

Andrew Moeser
416-649-1815
amoeser@litigate.com



Jordana Sanft
416-596-1083
jsanft@litigate.com

September 8, 2022

FCA Taps the Brakes on Summary Judgment in Patent Cases

Over the last several years there has been a trend towards increased adoption of summary proceedings for resolving patent cases in Canada. In particular, we have previously commented on decisions of the Federal Court (e.g., *Kobold* partial SJ motion) and Federal Court of Appeal (e.g., *Canmar* Appeal) that signalled a willingness to move away from the historic reluctance of those courts to approve summary judgment for patent infringement actions. We had also noted that summary proceedings were a trend to watch this year.

This week, the Federal Court of Appeal ("FCA") released its decision in *Gemak Trust v Jempak Corporation*, which taps the brakes on the trend favouring summary proceedings. In its decision, the FCA held that summary judgment is not appropriate where there are serious issues with respect to the credibility of witnesses, and the Court observed more generally that "while patent infringement issues are not by definition excluded from the ambit of the summary judgment process, they tend to raise complex issues of fact and law that are usually better left for trial".

As discussed in more detail below, the FCA's reasoning was driven by the absence of *viva voce* evidence in summary judgment. Summary trial is another process available under the *Federal Courts Rules (*" *Rules")* – which permits *viva voce* evidence. This decision may serve as a reminder of the limits of summary judgment in contrast to summary trial, and while it signals a shift in the recent trend which has touted summary proceedings, it would be premature to conclude it signals a more sweeping reversal of the general trend towards summary adjudication.

In this decision, the FCA also addressed issues relating to common general knowledge and experimental testing that may be of interest to the patent bar, but this post focuses only on the summary judgment aspects of the case.

Background

We previously summarized the background and the first instance decision of Justice Lafrenière. By way of brief overview Jempak was a patent infringement action related to detergent pods. The plaintiff alleged that the defendant's dishwashing

detergent products infringed the claims of two of its patents. These patents related generally to “a dishwashing detergent composition with encapsulated percarbonate granules” where the percarbonate is “encapsulated by a blend comprising carboxymethyl cellulose [CMC] and two other ingredients”. The defendant alleged that once the claims were properly construed it was uncontested that its products “do not contain CMC in the blend that encapsulates the percarbonate” and, consequently, there is no infringement.

First Instance Decision

The defendant moved for summary judgment to dismiss the plaintiff’s action. The defendant’s expert witness construed the claims and conducted experimental testing of the defendant’s product. The plaintiff responded with evidence from three expert witnesses.

At first instance, the Federal Court was critical of the plaintiff’s approach and evidence. On the issue of claims construction, the Court characterized the plaintiff’s expert as “evasive and defiant”; concluding that she “misapprehended her role as an independent witness” and “conducted herself like an advocate”, which “taint[ed] her entire evidence”. On the issue of infringement, the Court accepted the defendant’s experimental testing and rejected the criticisms of the plaintiffs’ experts as well as the plaintiffs’ own testing.

FCA’s Concern About Credibility Findings on a Paper Record

Justice Mactavish, writing for a unanimous Court, began by stating that both parties were in agreement with the general principles governing summary judgment that she had previously summarized in *Milano Pizza*, which had been cited with approval by the FCA in *ViiV v Gilead*.

The FCA stated that existing jurisprudence clearly cautioned against deciding issues of credibility on motions for summary judgment. In addition, when considering complex patent cases, the Court stated that the difficulty in assessing the credibility of expert witnesses on the basis of a paper record was a recognized shortcoming of prohibition applications under the old *PM(NOC) Regulations* procedure, and the lack of *viva voce* evidence was one of the factors that led to the adoption of full actions in the 2017 overhaul of the *PM(NOC)* regime.

The Court concluded that “[c]ases should therefore go to trial where there are serious issues with respect to the credibility of witnesses”. It is interesting that this statement is about witness credibility generally, whereas the facts of this case, as well as the critique from the old *PM(NOC)* regime, relate more

specifically to the credibility of expert witnesses. It may be left for a future case to determine whether the FCA's concern about the ability of a court to assess credibility on a paper record is similarly engaged when considering credibility of fact witnesses.

On the facts of this case, the FCA held that it was a palpable and overriding error for the Federal Court to entirely reject the evidence of the plaintiff's expert on the basis of credibility findings. First, the Court stated that any obstructive conduct of the plaintiff's counsel during cross-examination should not reflect negatively on its expert's credibility. Second, the Court emphasized the difficulty in inferring a hostile attitude on the part of a witness from a review of a transcript, in the absence of an ability to evaluate *viva voce* testimony. The FCA stated that transcript excerpts that the Federal Court found "evasive and defiant" could alternatively be read to suggest "a careful witness, one who wanted to be sure that she understood questions before answering them, and one who would not allow herself to be pushed around by counsel."

The FCA ultimately allowed the appeal and directed that the matter proceed to trial.

Implications for Summary Trial

The FCA concluded its analysis on summary judgment by providing a general caution about the limits of this process in patent cases:

> Before leaving this issue, I would like to observe that while patent infringement issues are not by definition excluded from the ambit of the summary judgment process, they tend to raise complex issues of fact and law that are usually better left for trial: *Syntex*, above at para. 6. This case is no exception. That said, this is not a hard and fast rule, and there will be cases where use of the summary judgment process is appropriate: see, for example, [*ViiV Healthcare Co. v. Gilead Sciences Canada, Inc.*, 2021 FCA 122].

This is a slightly confusing comment because the *ViiV* case was a summary trial motion rather than a summary judgment motion. Indeed, in the *ViiV* case, there was *viva voce* evidence provided by witnesses for both parties (a total of five experts). Accordingly, while the FCA's general point is reasonable (that there is no hard and fast rule against summary judgment in patent cases), and the *ViiV* case serves as an example of where summary adjudication is appropriate, the *ViiV* case is not factually an example of where summary judgment is appropriate.

Recently, some members of the IP bar have mused about whether there is any practical difference between summary judgment and summary trial. One takeaway from this FCA decision is that the availability of *viva voce* evidence (and its implications for credibility findings) is a key distinguishing feature.

This case was a summary judgment motion. Although the defendant had made an alternative request for a summary trial, the FCA indicated that the alternative request was not pursued and the motion was argued on a paper record. Given that the FCA's reasoning and finding was driven by the absence of *viva voce* evidence in this summary judgment proceeding, it is reasonable to view this decision as tapping the brakes on summary judgment rather than a full slam on the brakes which would signal a more sweeping reversal of the trend towards summary adjudication. For parties interested in summary adjudication, summary trial may be a more attractive option, particularly where witness credibility, and especially expert credibility, is likely to be an issue.