

Date: 20080627

Docket: A-147-08

Citation: 2008 FCA 230

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

BETWEEN:

SEPRACOR INC.

**Appellant
(Respondent)**

- and -

SCHERING-PLOUGH CANADA INC. and SCHERING CORPORATION

**Respondents
(Applicants)**

- and -

PHARMASCIENCE INC. and THE MINISTER OF HEALTH

**Respondents
(Respondents)**

Heard at Toronto, Ontario, on June 16, 2008.

Judgment delivered at Ottawa, Ontario, on June 27, 2008.

REASONS FOR JUDGMENT BY:

PELLETIER J.A.

CONCURRED IN BY:

**NADON J.A.
RYER J.A.**

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REASONS FOR JUDGMENT

PELLETIER J.A.

[1] The issue in this appeal is how persons who are named as respondents to an application governed by Part V of the *Federal Courts Rules*, S.O.R./98-106 (the Rules), are to proceed when they do not oppose the application but nonetheless wish to take part in the proceedings. This

particular case deals with the Patented Medicines (Notice of Compliance) Regulations (PM(NOC) Regulations), S.O.R./93-133, but the principle involved is one of broad application.

[2] This issue arises in the context of Sepracor Inc.'s appeal (Sepracor) from the decision of the Federal Court, reported as *Schering-Plough Canada Inc. v. Pharmascience Inc.*, 2008 FC 359, 65 C.P.R. (4th) 90, in which Sepracor's purported notice of appearance was struck out for non-compliance with Rule 305 and Form 305 because it indicated that Sepracor intended to participate in the application instead of opposing it. It is common ground that Sepracor intended to participate in the application by supporting the position taken by the applicants.

THE FACTS

[3] Schering-Plough Canada Inc. and Schering Corporation (collectively Schering) commenced an application for prohibition pursuant to subsection 6(1) of the PM(NOC) Regulations in response to a notice of allegation served on Schering-Plough Canada Inc. in its capacity as the holder of the notice of compliance with respect to the drug in issue (and thus the "first person" within the meaning of the PM(NOC) Regulations). Schering Corporation is the owner of one of two patents listed on the patent register with respect to the drug for which Pharmascience seeks a notice of compliance with respect to its generic version of that drug. Sepracor is the owner of the second patent. Schering-Plough Canada Inc. and Schering Corporation are related corporations and are represented by the same counsel. Sepracor is unrelated to either of the other two corporations and is separately represented.

[4] Subsection 6.(4) provides as follows:

6.(4) Where the first person is not the owner of each patent that is the subject of an application referred to in subsection (1), the owner of each such patent shall be made a party to the application.

6.(4) Lorsque la première personne n'est pas le propriétaire de chaque brevet visé dans la demande mentionnée au paragraphe (1), le propriétaire de chaque brevet est une partie à la demande.

[5] In this case, the patentee Schering Corporation was named as an applicant but Sepracor, which is also a patentee, was named as a respondent in the application for prohibition. It was required to be named as a respondent for two reasons, both of which are found in Rule 303 of the Rules, which provides as follows:

303.(1) Subject to subsection (2), an applicant shall name as a respondent every person

(a) directly affected by the order sought in the application, other than a tribunal in respect of which the application is brought; or

(b) required to be named as a party under an Act of Parliament pursuant to which the application is brought.

303.(1) Sous réserve du paragraphe (2), le demandeur désigne à titre de défendeur :

a) toute personne directement touchée par l'ordonnance recherchée, autre que l'office fédéral visé par la demande;

b) toute autre personne qui doit être désignée à titre de partie aux termes de la loi fédérale ou de ses textes d'application qui prévoient ou autorisent la présentation de la demande.

[6] Both of these criteria apply to Schering Corporation as well, a matter to which I shall return.

[7] Not surprisingly, the Federal Court found that Sepracor was properly named as a respondent, and that finding is not challenged.

[8] Having been served with the notice of application, Sepracor responded by filing a notice of appearance which said "The Respondent, Sepracor, intends to participate in this application."

Pharmascience then brought a motion to strike Sepracor's notice of appearance on ground that it did not comply with Rule 305 and its associated form. Rule 305 provides as follows:

305. A respondent who intends to oppose an application shall, within 10 days after being served with a notice of application, serve and file a notice of appearance in Form 305.

305. Dans les 10 jours après avoir reçu signification de l'avis de demande, le défendeur, s'il entend s'opposer à la demande, signifie et dépose un avis de comparution, établi selon la formule 305.

[9] Form 305, entitled 'Notice of Appearance', simply provides that "The respondent intends to oppose this application."

[10] Phamascience moved to strike Sepracor's Notice of Appearance for non-compliance with Rule 305. In doing so, it relied upon two decisions of judges of this Court sitting as motions judges under Rule 369: *Society of Composers, Authors and Music Publishers of Canada v. Canadian Assn. of Internet Providers*, 2001 FCA 4, 10 C.P.R. (4th) 417 (*Socan*), per Stone J.A. and *Canadian Tire Corp. v. Canadian Bicycle Manufacturers Assn.*, 2005 FCA 408, 344 N.R. 207 (*Canadian Tire*), per Evans J.A. Mr. Justice Beaudry of the Federal Court granted the motion.

[11] The substance of Beaudry J.'s decision is found in the following two paragraphs:

[21] The real issue before the Court is not whether the notice of appearance should be struck, set aside or rejected because of a technical defect to Form 305, but rather whether Sepracor may make representations in support of the applicant, Schering-Plough, by virtue of the fact that it modified the notice of appearance to reflect its real interest. It is my opinion that Sepracor may not.

[22] I agree with Pharmascience's contention that *Canadian Tire*, above, finds application in the case at bar; following the decision of the Federal Court of Appeal, Sepracor may not file and serve a modified notice of appearance in order to make submissions that further the position of the applicant, Schering-Plough. Only a respondent who intends to oppose the application may file and serve a notice of appearance.

[12] The motions judge went on to hold that if Sepracor wished to make representations in support of the application it could seek intervener status or apply to be joined as an applicant.

SUBMISSIONS OF THE PARTIES

[13] Sepracor appeals from the decision of the Federal Court on the basis that it erred in following *Canadian Tire*. Sepracor argues that since only a "first person" may apply for an order of prohibition to prevent the Minister of Health from issuing a notice of compliance to a generic drug manufacturer, a mere patentee, such as Sepracor, is not entitled to be an applicant. It can therefore only participate in these proceedings as a respondent, as the combination of subsection 6.(4) of the PM(NOC) Regulations and Rule 305.(1) require it to do.

[14] Sepracor disagrees that it can only take part in the proceedings by being made an intervener or added as an applicant because, despite the striking of its notice of appearance, it remains a party to the application and as such, has full rights of participation: *Aventis Pharma Inc. v. Apotex Inc.*, 2004 FC 570, 32 C.P.R. (4th) 124, at paragraph 19.

[15] Sepracor says that the only effect of striking its notice of application is simply to deprive it of the right to notice of any further proceedings in the application, by reason of Rule 145:

145. Subject to subsection 207(2), where a person has been served with an originating document and

(a) has not filed a notice of appearance or a defence within the time set out in these Rules, or

(b) has no address for service,

no further documents in the proceeding need be served on the person prior to final judgment unless the Court orders otherwise.

145. Sous réserve du paragraphe 207(2), lorsqu'une personne a reçu signification d'un acte introductif d'instance et qu'elle se trouve dans l'une des situations suivantes, la signification des autres documents dans le cadre de l'instance n'est requise que si la Cour l'ordonne :

a) la personne n'a pas envoyé d'avis de comparution ni déposé de défense dans le délai prévu par les présentes règles;

b) elle n'a pas d'adresse aux fins de signification.

[16] In the end, Sepracor says that its modification of Form 305 is simply a practical workaround to deal with a situation which was not contemplated by the drafters of the Rules, particularly in the context of the PM(NOC) Regulations.

[17] Pharmascience's position is that it is entitled to rely upon the law as it is set out in *Socan* and *Canadian Tire*. It disputes Sepracor's claim that it is not entitled to be an applicant given that Schering Corporation, the other patentee, is an applicant in this application.

[18] Pharmascience maintains that Sepracor can only support the application by applying to be made an applicant, as per *Canadian Tire*, where its participation will be subject to some limits to ensure that there is no duplication of evidence or of cross-examination of witnesses. In the course of argument, the Court pointed out that similar orders, including provisions as to the order of filing

records and leading evidence, could be made in the name of procedural orderliness even if Sepracor was a respondent and inquired why it mattered to Pharmascience whether Sepracor was an applicant or a respondent so long as procedural orderliness and fairness were maintained. Counsel for Pharmascience was not able to provide an answer beyond saying that its client was entitled to rely upon the law as stated in *Canadian Tire*.

ANALYSIS

[19] Why should a person who is required by law to be named as a respondent to an application be required to seek an order naming them as an applicant (or as an intervener) to the same application, as a condition of participating in that application in support of the applicant's position? *Socan* and *Canadian Tire* have held that the status of respondent is reserved to those who "truly" oppose an application.

[20] Since *Socan* and *Canadian Tire* figure so prominently in this dispute, it is appropriate to begin by clarifying their status. Both cases are decisions of a single judge of this Court sitting as a motions judge under Rule 369. To that extent, they are decisions of judges of this Court but they are not decisions of the Court. This does not diminish their persuasive value but it makes clear that there is no issue here of the Court being bound by its own jurisprudence. As we shall see, one factor to be taken into account in assessing the weight to be given to these cases is that a relevant rule was not brought to the Court's attention.

[21] The Federal Court has dealt with this issue on a number of occasions. In *Pfizer Canada Inc. v. Apotex*, 126 F.T.R. 225, 72 C.P.R. (3d) 379, a case decided prior to the revision of the *Federal Court Rules* in 1998, Pfizer, the first person in a PM(NOC) Regulations case, named the patentee as an applicant in an application for prohibition. The sole respondent Apotex sought an order that the two applicants be represented by the same counsel or, if they declined, that the patentee be made a respondent. The Federal Court dismissed the application, saying that the patentee was required to be a party and nothing in the Rules would allow the Court to prevent it from retaining counsel of its choice. On the other hand, the Court held that the two applicants would have to "coordinate their efforts to avoid duplication on any issue of fact and law which they wish to pursue so that a Second Person is not put to the task and expense of responding to the same issue more than once." (at paragraph 14).

[22] In *Apotex Inc. v. Canada (Minister of Health)*, 186 F.T.R. 84, 4 C.P.R. (4th) 421, another case under the PM(NOC) Regulations, the applicant Apotex consented to the addition of the patentee of the drug in question as a respondent in its application (which appears to have been in the nature of an application for *mandamus*). Apotex argued that the patentee's rights of participation were limited to certain of the relief sought. McGillis J. rejected this argument, saying that "As a party, Bristol-Myers is therefore entitled to participate fully in exercising all of the rights that accrue to a party in a proceeding." (see paragraph 5). McGillis J. went on to say that it was undesirable to seek to limit the participatory rights of a party as this would simply lead to more interlocutory motions.

[23] In *Aventis Pharma Inc. v. Apotex Inc.*, 2004 FC 570, 32 C.P.R. (4th) 124 (*Aventis Pharma*), yet another PM(NOC) Regulations case, Aventis Pharma Inc., the first party in an application for an order of prohibition, named the patentee as a respondent in the application. Aventis Pharma and the patentee were not related corporations and were represented by separate counsel. The patentee filed evidence which differed from that filed by Aventis Pharma in support of its patent. Apotex claimed that this amounted to an abuse of process and sought to have the evidence struck. Gauthier J. held that the patentee was both entitled to be represented by counsel of its choice (and thus to participate in the application as a respondent) and to fully present its case by filing evidence which did not duplicate that of Aventis Pharma. She noted that "there may be many good commercial reasons to explain why Schering may have a distinct interest in defending the validity of certain claims which may be of lesser importance to a licensee such as Aventis." (at paragraph 22). This comment was repeated with approval by this Court in *Merck & Co. v. Apotex Inc.*, 2006 FCA 324, 55 C.P.R. (4th) 81, at paragraph 22.

[24] It is interesting that none of these cases refer to Rule 102, which appears in Part III of the Rules which is headed "Applicable to all proceedings". Rule 102 provides as follows:

102. Two or more persons who are represented by the same solicitor may join in one proceeding as plaintiffs, applicants or appellants where

(a) if separate proceedings were brought by each of them, a common question of law or fact would arise in all of the proceedings;
or

102. Deux ou plusieurs personnes représentées par le même avocat peuvent être jointes dans une même instance à titre de codemandeurs ou de co-appellants dans les cas suivants :

a) si des instances distinctes étaient engagées par chacune de ces personnes, les instances auraient en commun un point de droit ou de fait;

(b) the relief claimed, whether joint, several or alternative, arises from substantially the same facts or matter. b) les réparations demandées, à titre conjoint, solidaire ou subsidiaire, ont essentiellement le même fondement.

[25] *Pfizer* was decided before the 1998 revisions to the Federal Court Rules (as they then were) but the respondent in that case clearly anticipated Rule 102 in seeking an order that both applicants be represented by the same counsel. *Pfizer* makes it clear that a party is entitled to the counsel of its choice. The consequence of such a choice for a patentee in proceedings under the PM(NOC) Regulations, as was recognized in *Aventis Pharma*, is that the patentee is then required to participate in the application as a respondent. *Pfizer* may not have been disposed of in the way it was had Rule 102 existed or, if it existed in another form under the old Rules, had it been brought to the Court's attention. More importantly, there is no indication that Rule 102 was brought to the attention of the judges who decided *Socan* and *Canadian Tire*.

[26] The judges of the Federal Court have thus found, on substantive grounds, that a patentee who is named as respondent in an application is entitled to support that application without seeking to be named as an applicant. While separately represented co-applicants were permitted in *Pfizer*, *Aventis Pharma* suggests that the better course is that a patentee who is independently represented should participate in the proceedings as a respondent. Rule 102 confirms this insight. The underlying premise is that a patentee's interest in the proceedings is not necessarily identical with the applicant's, a proposition which this Court has accepted. The patentee, as a necessary party to the proceedings, is fully entitled to represent its independent interest in the proceedings.

[27] These conclusions are at odds with the result in *Socan* and *Canadian Tire*. Since *Socan* is essentially taken up again in *Canadian Tire*, it is simplest to set out here the material portions of *Canadian Tire*, after laying out a few background facts. *Canadian Tire* involved an application for judicial review of a decision of the Canadian International Trade Tribunal with respect to the importation of bicycles into Canada and the damage which this caused to the Canadian bicycle industry. There were numerous parties on both sides of the question. The Tribunal found for the Canadian bicycle manufacturers and recommended the imposition of a surtax on certain imported bicycles. Canadian Tire, as a vendor of imported bicycles, brought an application for judicial review of the decision. Some of the foreign manufacturers, whose goods were to be subject to the surtax, and who were named as respondents to the application filed notices of appearance in which they said that they intended to support the application. The principal respondent, the Canadian Bicycle Manufacturer's Association, moved to have those notices of appearance struck as irregular. The material portions of Evans J.A.'s reasons are set out, at length, below:

8 The domestic producers say that rule 305 means that only a respondent who intends to oppose the application may serve and file a notice of appearance. Since the notice of appearance served and filed by the importers states that they "support the Application", it does not comply with rule 305 and the Court should reject it.

9 In support of this interpretation of rule 305, the domestic producers rely on a decision of Stone J.A. in *Society of Composers, Authors and Music Publishers of Canada v. Canadian Assn. of Internet Providers*, [2001] F.C.J. No. 166, 2001 FCA 4, ("SOCAN"), in which he struck the records of two parties who were not opposing an application, but advancing supportive arguments. He said (at para. 11)

As I see it, Rule 305 was intended to play a pivotal role in the overall scheme and operation of the Part 5 rules. That Rule requires a named respondent to signify by way of a notice of appearance an intention "to oppose an application". This step allows the parties and the Court to know at an early stage which of the named respondents will truly oppose the section 28 application. The service and filing of the notice of appearance ensure that any respondent truly opposed to the application

will be served with all further documents in the proceeding and so enable effective participation. As I have already stated, if no notice of appearance is filed, Rule 145(a) disentitles a named respondent from being served with any further documents in the section 28 proceeding.

10 The importers make two responses. First, they say that SOCAN is distinguishable. They argue that the respondents in SOCAN were interveners before the Copyright Board, the administrative tribunal under review. Further, the respondents in that case had filed notices of appearance which indicated that they intended to oppose the application for judicial review, but then filed an application record in support of the application for judicial review.

11 I do not agree. These differences are not material to the rationale provided by Stone J.A. for interpreting rule 305 to permit respondents to file a notice of appearance only if they intend to oppose an application for judicial review. The purpose of rule 305 is to enable the parties and the Court to know at an early stage of the proceeding which respondents intend to oppose an application, and thus to limit the serving and filing of application records accordingly.

12 For the purposes of rule 305, it is not relevant whether a respondent participated in the proceeding of the tribunal under review as a party or as an intervener. Similarly, it is not germane that, in the present case, the importers indicated when they filed a notice of appearance that they supported the application.

13 The second argument advanced on behalf of the importers is that, if not permitted to file a notice of appearance, they will be denied their right to procedural fairness, since they will have no opportunity to defend their interests, which would be adversely affected if the application were dismissed. This is because, unless they have entered a notice of appearance, they will have no right to notice of any further steps or documents in the proceeding: rule 145. They say that their perspective is different from that of the applicant, Canadian Tire, and that they may have different arguments to make in support of the application.

14 I do not accept this argument. If the importers are concerned about ensuring that their interests are fully canvassed, they may seek intervener status in Canadian Tire's application pursuant to rule 109. Alternatively, they could have applied to be joined as applicants.

[28] The primary conclusion which emerges from these two cases is that only a respondent who opposes an application is entitled to file a notice of appearance because of the requirements of Rule 305. The corollary of that position is that because of Rule 145, the patentee is not entitled to further

notice of any proceedings, which may be interpreted as having the effect of precluding them from taking any part in those further proceedings. (Indeed, we are told that the prothonotary took that position in this case). On the other hand, there is no Rule which provides that a person who has not filed a notice of appearance is to be removed as a party. Indeed such a rule would be counter-intuitive since the very purpose of naming persons with an interest as parties is to ensure that they will be bound by the result, a purpose which cannot be achieved if those persons are not parties. One is left with parties who do not have the right to participate in a proceeding but who are nonetheless bound by the result of that proceeding.

[29] This procedural dead end cannot be avoided by means of an order under Rule 145 that the patentee be given notice of further proceedings since it is clear from *Socan* and *Canadian Tire* that a respondent can only oppose an application. *Canadian Tire* holds that those who seek to support the application must apply to be made applicants or interveners. However, the patentee has the right to be independently represented and thus may not be in a position to comply with Rule 102 which requires that co-applicants be represented by common counsel. This could lead to anomalous results, such as in this case, where one patentee, Schering Corporation is related to the applicant and has common counsel and would therefore have the right to participate in the application while Sepracor, which is not related to the applicant and is separately represented because of its independent interest, could not participate in the application.

[30] This cannot be what the drafters of the Rules intended, though it may be the unintended consequence of what they have written. Given that Rule 305 requires that persons who have an

interest in a matter be named as respondents without regard to the nature of their interest, given, as well, that respondents who do not file a notice of appearance lose the right to further notice of proceedings (Rule 145), the Rules ought not to be read to effectively deprive certain respondents of their right to participate. Rule 305 can be read as explicitly requiring respondent who oppose an application to file a notice of appearance in Form 305 and impliedly permitting respondents who do not oppose an application to file a notice of appearance in a form which reflects their interest.

[31] Rule 5 allows the forms prescribed by the Rules to be modified according to the circumstances:

5. Where these Rules require that a form be used, the form may incorporate any variations that the circumstances require.	5. Les formules prévues par les présentes règles peuvent être adaptées selon les circonstances.
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[32] In the circumstances, I am of the view that respondents who do not oppose an application are entitled to file a notice of appearance by modifying Form 305, to reflect their interest in the proceedings. The form used in this case "The respondent Sepracor intends to participate in the application." seems to me to be adequate for that purpose on the particular facts of this case. That said, a notice of appearance which gave a more unequivocal statement of position, such as "The respondent X intends to support the application.", would be preferable.

[33] In filing such a notice of appearance, the respondent avoids the sanction of Rule 145 which, incidentally, refers only to a notice of appearance and not a notice of appearance in any particular form. The respondent patentee is thus fully able to represent its interest as befits someone who is intended to be bound by the result.

[34] It follows from this that I would not require respondents who do not oppose an application to apply to be added as applicants to that application or, even less, as intervenors. I can see little advantage to a person who has the rights and the status of a party to seek the limited and discretionary status of an intervenor.

[35] The participation of the respondent in a capacity other than an opponent of the application may raise issues of procedural fairness and procedural orderliness. To the extent that case management is available, particularly in proceedings under the PM(NOC) Regulations, those issues can be dealt with as they arise.

[36] In the result, I would depart from the reasoning in *Socan* and *Canadian Tire* for the reasons set out above. I would allow the appeal with costs, set aside the decision of the Federal Court and reinstate Sepracor's notice of appearance.

"J.D. Denis Pelletier"

J.A.

"I agree
M. Nadon J.A."

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

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET: A-147-08

**APPEAL FROM AN ORDER OF THE HON. MR. JUSTICE BEAUDRY OF THE
FEDERAL COURT, DATED MARCH 18, 2008, IN DOCKET NUMBER T-2102-07**

STYLE OF CAUSE: *SEPRACOR INC. and SCHERING-
PLOUGH CANADA INC. and
SCHERING CORPORATION and
PHARMASCIENCE INC. and THE
MINISTER OF HEALTH*

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: JUNE 16, 2008

REASONS FOR JUDGMENT BY: PELLETIER J.A.

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

DATED: JUNE 27, 2008

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