2021 Year in Review:

Patents

Table of Contents

Introduction

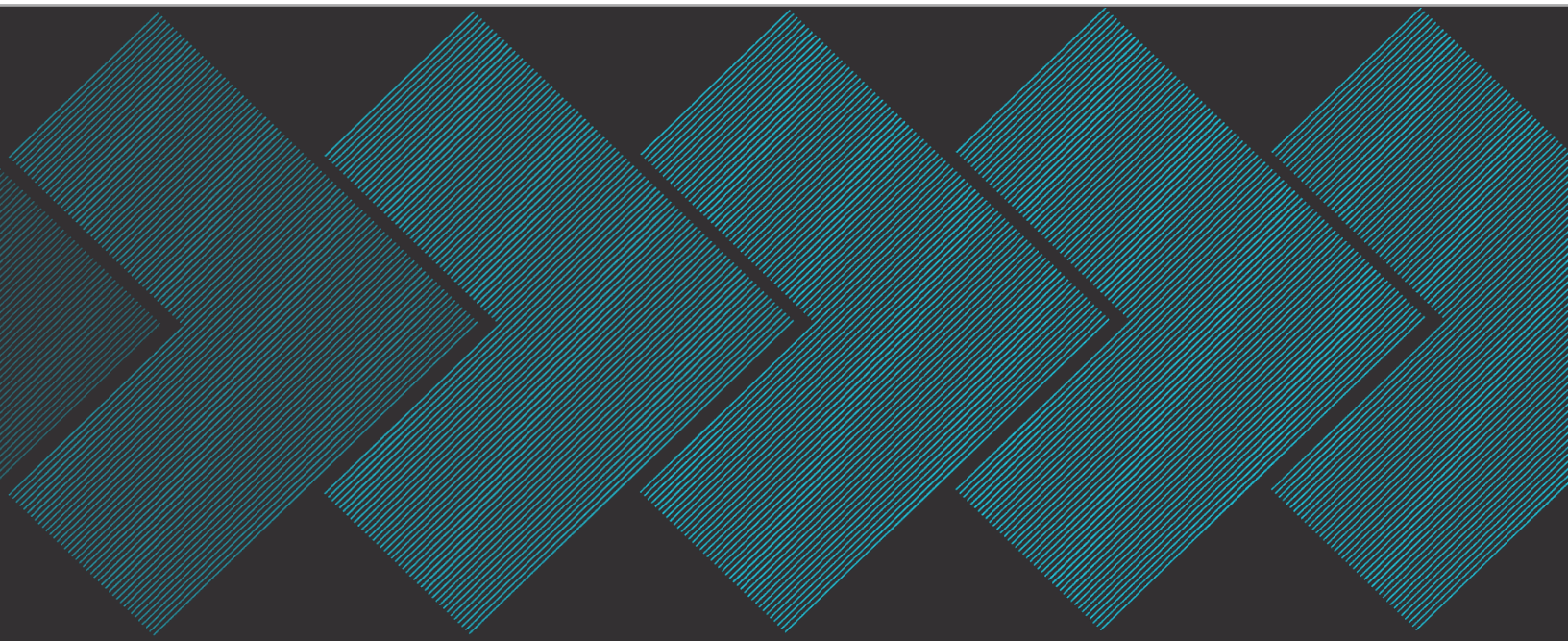
Welcome to 2021 Year in Review: Patents

This paper is divided into two sections. The first section is "Commentary" and in it we discuss some of the patent caselaw developments in 2021. We have chosen to focus our commentary on a number of key themes, namely: Claims Construction, File Wrapper Estoppel, Prior Art, The Inventive Concept, Patent Agent Privilege, Overbreadth, Summary Judgment and Summary Trial, and Costs. This first section also includes a "Quick Hitters" subsection that provides some key takeaways from interlocutory and patent-adjacent (Patented Medicine Prices Review Board (PMPRB), data protection, etc.) decisions in 2021.

The second section is "The Year in Data" and it includes tables of 2021 cases at a glance, as well as some insights from the Lenczner Slaght Patent Appeals Project, which is a database of all Federal Court of Appeal (FCA) cases from the last twenty years.

Case names are hyperlinked to the decisions on the FC, FCA and CanLII websites.

We hope you find it useful!



Commentary

Claims Construction

A few themes emerged in decisions regarding claims construction this year including questions of when recourse to the disclosure is appropriate, and how expert evidence is used by judges in deciding on construction.

Recourse to the Disclosure

Continuing an ongoing debate in the caselaw, the Federal Courts grappled with arguments about when recourse to the disclosure is proper. In all four cases addressing this issue , the Federal Courts held that recourse to the disclosure was proper.

Very early in the year, the FC addressed the question in *Bristol-Myers Squibb Canada Co v Pharmascience Inc*, 2021 FC 1. The defendants had argued that the FC should not look to the disclosure of the patent because the claims were plain and unambiguous. The FC reviewed the authorities and noted that clear and unambiguous claims could take on a different colour when read by the person skilled in the art (POSITA) in the context of the whole specification.

In *Guest Tek Interactive Entertainment Ltd v Nomadix Inc*, 2021 FC 276, the FC took on the challenge of reconciling the seemingly contradictory cases in the FC with respect to this issue. The FC discussed the tension between the principle that claims construction requires the disclosure and the claims be looked at as a whole on one hand, and the notion that recourse to the disclosure is only permissible when the claims are ambiguous on the other. The FC effectively rejected the notion that a term has to be ambiguous before recourse to the disclosure is permitted, stating: "The purpose of beginning the construction exercise with the disclosure, and requiring consideration of the disclosure and the claims as a whole, is presumably to recognize that the disclosure assists and influences the purposive understanding of the claim terms in their context" (para 45).

The FC held that the exercise of construction requires consideration of the disclosure and the claims, with the claims being purposively construed in the context of the patent as a whole. The FC stated: "[o]f course, any construction given to the words in a claim will affect the scope of the claim: *Whirlpool* at para 49(h). I therefore take the rule against using the disclosure to 'enlarge or contract' the claim as written to preclude adding words, elements, or limitations not found in the claim, or giving the words a meaning they cannot reasonably bear when interpreted in the context of the patent as a whole" (para 42). The FC also held that if the disclosure is referred to, it must be read to understand how the inventors intended to use the terms in the claim.

In *Merck Sharp & Dohme Corp v Wyeth LLC*, 2021 FC 317, the FC also took the position that the disclosure would assist in construing one term in the claims ("stabilizes"). While the FC agreed with Merck that the term is not limited in the claims, it found that "this is a case where recourse to the disclosure portion of the specification does assist in understanding the term" (para 183), and that the inventors make it clear throughout the patent that the invention relates to stabilizing against aggregation/precipitation.

In *ViiV Healthcare Company v Gilead Sciences Canada*, Inc, 2021 FCA 122, the FCA also re-affirmed that a patent must be read contextually in light of the entire patent and the expert evidence. Therefore the FC was permitted to go beyond the terms of the claims and consider the disclosure.

Use of Expert Evidence for Construction

A number of statements were made by the Federal Courts relating to the use of expert evidence in coming to conclusions on claims construction, and on the nature of claims construction as a question of law.

These included:

- Experts cannot have an eye to the accused product in coming to their construction. Expert evidence should be rejected if it

crosses this line and "focusing on where the shoe pinches" is not an excuse for experts to cross this line. (*Guest Tek Interactive Entertainment Ltd v Nomadix Inc*, 2021 FC 276 at paras 325-327)

- Although construction is a question of law "the Federal Court is entitled to deference in its appreciation of the evidence, particularly the expert evidence, which affects the construction. In particular, the appreciation of expert evidence as to how a POSITA would understand the claims and any specific wording as well as what common general knowledge was available to the POSITA at the date of publication is a question of fact reviewable under the palpable and overriding error standard" [citations omitted]. (*ViiV Healthcare Company v Gilead Sciences Canada, Inc*, 2021 FCA 122 at para 56)
- The court is permitted to construe a claim element even in the absence of a dispute between the parties as to the meaning of a claim element and the absence of expert evidence supporting the court's construction (*Seedlings Life Science Ventures LLC v Pfizer Canada ULC*, 2021 FCA 154 at para 20)
- The court can construe a claim without relying on expert evidence in appropriate circumstances, such that summary judgment can be granted in its absence. Nonetheless, the construction of claims without expert evidence is done at a judge's "own peril", should not be "lightly countenanced", and should only be done "in the clearest of cases". (*Canmar Foods Ltd v TA Foods Ltd*, 2021 FCA 7 at para 31-37)
- The court is permitted to select aspects of each expert's evidence to reach a decision on construction. It need not choose the opinion of one or the other expert wholesale. (*Tensar Technologies Limited v Enviro-Pro Geosynthetics Ltd*, 2021 FCA 3 at paras 31-33)

File Wrapper Estoppel

Section 53.1

Section 53.1 of the *Patent Act* came into force at the end of 2019. Not surprisingly, the Federal Courts are still grappling with its applicability and its metes and bounds. This year, several FCA cases advanced our understanding of section 53.1's application to foreign file histories (not applicable) and to issues beyond the rebuttal of representations made by the patentee (probably not applicable). Generally, there appears to be a trend towards limiting the scope of section 53.1.

In *Canmar Foods Ltd v TA Foods Ltd*, 2021 FCA 7, the FCA noted two lines of cases in the FC as to the breadth of section 53.1. In some cases (including this one and *Eli Lilly Canada Inc v Apotex Inc*, 2020 FC 814) the FC had taken the position that prosecution history can only be introduced for the limited purpose of rebutting a representation made by the patentee at trial as to the construction of the claims. In other cases (including *Bauer Hockey Ltd v Sport Maska Inc (CCM Hockey)*, 2020 FC 624) the FC held that prosecution history is admissible whenever the issue at trial is one of claims construction, i.e., not specifically for rebutting a particular representation, but rather for use in construing the claims themselves. The FCA declined to decide which line of cases is correct, however, the facts here met the more restrictive interpretation.

Although the issue remains an open one, the FCA did make some obiter comments on this issue in *Bauer Hockey Ltd v Sport Maska Inc (CCM Hockey)*, 2021 FCA 166. The FCA expressed concern about the admission of the prosecution history for the purposes of claims construction at large, instead of limiting its use to rebut a patentee's position on construction at trial that is inconsistent with prior statements made during prosecution.

In *Western Oilfield Equipment Rentals Ltd v M-1 LLC*, 2021 FCA 24, the FCA made clear that section 53.1 applied to this matter since it applies "in respect of any action or proceeding that has not been finally disposed of on the coming into force of that section 53.1" (para 20), and although the trial was completed before the

date that section 53.1 came into force, the decision was not released until after. However, the FC heard no argument relating to the section after trial and the appellants did not identify any representation made by the respondent before the FC that they sought to rebut. Accordingly, section 53.1 did not affect the outcome of the appeal.

With respect to the prosecution history of foreign patent applications, the FCA in *Canmar Foods Ltd v TA Foods Ltd*, 2021 FCA 7, held that the FC erred in considering the U.S. prosecution history because courts should be wary of extending the detailed language of section 53.1, which is specifically limited to communications with the Canadian Patent Office. The legislation is carefully tailored, and it would contravene statutory interpretation principles to try to go beyond its original intent. The FCA also commented: "[o]pening the door to allowing foreign patent prosecution history into the analysis might lead to overly contentious and expensive litigation. Moreover, different countries have different patent registration processes. While the global system has become more interconnected, a party may disclaim an element in one country that they need not disclaim in another" (para 71). Having said this, the FCA did state that one should not underplay the public interest in keeping those who have previously disclaimed elements during prosecution from re-claiming them during litigation. Finally, the FCA left to another day the question of whether the doctrine of incorporation by reference should formally be treated as an exception to the general prohibition on foreign prosecution files, finding that it was unclear that the U.S. prosecution history had been "incorporated" into the Canadian patent prosecution here.

Prior Art

Discoverability of Prior Art

Several cases in 2021 commented on whether discoverability of prior art was relevant to the obviousness analysis. The consensus appears to be (following *Hospira Healthcare Corporation v Kennedy Trust for Rheumatology Research,* 2020 FCA 30 (*Hospira*)) that discoverability is not relevant to defining the differences between the state of the art and the claimed invention (step one of the obviousness analysis) but that it may be relevant to the question of whether a POSITA would have combined pieces of art (relevant to step four of the analysis, i.e., whether differences would have been obvious).

The FC in both *dTechs EPM Ltd v British Columbia Hydro and Power Authority*, 2021 FC 190, and *Swist v MEG Energy Corp*, 2021 FC 10 held that all prior art is admissible and that it is not necessary to demonstrate that the prior art would have been discovered by the POSITA following a reasonably diligent search.

However, the FC in *Teva Canada Innovation v Pharmascience Inc*, 2020 FC 1158, seemed to go a different way. In addressing the state of the art (step one of the obviousness analysis) of one of the patents at issue, the FC stated that not all of the prior art relied on by Pharmascience would have been found by the POSITA (as it was not all found by Pharmascience's expert); and that the POSITA would read the art with a critical eye, distinguishing between different types of studies, and knowing that some were more reliable and informative than others. The FC also held that the POSITA likely would not look for patent applications, and if they did, they would assess them on the basis that they were "unapproved" applications.

The FC appears to have confounded the state of the art and the common general knowledge as it rejected the inclusion of teachings from prior art references in its discussion of the state of the art because it found that they were not part of the common general knowledge. That is contrary to the direction from the FCA in *Hospira*. This case has been appealed.

Which Prior Art is Relevant?

In *Apotex Inc v Janssen Inc*, 2021 FCA 45, Apotex argued that the state of the art is to be determined by reference not to the prior art at large, but rather to the prior art chosen by the party alleging obviousness. The FCA rejected this argument and stated that the authorities do not limit the scope of prior art that can be considered for obviousness in this way.

The Inventive Concept

Apotex v Shire: Inventive Concept Elaborated

In *Apotex Inc v Shire LLC*, 2021 FCA 52, the FCA elaborated extensively on the determination of a patent's inventive concept. This decision has garnered a significant amount of commentary from practitioners and academics as it seemingly repositioned the inventive concept (rather than claims construction) as the heart of the obviousness inquiry. Given how fraught the "inventive concept" has been since the Supreme Court of Canada (SCC) brought it to prominence in *Sanofi* in 2008 (2008 SCC 61), this is an important development in 2021, though it does not overrule previous FCA decisions or provide a complete answer to how the inventive concept is to be addressed.

This decision is also a far cry from the position the FCA took in 2017 when it suggested in *Ciba Specialty Chemicals Water Treatments Limited v SNF Inc*, 2017 FCA 225, that the concept should be abandoned altogether until the SCC weighed in again. At that time, the FCA stated:

> *There may be cases in which the inventive concept can be grasped without difficulty but it appears to me that because "inventive concept" remains undefined, the search for it has brought considerable confusion into the law of obviousness. That uncertainty can be reduced by simply avoiding the inventive concept altogether and pursuing the alternate course of construing the claim. Until such time as the Supreme Court is able to develop a workable definition of the inventive concept, that appears to me to be a more useful use of the parties' and the Federal Court's time than arguing about a distraction or engaging in an unnecessary satellite debate. (para 77)*

In *Apotex Inc v Shire LLC*, the FCA elaborated extensively on the determination of a patent's inventive concept, beginning with three basic principles:

1. First, the inventive concept needs to be construed by first determining whether it can be identified from the previously completed claims construction. If it is not possible to fully grasp the nature of the inventive concept solely from those claims, the judge may have regard to the patent specification to determine if it provides any insight or clarification into the inventive concept.
2. Second, construction of the inventive concept is a different exercise than construction of the claims.
3. Third, it is the inventive concept of the claim in question which must be considered, not some generalized concept to be derived from the specification as a whole (i.e., not the inventive concept of the patent). Its purpose is to help determine what, if anything, makes the claim, as constructed, inventive.

Despite articulating this test, the FCA did not make clear how to apply the test beyond the specific facts of this case.

With respect to the first principle, the FCA found that, as in *Sanofi*, certain claims at issue were to bare chemical compounds. The essential element of each such claim is simply the chemical formula, which says nothing about the inventiveness, and thus it was necessary to turn to the specification. The FCA did note that, in the case of a bare chemical formula claim, not all the chemical's properties will inform its inventive concept. The FCA held that the FC committed no error in having regard to the properties and beneficial features of lisdexamfetamine described in the specification in determining the inventive concept of the claims in issue. These beneficial properties were the "solution taught by the patent" claim and explain the source of the motivation to pursue the solution.

With respect to the second principle, although the two exercises (construction and determination of inventive concept) are clearly different, the FCA didn't explain why the two *should* be different or what purpose determining the inventive concept achieves.

With respect to the third principle, the FCA noted that a patent must have a single inventive concept flowing through it, but may have different inventive concepts for each claim, which are "stitched on, or bound to, the single, common concept.". This single, overarching inventive concept connects every claim of a patent, with its genesis usually in the independent claims.

The FCA also addressed the FC's discussion of the interplay between *Sanofi* and *Ciba*, commenting that *Ciba* does not contradict *Sanofi*:

> *Ciba recognises that an inventive concept must be based on a claim, and not some vague paraphrase in the disclosure. Thus, if the identification about an inventive concept is not readily apparent, the judge should "simply work on the features of the claim" (Ciba at paras. 74-76). This ensures that obviousness is grounded in the claims themselves, a requirement discussed in both Sanofi and the Patent Act. Ciba does not address what should happen when, after examination of the claims construction, the inventive concept is still not "readily discernible". Pursuant to Sanofi, that is when recourse to the specification is allowed (at para 77). (para 100)*

The FCA's approach to inventive concept raises some potential concerns about infusing validity issues with features of the invention that are only described in the disclosure and that do not appear in the claims. For example, if the unclaimed attributes or uses of claimed subject matter can be used to defend a claim's inventiveness, should those attributes or uses also be relevant to any utility, sufficiency or infringement analyses? Given that the SCC rejected the promise doctrine in the utility analysis, it remains to be seen whether there is a persuasive and internally consistent rationale for relying on unclaimed attributes in the obviousness analysis.

Leave to appeal to the SCC was sought by Apotex but denied.

BMS v PMS: Importing the "Why" of the Claim into the Inventive Concept

In addition to the extensive analysis from the FCA described above, the FC addressed the inventive concept in a number of cases, including *Bristol-Myers Squibb Canada Co v Pharmascience Inc*, 2021 FC 1 .

In *BMS v PMS,* the FC made an analogy between compound patents and formulation patents. The FC stated that like a bare compound claim (addressed by the SCC in *Sanofi*), a claim to a formulation may not disclose the inventive concept without recourse to the specification. While each step recited in the claims of the patent at issue may well be within the common general knowledge of a skilled formulator, this does not answer the question "what is the invention?"

Because of this approach, the FC determined that the patent was not obvious as the claimed formulation provided a "consistent solution like exposure" which the POSITA would not have expected given the slower rate of dissolution claimed. Thus, the FC did not simply ask whether the formulation was obvious based on known formulations, but whether the reason or purpose of the formulation identified by the inventors was known or obvious.

This approach to the inventive concept – importing the "why" of the claims (the problem the patentee was trying to solve) into the subject matter – can be contrasted to the approach taken by the FC in cases where the construction of the claims simpliciter is taken as the inventive concept. In these latter cases, the "why" of the subject matter is left out of the inventive concept but can affect the rest of the obviousness analysis, including, and in particular, the obvious to try analysis.

Patent Agent Privilege

Janssen Inc and Mitsubishi Tanabe Pharma Corporation v Sandoz Canada Inc, 2021 FC 1265 is the first decision of the FC to interpret section 16.1(1)(c) of the *Patent Act* pertaining to patent agent privilege. The FC held that the scope of

this privilege is restricted by the language of section 16.1(1)(c) which provides that the communication between agent and client must relate to "the protection of an invention." As the legislator's choice of language evinces an intention to limit patent agent privilege to a specific sphere, not all communications between agent and client will qualify.

Notably, although the privilege established by section 16.1 attaches to agent-client communications regarding a client's own patent rights, the statutory privilege does not apply to communications concerning whether a product infringes third party patent rights (*e.g.*, a freedom to operate opinion) because those communications do not advance the protection of an invention, including obtaining patent protection.

The decision (which, it appears, will not be appealed) makes clear that the statutory privilege made available to patent agents is far from the broad protection conferred upon solicitor-client communications. Although the long-awaited introduction of section 16.1 was seen by many as doing away with the privilege divide between lawyers and agents, for now it is clear that the divide remains, at least for some categories of communications. For agent-client communications that pertain to matters clearly or arguably beyond "the protection of an invention", the prudent course is to involve a lawyer to ensure that solicitor-client privilege, at least, applies.

Janssen left open the question of whether patent agent privilege extends to an opinion concerning the infringement of a client's *own* patent rights. It remains to be seen whether communications relating to "the protection of an invention" will be constrained, for instance, to those "reasonably necessary and incident to the prosecution of patents before the Patent Office" (as held by the US Federal Circuit in *In re Queen's University at Kingston*, 820 F 3d 1287 (Fed Cir 2016)), or whether "protection" might be understood more broadly.

As a footnote for trademark practitioners, the decision in *Janssen* may be a sign that the same limitation on scope will apply to trademark agent-client communications, given that the statutory privilege available to trademark agents is subject to conditions analogous to those set out in section 16.1(1).

Overbreadth

Overbreadth received some serious attention with the release of *Seedlings Life Science Ventures, LLC v Pfizer Canada ULC*, 2021 FCA 154.

Promise Doctrine Reprise?

In *Seedlings*, the FCA confirmed overbreadth as a standalone basis for invalidity, stating that overbreadth arises from the combination of subsections 27(3) and 27(4) of the *Patent Act*. A patent claim can fail for overbreadth if it is broader than the invention disclosed in the specification or the invention made by the inventor. A patent claim's validity may fail for overbreadth even if it is new, useful, non-obvious and sufficiently disclosed (at least theoretically).

In his article *Overbreadth in Canadian Patent Law: Part I* (2020) 33 IPJ 21, Professor Siebrasse reviewed the law of overbreadth and opined that overbreadth as an independent ground of invalidity could destabilize patent law and turn into a revival of the promise doctrine. The parsing of the disclosure that appears to be required by the FCA in *Seedlings* does bear some resemblance to the parsing that was necessary when the promise doctrine was alive and well. Indeed, Professor Siebrasse stated in a recent blog that "*Seedlings* has done nothing to assuage my fears, and much to confirm them."

Coupled with developments on the inventive concept discussed above, the focus this year has been squarely on the disclosure.

The "Core of the Invention"

Although not endorsing all of its reasoning, the FCA in *Seedlings* agreed with the FC that the claims at issue were overbroad on the basis that several elements were omitted from the claims that were essential to the invention.

The FCA held that the exercise of determining whether a feature of an invention is essential for an overbreadth analysis is separate from the essential elements analysis and the determination of inventive concept. According to the FCA in *Seedlings*, this difference arises from

the different focuses of the analyses. In claims construction, the focus is on whether the omission or change of a feature avoids the claim. In inventive concept, the focus is on what makes the claim inventive or on the "why" of the claim. In overbreadth, the focus is on whether "the feature is so key to the invention described in the disclosure" that a claim omitting that feature encompasses embodiments not contemplated in the disclosure.

If you're keeping track, there appear to now be at least three different interpretive exercises when analyzing the claimed invention in a patent:

1. essential elements for claims construction;
2. inventive concept for obviousness; and
3. core of the invention for overbreadth.

The FCA framed the key question in an overbreadth analysis as follows: "[t]he challenge in the present appeal is in determining which elements go to the core of the invention such that their absence from the claims results in invalidity for overbreadth" (para 60).

The FCA noted that the claims of a patent "may omit some elements that might have been considered important to the invention when the application was published [but] [c]learly, overbreadth should not apply to invalidate claims in these circumstances" (para 53). The FCA also noted that the fact that an element is shown in all disclosed embodiments, and is original, does not establish that element as essential for overbreadth purposes. Rather, a claim is overbroad if it omits one or more elements that, based on the description, are essential to the invention made (i.e., they go to the "core of the invention").

Overbreadth or Insufficiency?

On the facts of the case, the FCA in *Seedlings* held that the omitted elements went to the core of the invention because an uninventive POSITA would not know how to make the invention without them. This finding appears to overlap with insufficiency but addresses a slightly different mischief. A claimed invention must be sufficiently disclosed such that an uninventive POSITA can work the invention without undue experimentation. Conversely, if the patent teaches the POSITA only ways to practice the invention that require a particular element and some claims omit that element, then those claims are overbroad because they are broader than the invention disclosed.

Thus, while insufficiency most directly addresses the mischief of an element present in the claims not being described sufficiently in the disclosure, overbreadth most directly addresses the mischief of an omitted element that is disclosed and without which the invention cannot be worked by the uninventive POSITA.

How often findings of overbreadth will be made without concurrent findings of insufficient disclosure or obviousness is yet to be seen.

Summary Judgment and Summary Trial

The FCA has historically held that summary judgment is usually not the preferred means of resolving patent infringement actions. These actions are inherently complex and technical, and usually involve expert evidence. However, in 2021, the FCA approved the use of summary procedures to resolve patent disputes in dismissing two appeals from summary proceedings in patent infringement suits (*Canmar Foods Ltd v TA Foods Ltd*, 2021 FCA 7; *ViiV Healthcare Company v Gilead Sciences Canada*, Inc, 2021 FCA 122). Despite the complexity of patent infringement actions, when it comes to summary proceedings, the same principles apply as in other types of cases.

In *ViiV*, the FCA sought to provide clarity, for the benefit of judges and counsel alike, as to when and how motions for summary judgment and summary trials should take place. The FCA started with three basic operative principles regarding the practice and procedure of the Federal Courts:

1. the *Federal Courts Rules* and the plenary powers of the Federal Courts under section 101 of the *Constitution Act* are the two sources of practice and procedure;
2. the "default position" is that litigation in the Federal Courts is party run; and

3. Rule 3 is central to practice and procedure, and encourages interpretations and applications of the *Rules* that are proactive in preventing, eliminating or minimizing conduct that causes delay and cost.

The FCA noted that, in some cases, summary proceedings just add to the cost and duration of litigation, but in other cases, they can improve access to speedy, cost-efficient justice, providing:

> *...parties with an express route to their final destination. It all depends. The wise exercise of judicial discretion is called for: taking the words of the Rules, viewing them in light of the objectives of Rule 3 and examples in the case law, and applying them to the particular circumstances of the case. At the end of the day, the Court must be satisfied that the prerequisites in the Rules for summary judgment or summary trial, understood in light of Rule 3, are met and that it is able to grant summary judgment, fairly and justly, on the evidence adduced and the law. (paras 40-42)*

The FCA also noted that motions to quash or adjourn a motion (ViiV had brought a motion in the FC to quash or adjourn Gilead's summary trial motion in this case) can be brought in rare circumstances and laid out some guidelines for such motions. The FCA emphasized the power the FC has to deal with problematic motions on its own initiative. The FC does not have to be passive: it can simply refuse to entertain such a motion, or it can use its discretion under Rule 3 to control how the motion is to be prosecuted, defended and argued, as long as procedural fairness is respected.

In *Canmar*, the FCA the stated that the underlying rationale for the "no genuine issue for trial" test is that "a case ought not to proceed to trial, with all the consequences that would follow for the parties and the costs involved for the administration of justice, unless there is a genuine issue that can only be resolved through the full apparatus of a trial," which is a heavy burden on the moving party.

The FCA noted that whether discovery has taken place is not a factor under Rule 213, which governs the timing of motions for summary judgment, and thus should not be considered. The FCA did appreciate that a respondent on a motion for summary judgment cannot be faulted for the absence of evidence if that evidence is in the exclusive control of the moving party, but found that was not the case here.

Although it is true that whether discovery has taken place is not relevant to Rule 213 specifically (which rule provides the moving party with the basis for bringing the summary motion), whether discovery has taken place may be relevant to Rule 214 (what evidence a respondent leads), Rule 215 (whether there is a genuine issue for trial), and Rule 216 (whether there is sufficient evidence for adjudication and/or whether it would be unjust to decide the issues on a summary trial motion).

The FCA further held that an absence of expert evidence on construction did not prevent summary judgment, since construction is a question of law (though construction without expert evidence should only be done "in the clearest of cases").

One takeaway from *Canmar* is that parties must put their best foot forward on summary judgement motions, including filing expert evidence where necessary. This may be particularly relevant to the respondent, who, as the FCA noted, has the evidentiary burden on a summary judgement motion once the legal burden is met by the moving party.

Finally, the FC in *Kobold Corporation v NCS Multistage Inc,* 2021 FC 742, considered the evidentiary requirements for summary judgment on the basis of a prior use defence under section 56 of the *Patent Act*. NCS moved for summary judgment, but failed to address claims construction and infringement in its supporting affidavit, and attempted to adduce such evidence in reply. The FC made it clear that these issues should have been addressed in chief, not in reply, because these are two of the very issues "at the heart of this litigation" and central to section 56 of the *Patent Act*. As with

Canmar, this case highlights the importance of marshalling the proper evidence, in particular expert evidence, in seeking summary judgment.

This year continues the trend of the Federal Courts endorsing summary judgment as a legitimate method of resolving patent disputes.

In 2020, Justice Grammond in *Bauer Hockey Ltd v Sport Maska Inc (CCM Hockey),* 2020 FC 624, stated that summary judgment is particularly appropriate where patent infringement claims consist mainly of questions of law, and in particular, issues of claims construction, which were central in *ViiV*, *Canmar* and *Kobold*.

Summary disposition can make it more cost-effective to pursue patent enforcement, and also for defendants to short-circuit weak patent infringement allegations. Of note, the use of summary trial can also assist with resolving credibility issues that previously have been an obstacle to summary judgment. Summary trial could also offer an effective mechanism for obtaining an interlocutory injunction.

A move towards summary judgment by the FC would also bring Canada closer to the U.S. framework, where summary judgment is generally more available in IP cases. However, Canada's costs-shifting regime is a disincentive to bringing summary judgment motions without a high likelihood of success. Summary trials could also be used to narrow the issues in dispute in patent cases through an early hearing relating to claims construction, similar to the *Markman* procedure in the U.S. where claims construction occurs at an early stage.

Looking forward, we may see attempts by counsel to expand the scope for summary procedures in patent cases, and potentially a corresponding pushback from the FC as appropriate limits are set on that scope as the law develops.

Costs

Lump Sum Costs

In patent costs awards this year, the FCA released one decision that endorsed the FC's award of a lump sum of legal fees, and remitted the matter back on disbursements, while offering some caution with respect to the FC's discretion.

In *Apotex Inc v Shire LLC*, 2021 FCA 54, the FCA dismissed the part of Apotex's appeal of a lump sum award that amounted to approximately 29% of actual fees, noting that, when lump sums are awarded, between one-quarter and one-third of fees is standard. However, the FCA stated that, while the discretion to award a lump sum is broad, "it is not a field day" given that "the purpose of costs being a reasonable contribution to legal costs, fairness and predictability" must be considered (para 24). The application of this judicial policy was seen in the FCA's decision to allow Apotex's appeal on disbursements and remit the matter back to the FC. The FC had observed that disbursements seemed inordinately high and some were unsupported, but elected, "[f]or the sake of simplicity", to simply discount disbursements by approximately 25%. The FCA stated that "assessment of whether a claim for disbursements was permissible, actually incurred and reasonable cannot be sacrificed on the altar of simplicity" (para 28).

The FC in *Allergan Inc v Sandoz Canada Inc*, 2021 FC 186, grappled with the issue of how to define success where a defendant was successful on non-infringement, but unsuccessful in challenging validity. The FC considered conflicting jurisprudence that considered such an outcome to be full success on the one line of cases, and divided success in another, and held that it was bound by the line of cases that considered the defendant fully successful if it was successful on non-infringement. The FC held that jurisprudence did not permit Allergen to set off its costs because Sandoz failed in its assertion of invalidity.

While courts continue to note that IP cases have moved towards lump sum awards, only two of eight FC cases resulted in a lump sum award, ranging from 37.5% (increased to approximately 45% when a settlement offer was considered, *Allergan Inc v Sandoz Canada Inc*, 2021 FC 186) to 66% (*Packers Plus Energy Services Inc v Essential Energy Services Ltd*, 2021 FC 986) of actual fees incurred. The elevated lump sum award awarded by the Case Management

Prothonotary and unsuccessfully appealed in *Packers Plus* reflects an unusual situation of an action bifurcated between validity, then infringement and damages, where 40% of costs were awarded in the first phase, and 66% on the second phase. This unusually high amount on phase two reflected, in particular, the plaintiffs' choice to move forward with phase two preparation without a phase one judgment.

Tariff Costs

In contrast, the remaining six cases resulted in an award under Tariff B, ranging from the middle of Column III (*Betser-Zilevitch v PetroChina Canada Ltd*, 2021 FC 151), to the high end of Column IV (*Guest Tek Interactive Entertainment Ltd v Nomadix Inc*, 2021 FC 848; *dTechs EPM Ltd v British Columbia Hydro and Power Authority*, 2021 FC 357, which also included a doubling of Tariff fees after settlement offers), to Column V (*Deeproot Green Infrastructure, LLC v Greenblue Urban North America Inc*, 2021 FC 751), to the high end of Column V (*Swist v MEG Energy Corp*, 2021 FC 198; *Bristol-Myers Squibb Canada Co v Pharmascience Inc*, 2021 FC 354).

Notably, two of these Tariff cases involved individual inventors (*Betser-Zilevitch*; *Swist*), and the FC in *Swist* stated that "an award of costs should not function to make patent litigation inaccessible to the individual inventor." Further, the denial of a lump sum award in *Bristol-Myers Squibb* arose because of evidentiary issues with Bristol-Myers Squibb's (BMS) invoices. This, like the FCA's treatment of disbursements in *Apotex Inc v Shire LLC*, 2021 FCA 54, serves as a good reminder to properly support a request for costs. Of further note in *Bristol-Myers Squibb*, the FC found that that BMS could recover a $500,000 success fee charged by its counsel on the basis that counsel had performed, but not billed, legal services in excess of this amount.

The *Allergan* decision is of particular relevance to pharmaceutical patent practice. The FC stated that the assessment of the lump sum in that case should start at the mid-point of the 25-50% range of the actual fees, plus reasonable disbursements, often awarded in intellectual property cases. The FC noted that other recent FC cases had started at the lower end of the 25-50% range. However, in the FC's view:

> *...there are very good reasons for beginning with the mid-point of the 25%-50% range in complex drug patent proceedings under the [PM(NOC)] Regulations. In particular, the Court is still in the process of effecting a change in the litigation culture in the area of drug patent disputes. ... Adopting the mid-point of the 25%-50% range as the starting point for determining a lump sum cost award to the prevailing party in this type of proceeding would provide a better incentive than the lower end of this range for parties to conduct their litigation in a manner that permits the Court to achieve its objective of shorter trials in the drug patent area. ...the parties to such disputes generally are very sophisticated commercial litigants who can be assumed to calibrate the strategic decisions made over the course of the proceeding with a keen eye on the economic consequences of those decisions. (paras 34-35)*

Disbursements

With respect to disbursements, while reasonable amounts are generally fully recoverable, expert fees were often an issue before the FC in 2021. Amounts of expert fees recovered were reduced, for example, because of duplication and a lack of helpfulness (*Swist*), for irrelevance or because evidence was not accepted (*Allergan*), or for evidence that was unnecessary and unhelpful, and for high fees (*Betser-Zilevitch*). In contrast, while acknowledging that expert fees could be reduced where they appear unreasonable due to their magnitude or the helpfulness of the evidence, the FC in *Guest Tek* stated that it did not "believe that costs are the occasion to undertake a detailed *post mortem* of an expert's evidence so as to try to weigh its value with nicety" (para 64), and that a court disagreeing with some of an expert's conclusions does not automatically mean a reduction in fees. Of additional note for parties who wish to challenge the reasonableness of expert fees, not providing

evidence as to the challenging party's experts fees, in order to assess reasonableness, may be viewed negatively.

A Note to Counsel

Finally, the FC in *Guest Tek* also reminded counsel that parties ought to be able to resolve basic costs issue, like lengths of discoveries and trial days: "[f]ighting over a question of 10 minutes here and there comes, no doubt, at a greater cost to their clients than the amount in dispute, in addition to engaging unnecessary Court time. Parties may disagree on important issues of costs, and the appropriate Tariff level or the appropriateness of certain claims may need to be determined. However, reasonable parties and reasonable counsel should be better able to limit through discussion the number of costs issues that need to be decided by the Court" (para 81).

Quick Hitters

There were a large number of interlocutory and patent adjacent decisions made in 2021.

In this section we provide some of the key take-aways from those decisions:

- The PMPRB's mandate is to control patent abuse, not to determine reasonable pricing, price-regulation or consumer protection at large. The PMPRB's departure from its own Guidelines must be reasonable, and there must be a reasoned explanation for any departures. Failing to provide an explanation may render the decision unreasonable (*Alexion Pharmaceuticals Inc v Canada (Attorney General)*, 2021 FCA 157).
- It remains reasonable for the Minister to find that an enantiomer of a previously approved drug is not an "innovative drug" and is not entitled to data protection (*Janssen Inc v Canada (Attorney General)*, 2021 FCA 137).
- The Minister's decisions with respect to Certificates of Supplementary Protection (CSPs) must reflect the context and purpose of the regime, including consideration of the purpose of Canada's obligations under the *Canadian European Union Comprehensive Economic and Trade Agreement* (CETA) and the purpose of the CSP provisions (to promote innovation and investment of drug products in Canada and to partly compensate for time spent in research) (*Canada (Health) v GlaxoSmithKline Biologicals SA*, 2021 FCA 71; *Merck Canada Inc v Canada (Health)*, 2021 FC 1015).
- The Statute of Monopolies cannot be used to obtain compensation for any harm suffered because of the adjudication of rights under the *Patented Medicines (Notice of Compliance) (PM(NOC)) Regulations* and the *Patent Act*. An innovator can only be liable for damages with respect to its patent in accordance with the *PM(NOC) Regulations* and *Patent Act* because the legislative scheme constituted "a 'complete code' which precludes causes of action arising from the operation of that code" (*Apotex Inc v Eli Lilly Canada Inc*, 2021 ONSC 1588 and other similar cases).
- While failure to seek a stay of the foreign proceedings was not automatically fatal to the issuance of an anti-suit injunction, "[e]ither a stay should have been unsuccessfully brought in the foreign jurisdiction or there should be compelling reasons for not have done so" (*Seismotech Safety Systems Inc v Forootan*, 2021 FC 773 at para 82).
- Get your patent lists in on time – the timelines in the PM(NOC) Regulations are "exact", "strict" and "stringent". A strict interpretation of the time requirement accords with the purpose of the *PM(NOC) Regulations*: "to balance effective patent enforcement for innovative drugs with the timely market entry of generic competitors" (*Merck Canada Inc v Canada (Health)*, 2021 FC 345 at para 13, aff'd 2021 FCA 224).
- When served with an Notice of Allegation (NOA), double check whether it relates to the same or different patents, and make sure you commence any actions within 45 days under subsection 6(1) of the *PM(NOC) Regulations* because adding causes of action relating to those patents under Rule 201 (amendment to add causes of action after the limitation period) will be difficult (*Biomarin Pharmaceutical Inc v Dr. Reddy's Laboratories Ltd*, 2021 FC 402).
- Statements of Defence in NOC actions can be amended to add arguments or prior art not in their NOAs. Those amendments are subject to the usual rules regarding amendments in actions. (*Sunovion Pharmaceuticals Canada Inc v Taro Pharmaceuticals*, 2021 FC 37, aff'd 2021 FCA 113).
- A stay of a re-examination proceeding will usually be ordered pending an ongoing court proceeding relating to the same patent (*Teva Canada Innovation v Pharmascience Inc*, 2021 FC 367).
- Rule 237(3) does not permit the FC to order someone who is not a "representative" of the company, either by reason of the

company's agreement to be represented by that person, or by virtue of their existing relationship with the corporation, to be the discovery representative in substitution of the company's selected individual. Where "a corporation has not agreed to have an employee of an affiliate represent them, that employee is not their representative but is only the representative of a non-party, the affiliate" (*McCain Foods Limited v JR Simplot Company*, 2021 FC 890 at para 24).

- The right of a party to select a discovery representative must be considered together with "the fundamental right to be able to conduct discovery of a representative within the timeline set for trial." It is not sufficient simply to assert that the representative must be the selected employee, when the practical reality is such that the employee cannot be examined within a reasonable time frame. COVID-19 also "presents a higher obligation on both parties to work co-operatively to find solutions to the unique problems and complications that they may face because of the pandemic" (*Boehringer Ingelheim Canada Ltd v Teva Canada Limited,* 2021 FC 227 at paras 31 and 36).
- The FC retains authority to address confidentiality designations after the discontinuance of a proceeding when the parties had agreed that the agreement was enforceable by way of any remedy the court considered just, and when the agreement stated that the termination of the action did not relieve any recipient of confidential information from the obligations imposed therein (*Akebia Therapeutics Inc v FibroGen Inc*, 2021 FC 1179).
- A party seeking a confidentiality order – particularly one that would act to refuse access of a party's selected representatives – must show that there is "a real risk of harm." The threshold for a confidentiality or sealing order at trial is stricter than at the discovery stage because such orders conflict with the public interest in open judicial proceedings. Such orders should be granted only when necessary to prevent a serious risk to an important interest, including a commercial interest, and where the salutary benefits of the order outweigh its effects on the public interest in open courts (*Pharmascience Inc v Meda AB*, 2021 FC 1216).
- The FC has the discretion to re-open the evidentiary portion of a trial when the evidentiary record had closed but no reasons have issued. The party seeking to re-open the trial must show that the evidence:
  - if presented, would change the result; and
  - could not have been obtained before trial by the exercised of reasonable diligence.
- In this case, the FC held that the second prong had been met because it was reasonable not to adduce evidence of a full cost approach at trial given the state of the law prior to *Nova Chemicals Corporation v Dow Chemicals Company*, 2020 FCA 141. (*Rovi Guides, Inc v Videotron Ltd*, 2021 FC 19*).*
- Foreign patents are not "authorities" within the meaning of Rules 70(1)(e) and 348(1) of the *Federal Courts Rules* and cannot be referenced without evidence in a proceeding (*Eli Lilly Canada v Apotex Inc*, 2021 FCA 126 and others).
- Expressing an "imprecise mutual desire" to achieve a settlement (even in writing) does not amount to a settlement agreement (*AstraZeneca Inc v Sandoz Canada Inc*, 2021 FC 154).

The Year in Data: 2021 Cases at a Glance

Federal Court of Appeal

Listing of All FCA Decisions by Key Issues

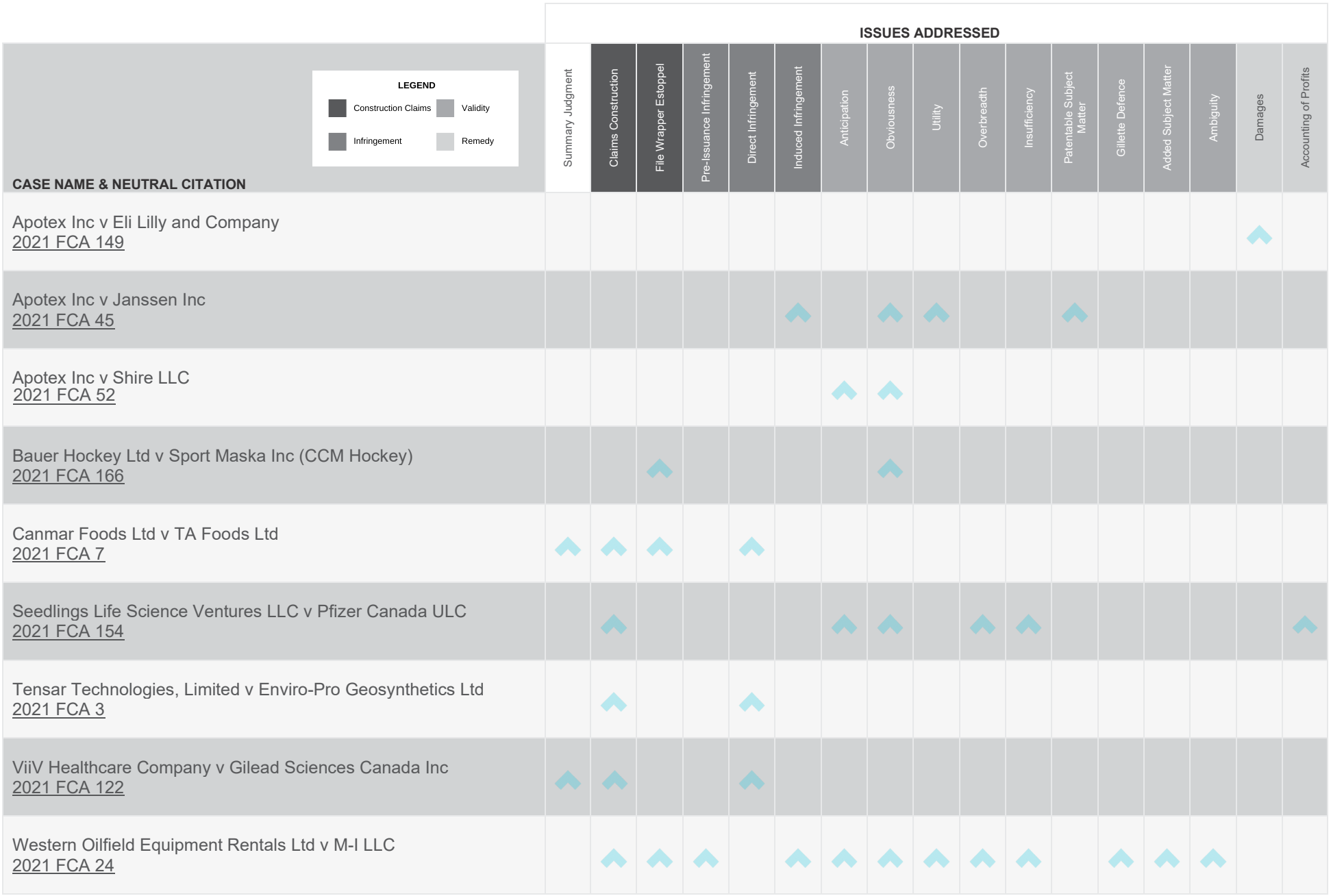
Leave to appeal to the SCC filed.

Appellant successful overall; appeal allowed.

FEDERAL COURT OF APPEAL CASES - ALL				
CASE NAME & NEUTRAL CITATION	**KEY ISSUE(S)**	**WRITING JUDGE**	**TIME TO DECISION (DAYS)**	**STATUS**
Tensar Technologies, Limited v Enviro-Pro Geosynthetics Ltd 2021 FCA 3	Infringement	Locke	61	
Canmar Foods Ltd v TA Foods Ltd 2021 FCA 7	Infringement	De Montigny	78	
ViiV Healthcare Company v Gilead Sciences Canada Inc 2021 FCA 122	Infringement	Stratas	58	
Apotex Inc v Eli Lilly and Company 2021 FCA 149	Remedy	Boivin	85	
Apotex Inc v Shire LLC 2021 FCA 52	Validity	Rennie	85	
Bauer Hockey Ltd v Sport Maska Inc (CCM Hockey) 2021 FCA 166	Validity	Locke	65	
Western Oilfield Equipment Rentals Ltd v M-I LLC 2021 FCA 24	Validity/Infringement	Locke	153	
Apotex Inc v Janssen Inc 2021 FCA 45	Validity/Infringement	Locke	43	
Seedlings Life Science Ventures LLC v Pfizer Canada ULC 2021 FCA 154	Validity/Remedy	Locke	83	

CASE NAME & NEUTRAL CITATION	KEY ISSUE(S)	WRITING JUDGE	TIME TO DECISION (DAYS)	STATUS
Canada (Health) v Glaxosmithkline Biologicals S.A. 2021 FCA 71	Certificate of Supplementary Protection	Locke	63	♦
Apotex Inc v Shire, LLC 2021 FCA 54	Costs	Rennie	85	♦
Janssen Inc v Canada (Attorney General) 2021 FCA 137	Data Protection	MacTavish	27	
Google Canada Corporation v Paid Search Engine Tools, LLC 2021 FCA 63	Determination of Question of Law	De Montigny	8	
Pfizer Canada ULC v Seedlings Life Science Ventures, LLC 2021 FCA 155	Evidence - Business Records	Locke	83	
Munchkin Inc v Angelcare Canada 2021 FCA 169	Evidence - Excluding Trial Testimony	Locke	Dealt with in writing	
Eli Lilly Canada Inc v Teva Canada Limited 2021 FCA 129	Evidence - Foreign Patent Reference	Rennie	Dealt with in writing	
Eli Lilly Canada Inc v Apotex Inc 2021 FCA 126	Evidence - Foreign Patent Reference	Rennie	Dealt with in writing	
Eli Lilly Canada Inc v Mylan Pharmaceuticals 2021 FCA 128	Evidence - Foreign Patent Reference	Rennie	Dealt with in writing	
Eli Lilly Canada Inc v Pharmascience and Laboratoire Riva Inc 2021 FCA 127	Evidence - Foreign Patent Reference	Rennie	Dealt with in writing	
Merck Canada Inc v Canada (Health) 2021 FCA 224	Listing of Patent on Patent Register	Gauthier	34	
Sunovion Pharmaceuticals Canada Inc v Taro Pharmaceuticals Inc 2021 FCA 113	Pleadings - Amend	Locke	2	
McCain Foods Limited v JR Simplot Company 2021 FCA 4	Pleadings - Amend, Strike and Third Party Claim	Locke	36	♦
Alexion Pharmaceuticals Inc v Canada (Attorney General) 2021 FCA 157	PMPRB Excessive Pricing	Stratas	281	♦

Alphabetical Listing of FCA Decisions Addressing Infringement/Validity/Remedy



Federal Court

Listing of All FC Decisions by Key Issues

Appeal filed.

FEDERAL COURT CASES				
CASE NAME & NEUTRAL CITATION	**KEY ISSUE(S)**	**JUDGE**	**TIME TO DECISION (DAYS)**	**STATUS**
Bristol Myers Squibb Canada Co v Pharmascience 2021 FC 1	Validity	Zinn	80	
Merck Sharp & Dohme Corp v Wyeth LLC 2021 FC 317	Validity	Gagne	113	
Swist v MEG Energy Corp 2021 FC 10	Validity/Infringement	Fothergill	82	
Hoffman-La Roche Limited v Sandoz Canada Inc 2021 FC 384	Validity/Infringement	Manson	51	
Teva Canada Innovation v Pharmascience Inc 2020 FC 1158	Validity/Infringement	Kane	55	
Guest Tek Interactive Entertainment Ltd v Nomadix Inc 2021 FC 276	Validity/Infringement	McHaffie	154	
dTechs EPM Ltd v British Columbia Hydro and Power Authority 2021 FC 190	Validity/Infringement	Fothergill	87	
Janssen Inc v Apotex Inc 2021 FC 7	Validity/Infringement	Phelan	40	
Deeproot Green Infrastructure, LLC v Greenblue Urban North America Inc 2021 FC 501	Validity/Infringement/Remedy	McDonald	161	
Betser-Zilevitch v Petrochina Canada Ltd 2021 FC 85	Validity/Infringement/Standing	Manson	57	

FEDERAL COURT CASES - ALL				
CASE NAME & NEUTRAL CITATION	**KEY ISSUE(S)**	**JUDGE**	**TIME TO DECISION (DAYS)**	**STATUS**
Seismotech Safety Systems Inc v Forootan 2021 FC 773	Anti-Suit Injunction	McHaffie	7	
Merck Canada Inc v Canada (Health) 2021 FC 1015	Certificate of Supplementary Protection	McHaffie	119	
Pharmascience Inc v Meda AB 2021 FC 1216	Confidentiality Orders	Zinn	Dealt with in writing	
Allergan Inc v Sandoz Canada Inc 2021 FC 186	Costs	Crampton	Dealt with in writing	
dTechs EPM Ltd v British Columbia Hydro and Power Authority 2021 FC 357	Costs	Fothergill	Dealt with in writing	
Guest Tek Interactive Entertainment Ltd v Nomadix Inc 2021 FC 848	Costs	McHaffie	Dealt with in writing	
Swist v MEG Energy Corp 2021 FC 198	Costs	Fothergill	Dealt with in writing	
Betser-Zilevitch v Petrochina Canada Ltd 2021 FC 151	Costs	Manson	77	
Deeproot Green Infrastructure, LLC v Greenblue Urban North America Inc 2021 FC 751	Costs	McDonald	Dealt with in writing	
Packers Plus Energy Services Inc v Essential Energy Services Ltd 2021 FC 986	Costs	Fuhrer	16	
Bristol-Myers Squibb Canada Co v Pharmascience Inc 2021 FC 354	Costs	Zinn	Dealt with in writing	

CASE NAME & NEUTRAL CITATION	KEY ISSUE(S)	JUDGE	TIME TO DECISION (DAYS)	STATUS
Catalyst Pharmaceuticals Inc v Canada (Attorney General) 2021 FC 505	Data Protection	St-Louis	190	
AstraZeneca Inc v Sandoz Canada Inc 2021 FC 154	Enforcement of Settlement	O'Reilly	53	
Akebia Therapeutics Inc v Fibrogen Inc 2021 FC 1179	Evidence - Confidentiality Designations	Barnes	41	
Paid Search Engine Tools, LLC v Google Canada Corporation 2021 FC 515	Evidence - Production of Further Evidence	McDonald	6	
Paid Search Engine Tools, LLC v Google Canada Corporation 2021 FC 587	Evidence - Reply Expert Evidence	McDonald	2	
Kobold Corporation v NCS Multistage Inc 2021 FC 742	Evidence – Reply Expert Evidence	Zinn	2	
Angelcare Canada Inc v Munchkin, Inc 2021 FC 238	Evidence - Striking Trial Testimony	Roy	22	
McCain Foods Limited v JR Simplot Company 2021 FC 890	Evidence - Examination of Corporate Representative	McHaffie	9	
Boehringer Ingelheim Canada Ltd v Teva Canada Limited 2021 FC 227	Evidence - Examination of Corporate Representative	Furlanetto	5	
Sherman v Pfizer Canada Inc 2021 FC 554	Evidence - Product Samples	Southcott	13	
Rovi Guides, Inc v Videotron Ltd 2021 FC 19	Evidence - Reopening Evidence	Lafreniere	22	

CASE NAME & NEUTRAL CITATION	KEY ISSUE(S)	JUDGE	TIME TO DECISION (DAYS)	STATUS
Akebia Therapeutics Inc v Fibrogen Inc 2021 FC 171	Evidence - Reply Expert Evidence	Barnes	0	
Janssen Inc v Sandoz Canada Inc 2021 FC 1265	Evidence - Patent Agent Privilege	Horne	18	
Stukanov v Canada (Attorney General) 2021 FC 49	Human Rights	Pallotta	135	
CAE Inc v Canada (Commissioner of Patents) 2021 FC 307	Inventorship	Manson	Dealt with in writing	
Secure Energy (Drilling Services) Inc v Canadian Energy Services LP 2021 FC 1169	Inventorship	Zinn	49	
H Lundbeck A/S v Canada (Commissioner of Patents) 2021 FC 1394	Inventorship	Pentney	Dealt with in writing	
Merck Canada Inc v Minister of Health 2021 FC 345	Listing of Patent on Patent Register	Fothergill	12	
Biomarin Pharmaceutical Inc v Dr. Reddy Laboratories 2021 FC 402	Pleadings - Amend	Aylen	5	
Sunovion Pharmaceuticals Canada Inc v Taro Pharmaceuticals 2021 FC 37	Pleadings - Amend	Furlanetto	39	
NCS Multistage Inc v Kobold Corporation* 2021 FC 1395	Pleadings- Amend, Evidence-Production of Further Evidence	Manson	Dealt with in writing	
Teva Canada Innovation v Pharmascience Inc 2021 FC 367	Stay of Re-examination	Southcott	Dealt with in writing	

Alphabetical Listing of FC Decisions Addressing Infringement/Validity/Remedy

Insights from the Lenczner Slaght Patent Appeals Project

Introduction

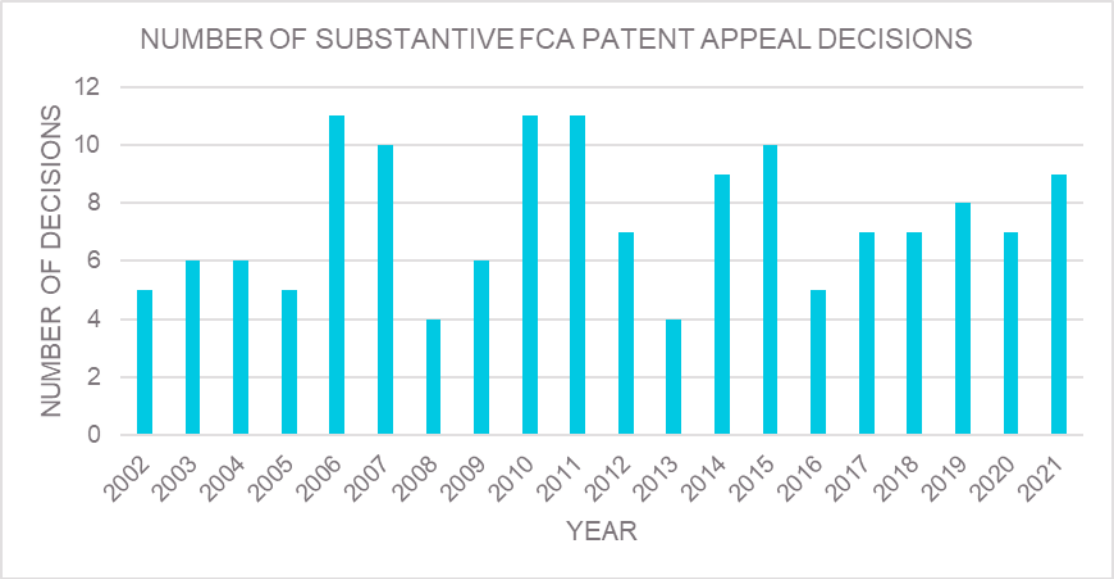
Patent disputes are high stakes, complex matters. While trials and summary judgments are a milestone, they are seldom the end of the road. Whether it's a patent infringement action, a patent impeachment action, or a proceeding under the *PM(NOC) Regulations*, an appeal is always likely. Understanding how those appeals unfold is important to the bar and to clients.

That's why we have prepared a database of every substantive decision of the FCA in patent disputes from 2000 onward. For present purposes, a substantive appeal includes any appeal from a trial, application, or summary judgment motion that decides whether a patent is a valid or infringed or that adjudicates an issue of remedy. This includes both prohibition proceedings under section 6 of the *PM(NOC) Regulations* as well as damages claims under section 8 of the *PM(NOC) Regulations*. This data does not include appeals of decisions on interlocutory motions or costs decisions.

Our database includes approximately thirty characteristics of every appeal decision. This dataset allows us to provide benchmarks for the likelihood of success on different types of appeals and the timelines for resolution of appeals, among other things.

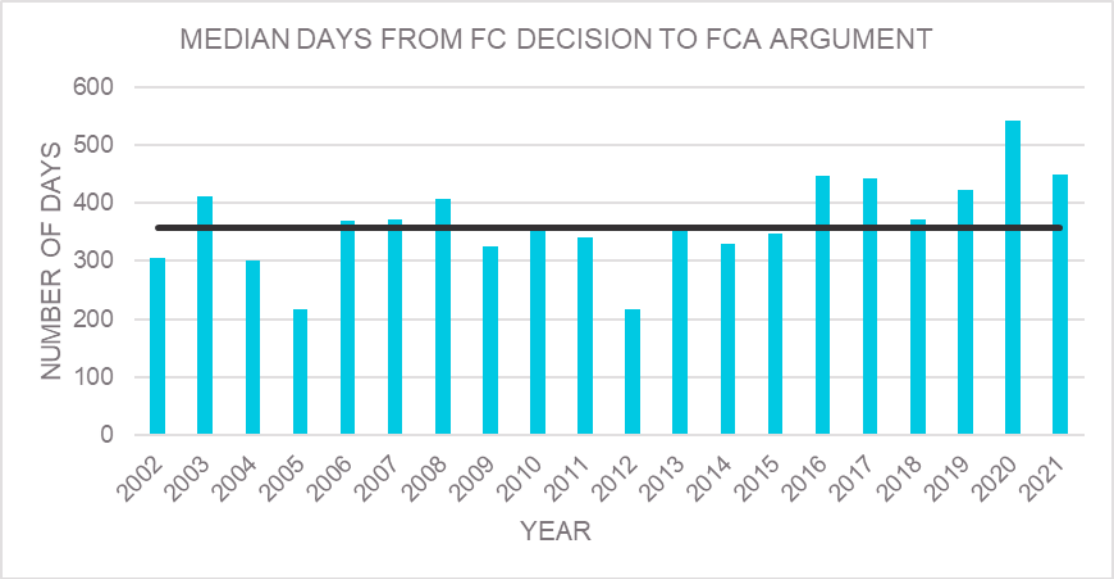
Below we present a few insights from this project.

Number of Appeals



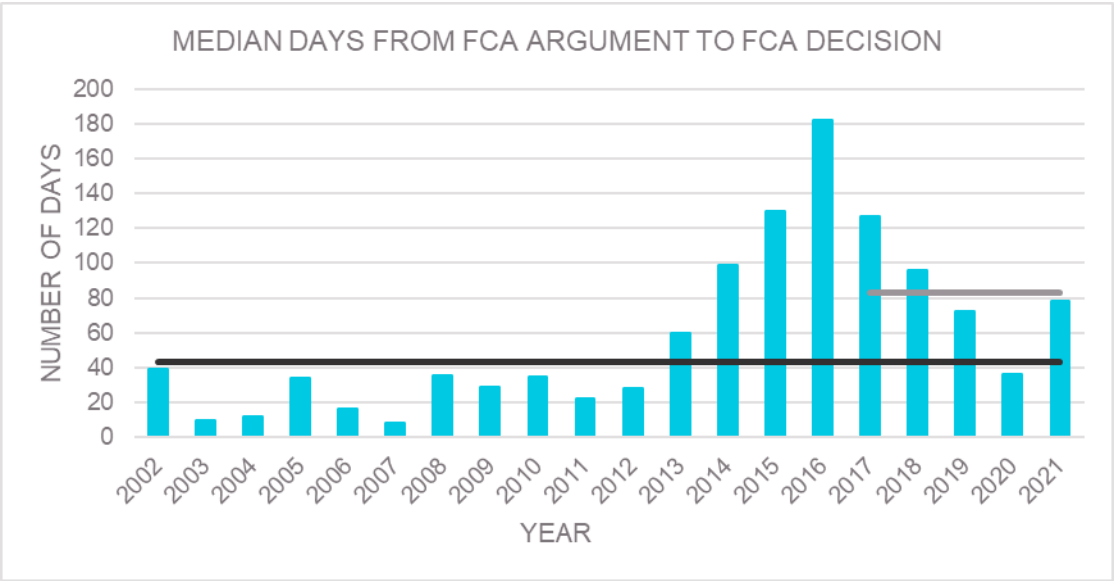
The number of substantive appeal decisions per year ranges from four to eleven, and there does not appear to be a trend in the number over the last twenty years.

Time from FC Decision to Appeal Oral Argument

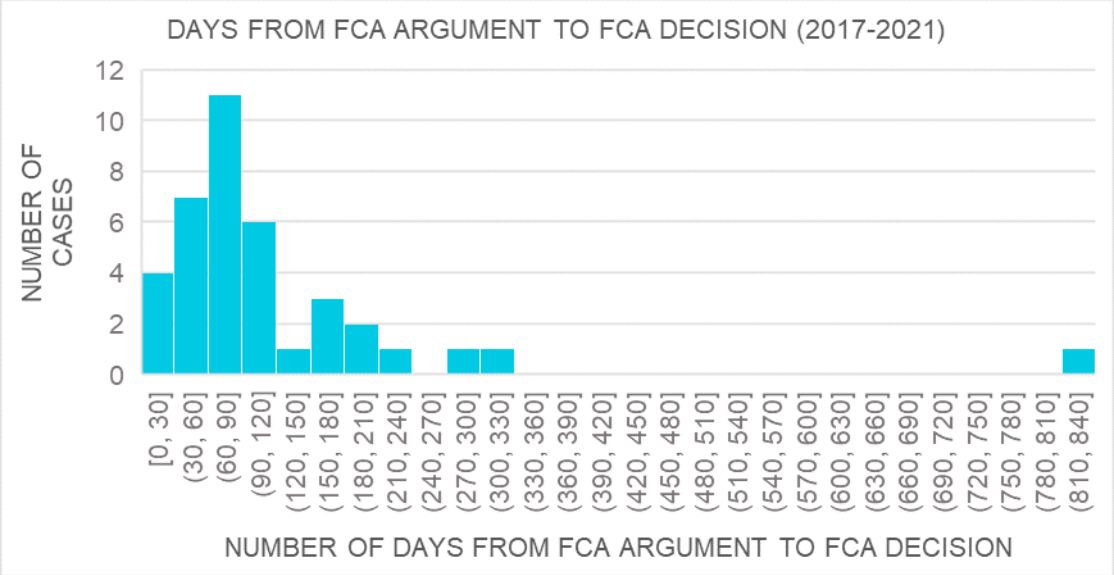


The time from FC decision to appeal oral argument has been fairly constant over the last twenty years. The black line at 358 days represents the median number of days from FC decision to appeal oral argument across the entire twenty year period from 2002-2021.

Time from Appeal Oral Argument to Decision

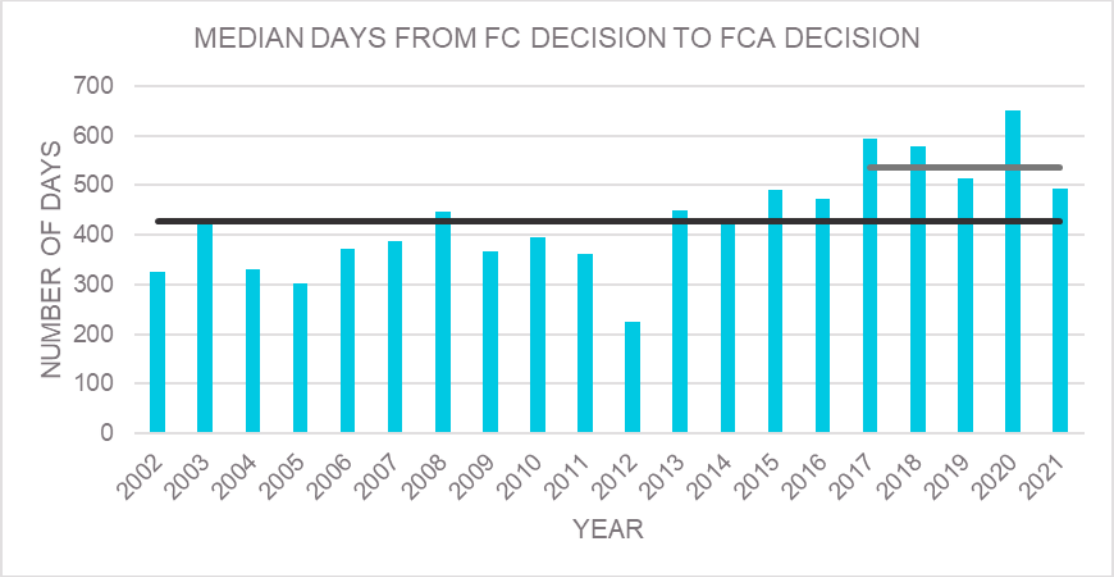


The time from appeal oral argument to decision was quite low for the first decade in our dataset. However, it increased year over year from 2013 through 2016, peaking in 2016. Since then, it has been trending downward again. The black line at 43 days represents the median days from argument to decision across the entire twenty-year period from 2002-2021. The grey line at 83 days represents the median days from argument to decision in the last five years only from 2017-2021.



The vast majority of appeals in the last five years were decided in four months or less, and all but one appeal was decided in less than one year. One appeal took more than two years to be decided (*Nova Chemicals Corporation v Dow Chemicals Company*, 2020 FCA 141), but this was due to the decision being held in abeyance to allow for settlement discussions, which were unsuccessful.

Time from FC Decision to FCA Decision



The time from FC decision to FCA decision has been trending slightly upwards in the last decade. That there would be a steady but only slight upward trend might initially seem surprising, in light of the fluctuation in days from FCA argument to FCA decision. However, the fluctuation in days from FCA argument to FCA decision is muted by the higher and more constant number of days from FC decision to FCA argument.

The black line at 428 days represents the median number of days from FC decision to FCA decision across the last twenty years (2002-2021). The grey line at 535 days represents the median number of days from FC decision to FCA decision in the last five years (2017-2021).

Success Percentages on Patent Appeals

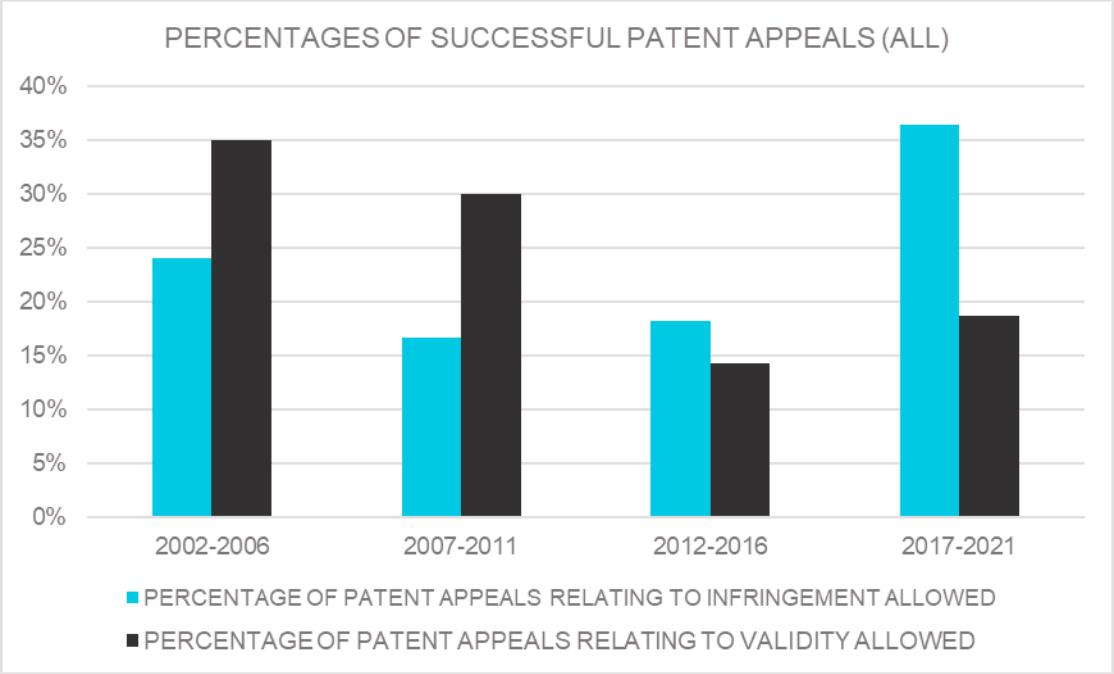
Below we present data relating to the success rates on appeals of particular issues (validity vs infringement) by particular parties (patentee vs alleged infringer).

It is important to clarify at the outset what the data below shows so that it can be interpreted accordingly. In the following sections, a "patent appeal" relates to an appeal of an issue relating to one particular patent by one particular party. In this terminology, there can be several "patent appeals" that are decided in a single decision of the FCA, each with different possible outcomes. In most cases, there are only one or a handful of patents at issue in a particular decision, so the success rates pertaining to patent appeals are not particular different from how we would conventionally think about success in appeals. However, there are outliers. For example, in *Eli Lilly and Company v. Apotex Inc.*, 2010 FCA 240, there were appeals by each side relating to the extent of infringement in respect of eight separate patents, all of which were dismissed. In our methodology, this counts as sixteen separate patent appeals. Consequently, data pertaining to infringement appeals that includes 2010 should be assessed with this in mind.

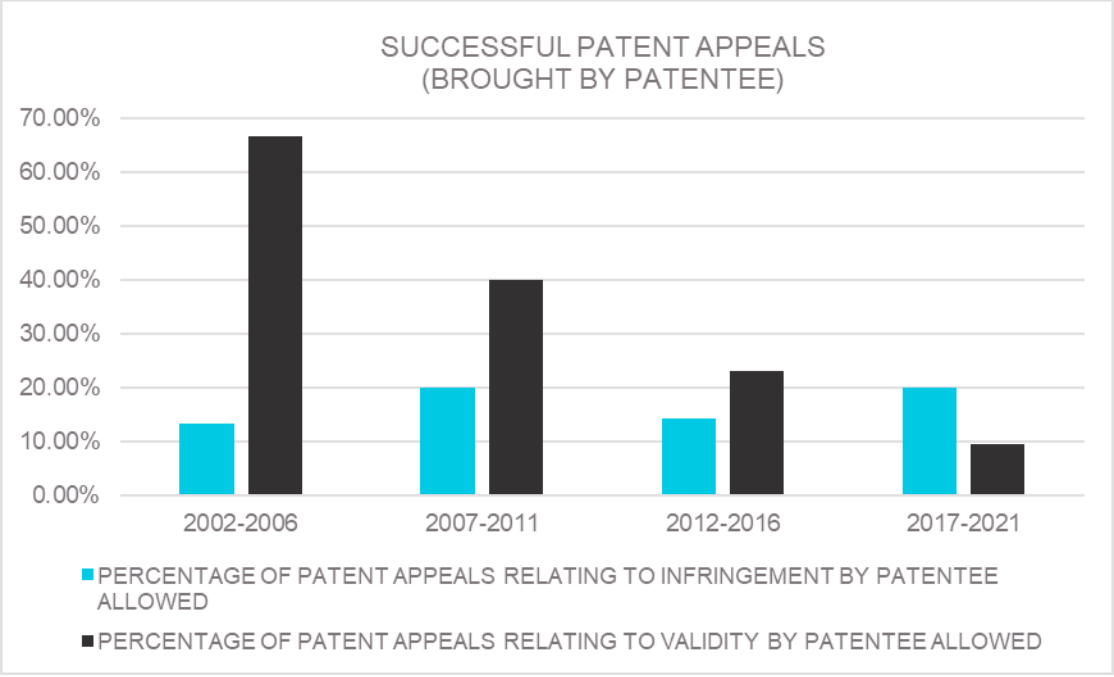
When we say that a patent appeal relating to either validity or infringement is successful, that means that the FCA decided the appellant's appeal on that particular issue in favour of the appellant. It does not necessarily mean that the appellant was successful overall on the appeal. For example, in our database coding, if a patentee appealed findings of invalidity and non-infringement and was successful in overturning the finding of non-infringement but unsuccessful in overturning the finding of invalidity, they would be coded has having been successful in their appeal relating to infringement and unsuccessful in their appeal relating to validity.

Below we present data on appeals being allowed or dismissed on both validity and infringement. The data below does not include circumstances where a party appealed on an issue but the FCA decided not to address it. For example, where the FCA held that it was unnecessary to consider an appeal of a non-infringement finding because it dismissed an appeal of a finding that a patent was invalid, the infringement appeal is not included in the data below (but the validity appeal is). We collected data on this, but it is less informative because it is unclear what the FCA's decision not to render a decision on that issue means, so we exclude that from the data.

Finally, as a note about terminology, we use the term "patentee" to mean any entity seeking to enforce rights under a patent, and "infringer" to mean any entity alleged to have infringed rights under a patent.

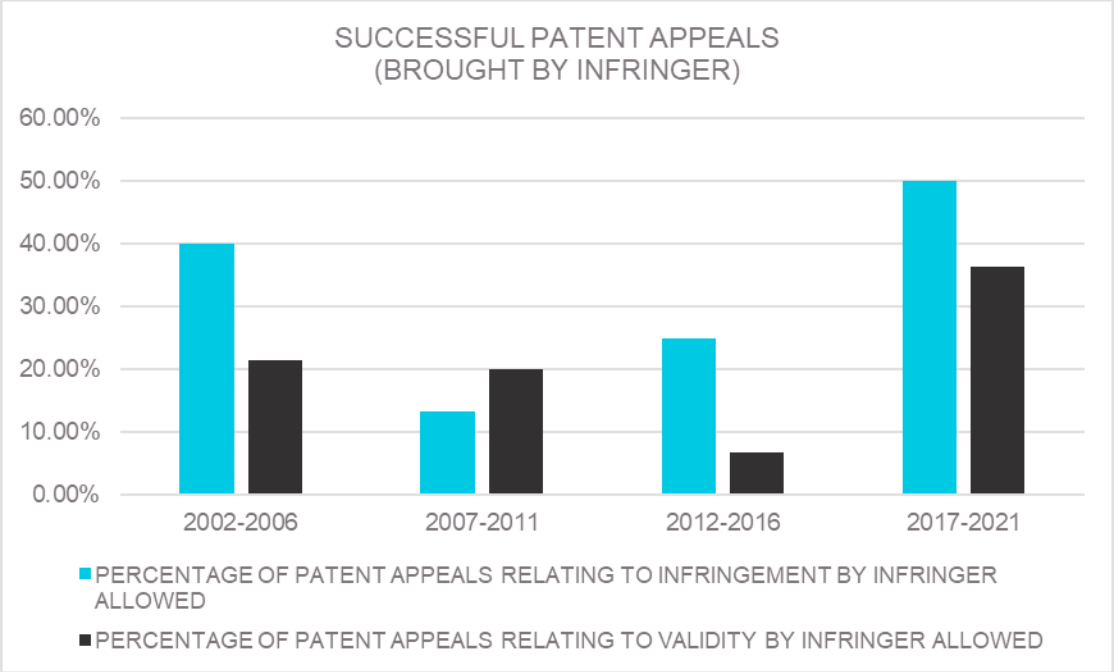


The success rate on patent appeals has varied from 14% to 36% over the last twenty years, but has not been consistent as between validity appeals and infringement appeals over that time. For validity appeals the success rate appears to have trended down, while for infringement appeals the success rate appears to have trended up.



Perhaps the most striking data set in this section is the significant downward trend in the success rate for patent appeals relating to validity brought by patentees, from 67% in the early 2000s to 10% in the last five years. In contrast, the success rate for patent appeals relating to infringement brought by patentees

shows no similar trend and has held fairly constant between 13% and 20% over the last twenty years, with an overall success rate of 17% over the last twenty years.



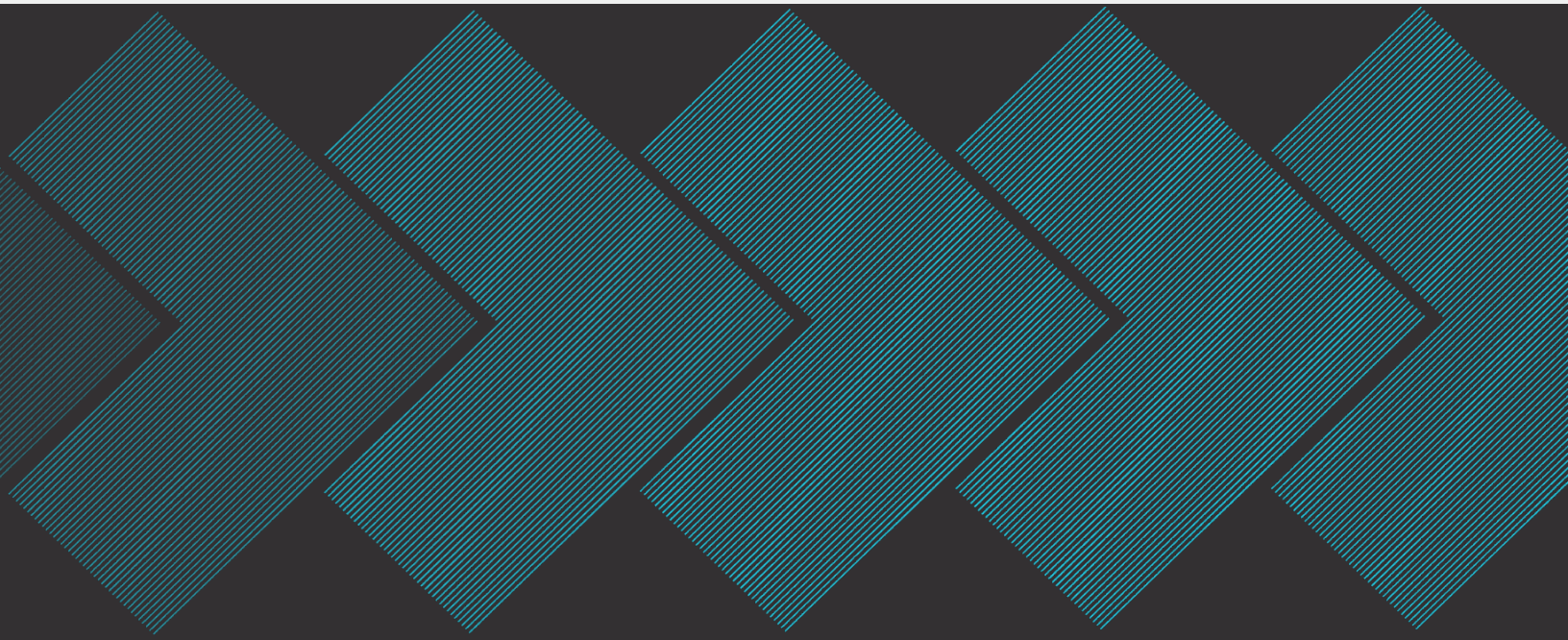
No discernible trends over time were noted for the rate of success for appeals brought by alleged infringers. The success rate for patent appeals relating to validity brought by alleged infringers has ranged between 7% and 36% with an overall success rate of 20% over the last twenty years. The success rate for patent appeals relating to infringement brought by alleged infringers has ranged between 13% and 50% with an overall success rate of 29% over the last twenty years.

Lenczner Slaght's IP Litigation Expertise

At Lenczner Slaght, we recognize the vital importance of intellectual property in a complex and fast-moving global marketplace.

Our lawyers have acted on some of Canada's leading patent trials. Our lawyers have also litigated IP cases in the US, and we regularly represent US-based corporations on the Canadian aspects of disputes that span multiple jurisdictions.

We're successful advocates not just because our lawyers have the scientific backgrounds necessary to understand the most complicated innovations. It's also that we know how to simplify those complicated concepts for judges.



IP Litigation Practice Areas

We have extensive courtroom experience representing clients in all types of intellectual property matters in proceedings before the Federal Court, the Federal Court of Appeal, the Ontario Superior Court, the Ontario Court of Appeal and the Supreme Court of Canada.

Our clients include national and multinational companies from a wide array of industries and sectors, including pharmaceuticals, biotechnology, information technology and software, communications and the Internet, agriculture and aquaculture, manufacturing, nutraceuticals, fashion and design, music recording/distribution, broadcasting and internet communications, medical devices and mining.

17

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