Date: 20071109

Docket: A-194-07

Citation: 2007 FCA 361

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

BETWEEN:

RATIOPHARM INC.

Appellant

and

WYETH, WYETH CANADA and THE MINISTER OF HEALTH

Respondents

Dealt with in writing without appearance of parties.

Order delivered at Ottawa, Ontario, on November 9, 2007.

REASONS FOR ORDER BY: NADON J.A.

CONCURRED IN BY: SHARLOW J.A.
RYER J.A.

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REASONS FOR ORDER

NADON J.A.

[1] Before us is a motion by the appellant, ratiopharm inc. ("ratiopharm"), made pursuant to Rule 397(1)*(b)* of the *Federal Courts Rules*, for reconsideration of our Judgment dated August 1, 2007, which reads as follows

> This appeal is allowed. The Order of March 29, 2007 is set aside and the motion of Ratiopharm Inc. to dismiss the prohibition application is granted. The cross-appeal is allowed only in relation to the portion of the order that orders the de-listing of the 778 patent. As between Ratiopharm Inc. and Wyeth and Wyeth Canada, the costs of the appeal and the cross-appeal will be borne by Wyeth. No costs are awarded to or against the Minister of Health.

[2] By its motion, ratiopharm also seeks an order providing directions to the Assessment Officer with respect to costs, pursuant to Rule 403 of the *Federal Courts Rules*.

1. Reconsideration

[3] Our Judgment was the end result of a prohibition application commenced by the respondents, Wyeth and Wyeth Canada ("Wyeth") following the receipt of a Notice of Allegation ("NOA") from ratiopharm which alleged that Canadian patent 2,199,778 (the "778 patent") was invalid and that its generic venlafaxine hydrochloride capsules would not infringe the patent.

[4] Ratiopharm's NOA was required by the *Patented Medicines (Notice of Compliance) Regulations* (the "Regulations") in that the 778 patent had been listed by Wyeth on the Patent Register, maintained pursuant to the Regulations, in respect of Wyeth's EFFOXOR XR capsules, which comprise the medicine venlafaxine hydrochloride, on the basis of six supplementary New Drug Submissions which resulted in the issuance of Notices of Compliance ("NOCs") dated March 14, 2003, April 25, 2003, June 13, 2003, September 13, 2004, December 10, 2004 and September 1, 2005.

[5] By its prohibition application, Wyeth sought to prevent the Minister of Health (the "Minister") from issuing a NOC to ratiopharm in respect of its generic venlafaxine hydrochloride capsules.

[6] After the filing of the parties' evidence and following cross-examinations on the respective expert affidavits, ratiopharm brought a motion, pursuant to subsection 6(5)*(a)* of the Regulations, to dismiss Wyeth's prohibition application on the ground that the 778 patent was not eligible for inclusion in the Patent Register in respect of EFFEXOR XR capsules against the NOCs that issued in response to the submissions upon which the patent listing was based. In bringing its motion, ratiopharm sought costs with regard to the dismissal of the prohibition application on a solicitor and client basis.

[7] By Judgment dated March 29, 2007, the Federal Court allowed ratiopharm's motion in part. More particularly, the Motion Judge dismissed the motion in respect of the EFFEXOR XR capsules NOCs issued April 25, 2003 and September 13, 2004, and granted the motion in respect of the EFFEXOR XR capsules NOCs issued March 14, 2003, June 13, 2003, December 10, 2004 and September 1, 2005. The Judge made no order as to costs.

[8] The Federal Court Judgment was appealed by ratiopharm on April 10, 2007 and Wyeth, in turn, filed a cross-appeal. At paragraph 2 of its Notice of Appeal, ratiopharm sought an order dismissing the prohibition application in its entirety with costs in this Court and in the Federal Court. Ratiopharm was successful on its appeal and the cross-appeal was allowed in respect of that part of the Federal Court's decision which ordered the de-listing of the 778 patent. As a result, the prohibition application was dismissed with costs to ratiopharm on the appeal and on the cross-appeal.

[9] Ratiopharm says that our Judgment fails to address its request for costs on the dismissal of the prohibition application. Relying on Rule 397(1)*(b)*, ratiopharm argues that our Judgment should be reconsidered on the ground that "a matter that should have been dealt with was overlooked or accidentally omitted", in that the Judgment clearly addresses the issue of costs in regard to the appeal and the cross-appeal, but fails to do so with respect to costs on the prohibition application.

[10] In the circumstances, I have no difficulty concluding that our failure to deal with the issue of costs on the prohibition application is clearly an oversight on our part. As I can see no reason why ratiopharm should not get its costs on the prohibition application, I would accordingly amend our Judgment of August 1, 2007 to read as follows:

> This appeal is allowed. The Order of March 29, 2007 is set aside and the motion of Ratiopharm Inc. to dismiss the prohibition application is granted. The cross-appeal is allowed only in relation to the portion of the Order that orders the de-listing of the 778 patent. As between Ratiopharm Inc. and Wyeth and Wyeth Canada, the costs of the prohibition application, the appeal and cross-appeal will be borne by Wyeth. No costs are awarded to or against the Minister of Health.

2. Directions to the Assessment Officer

[11] The second part of ratiopharm's motion seeks an order providing directions to the Assessment Officer with respect to costs, in the following terms:

> (a) ratiopharm shall be entitled to its costs under Tariff B of the *Federal Court[s] Rules* at the high-end of Column IV;
>
> (b) ratiopharm shall be entitled to its costs for one senior counsel and one junior counsel on the motion to dismiss the prohibition application, on the appeal and on the cross-appeal; and

> (c) ratiopharm shall be entitled to the travel expenses of Kane Denike, ratiopharm's Director, Patent, Legal and Regulatory Affairs, where Mr. Denike attended at cross-examinations in the prohibition application to provide technical scientific evidence to counsel.

[12] I begin my discussion of this issue by referring to this Court's decision in *Consorzio Del Prosciutto Di Parma v. Maple Leaf Meats*, [2003] 2 F.C. 451. In that case, the respondent sought increased costs pursuant to Rule 403. In disposing of the motion, Rothstein J.A. (as he then was), writing for the majority, enunciated the principles applicable to a motion for increased costs. At paragraphs 6 to 11 of his Reasons, he stated:

> 6] I am satisfied in the circumstances of this case, that the respondent should be awarded increased costs. This is an intellectual property matter involving sophisticated clients. **Where, as here, numerous issues are raised on appeal and the issues involve complex facts and expert evidence, the amount of work required of respondents' counsel justifies increased costs. To the argument that the complexity of this case was no greater than that of most intellectual property cases that come before this Court, I would say that such cases frequently present complex facts and give rise to difficult issues.**
>
> [7] The increased costs to be awarded are party-party costs. They do not indemnify the successful party for its solicitor-client costs and they are not intended to punish the unsuccessful party for inappropriate conduct.
>
> [8] **An award of party-party costs is not an exercise in exact science.** It is only an estimate of the amount the Court considers appropriate as a contribution towards the successful party's solicitor-client costs (or, in unusual circumstances, the unsuccessful party's solicitor-client costs). Under rule 407, where the parties do not seek increased costs, costs will be assessed in accordance with Column III of the table to Tariff B. **Even where increased costs are sought, the Court, in its discretion, may find that costs according to Column III provide appropriate party-party compensation.**
>
> [9] **However, the objective is to award an appropriate contribution towards solicitor-client costs, not rigid adherence to Column III** of the table to Tariff B which is, itself, arbitrary. Rule 400(1) makes it clear that the first principle in the adjudication of costs is that the Court has "full discretionary power" as to the amount of costs. In exercising its discretion, the Court may fix the costs by reference to Tariff B or may depart from it.

> Column III of Tariff B is a default provision. It is only when the Court does not make a specific order otherwise that costs will be assessed in accordance with Column III of Tariff B.
>
> [10] The Court, therefore, does have discretion to depart from the Tariff, especially where it considers an award of costs according to the Tariff to be unsatisfactory. Further, the amount of solicitor-client costs, while not determinative of an appropriate party-party contribution, may be taken into account when the Court considers it appropriate to do so. Discretion should be prudently exercised. However, it must be borne in mind that the award of costs is a matter of judgment as to what is appropriate and not an accounting exercise.
>
> [11] I think this approach is consistent in today's context with the observations of Nadon J. (as he then was) in *Hamilton Marine and Engineering Ltd. v. CSC Group Inc.* (1995), 99 F.T.R. 285 at paragraph 22:
>
> > I indicated to counsel during the hearing that there was no doubt that, in most cases, the fees provided in Tariff B were not sufficient to fully compensate a successful party. I also indicated to counsel during the hearing that, in my view, the Tariff necessarily had to remain the rule and that an increase of tariff fee was the exception. By that I mean that the discretion given to the Court to increase the tariff amounts pursuant to rule 344(1) and (6) of the Federal Court Rules was not to be exercised lightly. Put another way, the fact that the successful party's legal costs were far superior to the amounts to which that party was entitled under the Tariff, was not in itself a factor for allowing an increase in those fees.
>
> [Emphasis added]

[13] As Wyeth points out, correctly in my view, ratiopharm does not provide any evidence, nor indeed any arguments, to support its claim for costs at the high end of Column IV of the table to Tariff B.

[14] After referring to a number of Federal Court decisions which awarded increased costs, ratiopharm makes the following submission at paragraph 29 of its Written Representations:

> In view of the foregoing, given the number of witnesses, the complexity of the case and the stage at which the proceedings had reached before the Prohibition Application was dismissed, ratiopharm respectfully submits that this Court should provide directions to the assessment officer in respect of costs for the Prohibition Application in accordance with Rule 403 of the *Federal Court[s] Rules* …

[15] In support of its position, ratiopharm says that Wyeth filed the affidavits of 13 experts and that it filed five expert affidavits. It also says that all of the experts were cross-examined on their affidavits, which resulted in a 22-volume Application Record filed by Wyeth on May 2, 2007 for a hearing scheduled to proceed for five days on September 10, 2007. However, nothing is said in ratiopharm's submissions as to the complexity of the case and, more particularly, why a departure from the general rule is warranted in the present matter.

[16] In opposing ratiopharm's request for increased costs, Wyeth says, *inter alia*, that ratiopharm could and should have presented its motion under subsection 6(5)*(a)* of the Regulations in a more timely manner and that, as a result, the length of the proceedings results directly from its failure to do so. Wyeth says that, in these circumstances, ratiopharm should not be entitled to costs on the prohibition application.

[17] In the alternative, Wyeth says that if costs are to be awarded to ratiopharm, they should be assessed in accordance with Column III of the table to Tariff B. Wyeth further submits that, in any event, there is no evidence to support ratiopharm's claim for costs at the high end of Column IV. With respect to the fact that the proceedings were voluminous and extensive, Wyeth says that volume of work alone is not a sufficient ground to depart from Column III.

[18] I have carefully considered both parties' submissions and the material filed in support thereof and I have not been persuaded that there is any basis to depart from what Rule 407 provides, i.e. that costs shall be assessed in accordance with Column III of the table to Tariff B. More particularly, I am of the view that neither the importance and complexity of the issues nor the amount of work are such so as to warrant an order of increased costs.

[19] In the end, I am not convinced that, in all of the circumstances, an award of costs according to Column III is unsatisfactory.

[20] Consequently, I am not prepared to provide the directions which ratiopharm requests us to give to the Assessment Officer.

[21] In the circumstances, I would make no order as to costs in the motion.

"M. Nadon"

J.A.

"I agree.
K. Sharlow J.A."

"I agree.
C. Michael Ryer J.A."

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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MOTION DEALT WITH IN WRITING WITHOUT APPEARANCE OF PARTIES

REASONS FOR ORDER BY:	NADON J.A.
CONCURRED IN BY:	SHARLOW J.A. RYER J.A.
DATED:	November 9, 2007

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