... The civil tort of conspiracy to injure the plaintiff's commercial interests where that is the predominant purpose of the agreement between the defendants and of the acts done in execution of it which caused damage to the plaintiff, must I think be accepted by this House as too well-established to be discarded, however anomalous it may seem today. It was applied by this House 80 years ago in *Quinn v. Leatham*, [1901] A.C. 495, and accepted as good law in the *Crofter* case [1942] A.C. 435, **where it was made clear that injury to the plaintiff and not the self-interest of the defendants must be the predominant purpose of the agreement in execution of which the damage-causing acts were done.**

[Emphasis added]

[28] The Supreme Court then turned to the situation in Canada. It started its discussion by pointing out that the law in this country, with respect to the tort of conspiracy, was not on all fours with the law in England as set out in *Lonrho, supra*. The Court referred to its decision in *Canada Cement LaFarge Ltd. v. British Columbia Lightweight Aggregate Ltd.*, [1983] 1 S.C.R. 452, where at pages 468, 471 and 472, Mr. Justice Estey made the following remarks:

**The question which must now be considered is whether the scope of the tort of conspiracy in this country extends beyond situations in which the defendants' predominant purpose is to cause injury to the plaintiff, and includes cases in which this intention to injure is absent but the conduct of the defendants is by itself unlawful, and in fact causes damage to the plaintiff.**

...

Although the law concerning the scope of the tort of conspiracy is far from clear, I am of the opinion that whereas the law of tort does not permit an action against an individual defendant who has caused injury to the plaintiff, the law of torts does recognize a claim against them in combination as the tort of conspiracy if:

- (1) whether the means used by the defendants are lawful or unlawful, the predominant purpose of the defendants' conduct is to cause injury to the plaintiff; or,
- (2) where the conduct of the defendants is unlawful, the conduct is directed towards the plaintiff (alone or together with others), and the defendants should know in the circumstances that injury to the plaintiff is likely to and does result.

**In situation (2) it is not necessary that the predominant purpose of the defendants' conduct be to cause injury to the plaintiff but, in the prevailing circumstances, it must be a constructive intent derived from the fact that the defendants should have known that injury to the plaintiff would ensue.** In both situations, however, there must be actual damage suffered by the plaintiff.

[Emphasis added]

[29] Its review of *Canada Cement LaFarge, supra*, led the Supreme Court to point out that in cases falling under Mr. Justice Estey's second scenario, it may not be necessary in Canada to prove actual intent on the part of the conspirators. Thus, faced with conflicting case law, the Supreme Court made it clear that it was not appropriate, in the context of a motion to strike, to decide what constituted "good law" on the issue. The Court went on to say that notwithstanding the fact that the pleadings showed that a difficult or important point of law was at issue, there was no call to strike the Statement of Claim. To the contrary, the Court said at pages 990 and 991:

... where a statement of claim reveals a difficult and important point of law, it may well be critical that the action be allowed to proceed. Only in this way can we be sure that the common law in general, and the law of torts in particular, will continue to evolve to meet the legal challenges that arise in our modern industrial society.

[30] At issue with respect to the Rule 221(1)(a) point is paragraph 61(1)(b) of the old Act, which provides as follows:

**61.** (1) No patent or claim in a patent shall be declared invalid or void on the ground that, before the invention therein defined was made by the inventor by whom the patent was applied for, it had already been known or used by some other person, unless it is established that

...

(b) that other person had, before the issue of the patent, made an application for patent in Canada **on which conflict proceedings should have been directed;**

[Emphasis added]

**61.** (1) Aucun brevet ou aucune revendication dans un brevet ne peut être déclaré invalide ou nul pour la raison que l'invention qui y est décrite était déjà connue ou exploitée par une autre personne avant d'être faite par l'inventeur qui en a demandé le brevet, à moins qu'il ne soit établi que, selon le cas :

[...]

b) cette autre personne avait, avant la délivrance du brevet, fait une demande pour obtenir au Canada un brevet **qui aurait dû donner lieu à des procédures en cas de conflit;**

[Je souligne]

[31] The specific question before the Motion Judge was whether it was “plain and obvious”, by reason of paragraph 61(1)(b), that Apotex could not possibly succeed on the question of “inventorship”. The question was not whether the Motion Judge preferred one interpretation over the other, but rather, whether the meaning of the paragraphs was a foregone conclusion. In my view, it was not.

[32] After a review of the cases pertaining to paragraph 61(1)(b), the Judge makes the following comments. First, at paragraph 52 of her Reasons, she states that the cases support Servier’s proposed interpretation. Then, however, at paragraph 53, she states that because the cases “[do] not directly rule on the issue before me”, she will make a fresh determination of the meaning of the paragraph. The Motion Judge then proceeds to determine which interpretation is the correct one, performing a purposive and contextual interpretation of paragraph 61(1)(b), which leads her, at paragraphs 61 and 62, to the following conclusion:

[61] An interpretation of s. 61(1)(b) as suggested by the Plaintiffs is consistent with the principles identified in *Free World Trust*, consistent with both the s. 61(1)(b) and conflict proceeding lines of authority, and helps, not hinders, the patent system embodied in the Old Act. On this purposive interpretation of the statutory provisions of the Old Act, it is entirely consistent to separate out the concept of inventorship for “special treatment”. By preventing a finding of invalidity where conflict proceedings have been directed, the foundation concept of the Old Act – first inventorship – is protected. On the other hand, no special provisions are contained within the Old Act that would protect a patentee from other grounds of invalidity attacks. Accordingly, those other grounds may be raised in the usual course. In my view, this is the result that Parliament intended.

[62] Furthermore, it should be emphasized again that such an interpretation would be limited to precluding parties where there is no “missed conflict” from advancing an allegation of prior inventorship. Other grounds for questioning the validity of a patent are unaffected.

[33] Because of her preferred interpretation of the paragraph, she then concludes, at paragraph 64 of her Reasons, that she is satisfied that Apotex “... cannot meet the requirements of s. 61(1)(b) of the *Old Act*”, and that, as a result, “... it is plain and obvious that the impugned provisions of the Defence and Counterclaim disclose no reasonable cause of action and should be struck”.

[34] At paragraph 39 of its written submissions, Apotex submits, rightly in my view, that “if the responding party has put a conflicting interpretation ‘worth considering’, it is not plain and obvious that the claim will not succeed”. Although it is clear the Motion Judge correctly understood the “plain and obvious” test enunciated in *Hunt, supra*, she did not answer the question of whether or not Apotex’s proposed interpretation was “worth considering” or whether it had any chance of success. Rather, she reached her own conclusion on the disputed point of statutory interpretation. That, in my view, constitutes an error on her part. I therefore turn to the issue of whether or not Apotex’s proposed interpretation has any chance of success.



[35] I begin by stating the interpretation which the Judge accepted as being the correct interpretation of paragraph 61(1)(b). That is that a third party cannot raise “inventorship” as a ground of invalidity where there is no “missed conflict”, i.e. where there was an application for a patent in respect of which conflict proceedings could have been directed and were in fact directed.

[36] On the other hand, Apotex argues that paragraph 61(1)(b) cannot be limited “to instances where conflict proceedings should have been directed, but were not in fact directed” (paragraph 69 of Apotex’s Memorandum of Fact and Law). In its view, the paragraph includes all situations where a conflict should have been directed, and this whether or not it was in fact directed. Apotex submits that that approach is consistent with the legislative intent and case law.

[37] With respect to legislative intent, Apotex says that section 61 was added to the old Act by reason of the Privy Council’s decision in *Rice v. Christiani*, [1931] A.C. 770, wherein the Privy Council found that a Danish invention, which had been kept secret and confidential and never made available to the public, was sufficient to invalidate a Canadian patent on the basis that another inventor was “the first and true inventor”.

[38] The specific purpose of section 61, Apotex says, was to undo the effect of *Rice, supra*, and to realign Canadian patent law with that of England and the United States. Specifically, it says that the purpose of section 61 was to prevent prior inventors from carrying back the date of their invention unless they had disclosed or used their invention in a manner that it had become available to the public in Canada or that they had, prior to the issue of a patent, filed an application for patent in Canada.

[39] At paragraphs 82 to 84 of its Memorandum, Apotex makes a further argument:

82. Paragraph 61(1)(b) contemplates an anticipation/novelty attack which is not based on public disclosure or use. An allegation of prior inventorship could fit within that scenario. In such cases, the subsection says that a patent shall not be invalidated unless it is shown that, prior to the issuance of the impugned patent, the alleged earlier inventor had made a patent application “on which conflict proceedings should have been directed”.

83. Read in context, the phrase “conflict proceedings should have been directed” simply means that the circumstances that justify conflict proceedings pursuant to subsection 43(1) of the *Old Act* must have existed. In other words, it must be shown that the alleged earlier inventor’s application and the application from which the impugned patent issued contained “one or more claims defining substantially the same invention” or the “claims of one application described the invention disclosed in the other application”.

84. So construed, the intent of paragraph 61(1)(b) would be served if conflict proceeding not only *ought* to have occurred but also *did* occur (but, because they were not properly resolved, the impugned patent was able to be issued). Indeed, the purpose of paragraph 61(1)(b) would be even better served by showing that the Patent Office itself did, in fact, identify “substantially the same invention” in a co-pending application.

[40] Apotex also says that had it been Parliament’s intention to prohibit a third party’s right to raise “inventorship” as a ground of invalidity where conflict proceedings had been directed by the Commissioner, more explicit wording would have been expected.

[41] Finally, Apotex says that the interpretation arrived at by the Motion Judge is not consistent with the fact that the scope of conflict proceedings is limited to the parties involved in those proceedings. Hence, since third parties have no standing to intervene in those proceedings, one would have expected Parliament to make it clear that those third parties could not question first inventorship.

[42] With respect to the case law, Apotex says that the jurisprudence in respect of “conflict proceedings” supports its proposed interpretation. Firstly, it says that two of the cases relied on by the Motion Judge, *Texaco Development Corp. v. Schlumberger Ltd.* (1967), 49 C.P.R. 225 (Ex. Ct.) and *Nakoosa Packaging Corp. v. Amca International Ltd.* (1989), 27 C.P.R. (3d) 153 (F.C.T.D.), are “directly contradictory to the conclusions made by the Motion Judge at paragraph 55 of her Reasons for Order” (paragraph 110 of the Appellants’ Memorandum). Second, they say that both *Radio Corp. of America v. Hazeltine Corp.* (1977), 33 C.P.R. (2d) 211 (F.C.A.) and *Air Products and Chemicals, Inc. v. Bayer Aktiengesellschaft* (1979), 55 C.P.R. (2d) 1984 (F.C.T.D.) support their point of view. This leads Apotex to say, at paragraph 117 of its Memorandum:

117. In sum, contrary to the conclusions of the Motion Judge, the case law in respect of the scope of conflict proceedings is irreconcilable with both the Motion Judge’s interpretation of paragraph 61(1)(b) of the *Old Act* and the Motion Judge’s interpretation of the very cases she cites in respect of the scope of conflict proceedings. It is respectfully submitted that, on the above-mentioned jurisprudence, there is no basis in law for upholding the Motion Judge’s disposition. It can hardly be said that it is plain and obvious that there is a legislative intent to render patents born out of conflict proceedings “unimpeachable” on the issue of inventorship. To the contrary, it is plain and obvious that a party may challenge inventorship in proceedings subsequent to conflict proceedings that result in the grant of a patent.

[43] Apotex then makes a number of submissions with regard to those cases which the Motion Judge referred to as pertaining to the interpretation of section 61(1) -- namely: *Aventis Pharma Inc. v. Apotex Inc.*, 2005 FC 1283, *AT&T Technologies Inc. v. Mitel Corp.* (1989), 26 C.P.R. (3d) 238, and this Court’s decision in *Pfizer Canada Inc. v. Canada (Minister of Health)*, 2007 FCA 209. Apotex says that the question before the Court in all three cases was not the one that was before the Motion Judge and that, as a result, they do not support the Judge’s interpretation.

[44] Hence, in Apotex's submission, "the authorities cited by Servier and relied upon by the Motion Judge to support the Court's interpretation of paragraph 61(1)(b) are far from making the result plain and obvious" (see Apotex's Memorandum, para. 118).

[45] In *Pfizer Inc. v. Canada*, [1999] F.C.J. No. 1598 (Court file A-469-99, Judgement dated October 14, 1999), this Court, in dismissing an appeal from a decision of Lemieux J. of the Federal Court who had struck out in its entirety the plaintiffs' Statement of Claim on the ground that their interpretation of various statutory provisions could not possibly succeed, made the following remarks:

[1] We agree with the learned Motions Judge that it is plain and obvious that the appellant cannot succeed. Neither the *World Trade Organization Agreement Implementation Act* (the WTO Act) nor the *Agreement on Trade Related Aspects of Intellectual Property Rights* (the TRIPS Agreement) purport to extend the period of protection for patents issued prior to the coming into force of the Statute.

[2] **In order for the appellant to succeed on this appeal, this Court must be prepared to accept what are at best tenuous arguments relating to statutory interpretation.** For example, the appellant argues that section 45 of the Patent Act was not amended under and pursuant to the WTO Act because of oversight on the part of Parliament. In our respectful view this argument lacks merit. The Motions Judge rejected this and other tangential arguments and in so doing he did not err in striking the appellant's amended statement of claim under paragraph 221(1)(a) of the *Federal Court Rules*.

[3] In light of this conclusion, it is unnecessary for us to express any view as to the validity of the statutory bars contained in sections 5 and 6 of the WTO Act. The appeal will be dismissed with costs.

[Emphasis added]

[46] After careful consideration of Apotex's argument and the cases to which it refers us, I am satisfied that it cannot be said that its proposed interpretation of paragraph 61(1)(b) is either tenuous or devoid of any merit. I should add that there are no reported decisions on point with respect to the

proper interpretation of paragraph 61(1)(b) and that none of the cases referred to by the Judge and the parties clearly point to the interpretation favoured by the Judge.

[47] Consequently, I conclude that it is not “plain and obvious” that Apotex cannot succeed on the issue raised in the impugned paragraphs.

[48] For these reasons, I would therefore allow the appeal, set aside the decision of the Federal Court and dismiss Servier’s motion to strike. I would allow Apotex its costs herein and below.

“M. Nadon”

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J.A.

“I agree.

J. Edgar Sexton J.A.”

“I agree.

K. Sharlow J.A.”

**FEDERAL COURT OF APPEAL**

**NAMES OF COUNSEL AND SOLICITORS OF RECORD**

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**CONCURRED IN BY:** SEXTON J.A.  
SHARLOW J.A.

**DATED:** November 1, 2007

**APPEARANCES:**

Mr. Harry Radomski  
Mr. Nadon De Luca  
Mr. Benjamin Hackett

FOR THE APPELLANTS

Mr. Daniel Artola  
Ms. Judith Robinson

FOR THE RESPONDENTS

**SOLICITORS OF RECORD:**

Goodmans LLP  
Toronto, ON

FOR THE APPELLANTS

Ogilvy Renault LLP  
Montreal, QC

FOR THE RESPONDENTS