

Federal Court



Cour fédérale

Date: 20200318

Docket: T-604-19

Citation: 2020 FC 388

Ottawa, Ontario, March 18, 2020

PRESENT: Mr. Justice Pentney

BETWEEN:

**ARYSTA LIFESCIENCE NORTH AMERICA, LLC
and UPL AGROSOLUTIONS CANADA INC.**

Plaintiffs

and

**AGRACITY CROP & NUTRITION LTD.
and NEWAGCO INC.**

Defendants

ORDER

UPON the motion of the Defendants pursuant to Rule 369 of the *Federal Courts Rules*, SOR/98-106, seeking an order amending paragraph 2 of the Order dated April 25, 2019 (confidential reasons and order) and dated May 7, 2019 (public reasons and order), so that it reads as follows:

The Defendants are hereby enjoined from any further sale, distribution, transfer or use in commerce of any form of the HIMALAY flucarbazone sodium herbicide, pending final disposition of the interlocutory injunction or determination of the patent infringement action or expiry of the 021 Patent, which ever comes earlier;

AND UPON motion, on consent, to amend the Order to allow the Defendants to share samples of their product with the Plaintiffs or as the Plaintiffs direct for the purposes of testing;

CONSIDERING the materials filed by the Defendants and the Plaintiffs on these motions;

AND UPON CONSIDERING the following:

I. The Defendant's Motion to amend the Order to refer to the expiry of the 021 Patent

[1] The background to this motion is set out in the reasons for the earlier Order: 2019 FC 530. In summary, the Plaintiffs own three patents that relate to an herbicide. The Plaintiffs filed a Statement of Claim alleging that the Defendants had breached their patents by producing a generic version of the herbicide. They sought an interim injunction to prevent the Defendants from entering the market with a product which they claimed violated their patent for the herbicide (Canadian Patent No. 2,346,021 – the 021 Patent). In addition, the Plaintiffs sought an interlocutory injunction relating to the 021 Patent, as well as their two other patents.

[2] The Court granted the interim injunction sought by the Plaintiffs, and issued confidential reasons on April 25, 2019, and public reasons on May 7, 2019. Since then a Case Management Judge has been appointed, and further steps have been taken by the parties. However, the interlocutory injunction motion has not yet been heard. In addition, the 021 Patent expired on September 21, 2019.

[3] The Defendants have brought this motion to make it explicit that the interim injunction granted by the Court does not extend beyond the expiry of the 021 Patent. They submit that the

Plaintiffs' arguments on the interim injunction were confined solely to the 021 Patent. The Defendants claim that the clarification of the Order is necessary to make it conform to a fundamental tenet of patent law – that any rights of a patentee do not extend beyond patent expiry.

[4] The Defendants submit that the Court can amend its earlier Order, either pursuant to Rule 397 (the “slip” rule), or Rule 399(2)(a), which states that the Court can vary an order “(a) by reason of a matter that arose or was discovered subsequent to the making of the order.”

[5] The Plaintiffs argue that the Order is clear and accords with the Court's reasons; they submit there was no slip and nothing was overlooked, and therefore the Defendants' motion should be dismissed. They point out that the Defendants did not argue at the hearing that the interim injunction should be limited to the life of the 021 Patent, and they also did not appeal the Order when it was issued.

[6] The Plaintiffs contend that the Defendants are seeking to take advantage of their refusal to engage in the interlocutory injunction process, and that this should not be permitted. They submit that the Defendants have not demonstrated any extraordinary circumstance that warrants the grant of the amendment they seek.

[7] In addition, the Plaintiffs argue that their motion for an interim injunction was supported by evidence and argument about the “common law presumption” that applies where the details of the Defendants' off-shore manufacturing process lies uniquely within their knowledge, to show a serious issue of patent infringement relating to the two process patents (the 239 Patent and the 292 Patent). The Plaintiffs note that the Defendants did not file any evidence to challenge the

material filed by the Plaintiffs to rebut the common law presumption in regard to the two process patents.

[8] The power of the Court to amend an order is an exception to the general rule that once an order is made, the judge is *functus officio*, which reflects the principle that the entire system of justice is predicated on the finality of judgments (*Chandler v Alberta Association of Architects*, [1989] 2 SCR 848). One of the strictly defined exceptions to this doctrine is the slip rule, reflected in Rule 397(2), which allows the Court to correct inadvertent slips or clerical errors (*Halford v Seed Hawk Inc*, 2004 FC 455). This is a narrow exception, which only allows for the correction of errors and oversights; it does not allow the Court to revisit any part of the substance of its decision or order (*Janssen Inc v Abbvie Corporation*, 2014 FCA 176 at para 36 [*Janssen*]).

[9] In this case, I agree with the Plaintiffs that there is no error or oversight in the Order, so the motion does not fall within the terms of Rule 397(2). However, the Defendants' motion will be granted because the situation falls within the scope of Rule 399(2)(a).

[10] The starting point is the Plaintiffs' motion seeking the interim injunction. By its very wording, the motion drew a distinction between the interim and interlocutory relief the Plaintiffs were seeking in relation to the 021 Patent, and the interlocutory relief they sought in relation to the three patents:

1. An interim and interlocutory injunction restraining the Defendants, their principals, officers, directors, employees, servants, agents and all those over whom they exercise control from directly or indirectly:

- (a) infringing or inducing infringement of Claims 1, 3 and 6-10 of Canadian Patent No. 2,346,021 (the '021 Patent), including by making, using, selling, offering for sale, importing, or distributing to customers for their use, the

Defendants' MPOWER HIMALAYA Herbicide, Registration No. 33370 (defined herein) ("HIMALAYA") until the expiry of the '021 Patent on September 21, 2019, or the hearing of this action on the merits, or until such time as this Honourable Court orders;

2. An interlocutory injunction restraining the Defendants, their officers, directors, servants, agents and all those over whom they exercise control from directly or indirectly:

- (a) infringing or inducing infringement of Canadian Patent No. 2,329,239 (the '239 Patent) or Canadian Patent No. 2,329,292 (the '292 Patent), including by making, using, selling, offering for sale, importing, or delivering to customers for their use, HIMALAYA or any other product containing the Defendants' NewAgco Flucarbazone Technical, Registration No. 33333 ("NewAgco Flucarbazone") until the expiry of the '239 Patent and '292 Patent on December 20, 2020, or the hearing of this action on the merits, or until such time as this Honourable Court orders;

[11] This is also reflected in the Plaintiffs' Statement of Claim at paragraph 1(d) – which seeks an “interim, interlocutory and permanent injunction” to restrain infringement of the 021 Patent, and paragraph 1(e) – which seeks an “interlocutory and permanent injunction” to restrain infringement of the two process patents. It was further confirmed in correspondence from counsel for the Plaintiffs with the Court in relation to the case management request, following the release of the interim injunction decision.

[12] At the hearing of the motion, both parties proceeded on the basis that the interim injunction was being sought only in relation to the 021 Patent. It was common ground that the 021 Patent would expire on September 21, 2019, while the two process patents would expire on December 20, 2020. The interim injunction was sought, on an urgent basis, in April 2019 because the Plaintiffs sought to prevent immediate harm to their interests for the growing season that was about to begin.

[13] The simple fact is that neither party raised the matter of whether the Order should extend beyond the expiry of the 021 Patent at the hearing, because everyone – including the Court – proceeded on the basis that the interlocutory injunction would be brought on for hearing quickly. Neither party requested that the Order be limited in this way, because the focus was on the immediate effect of the interim injunction, knowing that an interlocutory injunction proceeding was then underway.

[14] The Defendants' motion was filed with the Court shortly before the expiry of the 021 Patent, and as of this date that patent has expired. Another growing season is approaching, and the interlocutory injunction brought by the Plaintiffs has not yet been heard. The Plaintiffs contend that this is due to the Defendants' delay in producing samples for testing, but that is not, in and of itself, a reason to deny the requested amendment.

[15] I agree with the Defendants that failing to amend the Order to specify that it expires when the 021 Patent ends would be tantamount to granting the Plaintiffs extended patent rights beyond those contemplated in the *Patent Act*, RSC 1985, c P-4. I do not agree with the Plaintiffs that this would somehow reward the Defendants for their delay in the interlocutory injunction proceedings. At this stage, the Plaintiffs have rights relating to the two process patents, even though the 021 Patent has expired. They may have other rights or remedies relating to other patents or other commercial interests. What the Plaintiffs do not have, as a matter of law, is any right to seek to continue to enforce the 021 Patent in relation to events that occur after the expiry of that patent.

[16] I am persuaded that, in the very particular circumstances of this case, this motion falls within the type of change in circumstances contemplated by Rule 399(2)(a).

[17] As noted in *Janssen*, a party who is having difficulty in implementing an injunction can apply to the Court under this Rule to seek to vary the terms of the order. Such an application would have to be supported by “specific, particularized evidence of significant, unforeseen difficulty in following its terms” (*Janssen* at para 43) and “[o]nly concrete matters of such significance warranting a change to the terms of the injunction can qualify, and that threshold is quite high” (*Janssen* at para 42). Such an order will only be granted in the “clearest of cases” *Procter & Gamble Pharmaceuticals Canada Inc v Canada (Health)*, 2003 FC 911 at para 29 [*Procter & Gamble*].

[18] The framework for applying Rule 399(2)(a) was summarized by Justice Simon Fothergill in *Shen v Canada (Citizenship and Immigration)*, 2017 FC 115 [*Shen*]:

[14] Three conditions must be met before the Court may grant a motion under Rule 399(2)(a): the newly-discovered information must be a “matter” with the meaning of the Rule; the “matter” must not be one which was discoverable prior to the making of the order by the exercise of due diligence; and the “matter” must be something which would have a determining influence on the decision in question (*Ayangma v Canada*, 2003 FCA 382 at para 3 [*Ayangma*]; see also *Procter & Gamble* at para 18; *Evans v Canada (Citizenship and Immigration)*, 2014 FC 654 at para 19 [*Evans*]).

[15] Under Rule 399(2), “matter” is “a word of broad import”, and includes “an element of the relief sought as opposed to an argument raised before the court” (*Procter & Gamble* at para 19; *Haque v Canada (Citizenship and Immigration)*, [2000] FCJ No 1141 (TD) at para 5; see also *Evans* at para 20). The “matter” must be relevant to the facts giving rise to the original order (*Procter & Gamble* at para 19)

[19] As Fothergill J. noted at paragraph 17, in the final step the judge considering the final step is asked to enter the mind of the judge who heard the initial matter, and determine what they would have done if the new matter were before them (citing *Procter & Gamble* at para 29). As in

Shen, I am the judge who issued the previous judgment, and the test is therefore whether the new evidence would have a “determining influence” on that judgment. In simple terms, the question to be determined is: would I have added this term to the judgment, had the matter been raised with me?

[20] The Defendants argue that the motion falls within this Rule, because the expiry of the 021 Patent, and the fact that the interlocutory injunction has not yet been heard or determined, constitute “a matter that arose... subsequent to the making of the order.”

[21] I agree.

[22] Each case must be assessed with regard to its particular circumstances. In this case, an interim injunction was issued (a rare remedy in a patent infringement case, as discussed in the reasons for order), on the basis that the Plaintiffs had established a sufficient basis to merit such extraordinary relief, pending the determination of the interlocutory injunction. The entire focus of the pleadings and argument was on the urgency of the matter given the impending growing season, against the backdrop of the upcoming expiry of the 021 Patent and the Plaintiffs’ plans to introduce a new product into the market.

[23] By its very nature, an interim injunction is not intended to be the “final” relief in the matter in dispute between the parties. It is intended to govern the situation during an “interim” period, generally either for a fixed number of days or until a future event occurs – in this case the determination of the interlocutory injunction application.

[24] I disagree with the Applicants that the Defendants are barred by their failure to appeal the Order. I also find that the decision in *Canadian Tire Corporation v Pit Row Services Ltd* (1987),

13 FTR 145, [1987] FCJ No 865 (QL) (TD) has no application here because it involved an application for the reconsideration of a decision to deny the plaintiff an interlocutory injunction.

[25] Instead, I find that the facts of this case are more similar to the situation described in *Janssen*, where a party is seeking a variation of the terms of an injunction where “the ambiguities create the spectre of contempt proceedings arising from the breaches of the injunction, a most serious matter” (*Janssen* at paras 29 and 34).

[26] It was never contemplated that the interim injunction would out-last the expiry of the 021 Patent, and indeed, it is not at all clear that there is a legal basis to enjoin behaviour that may be in breach of an expired patent. That is an issue best left for another day. At this stage, it is sufficient to find that the expiry of the 021 Patent before the hearing and determination of the interlocutory injunction constitutes, in the circumstances of this case, a “matter” which would have had a determining influence on the decision in question – in the sense that it would have resulted in an amendment to the Order precisely on the terms now sought by the Defendants – and this matter goes to the relief granted rather than an argument raised before the Court or the substance of the decision itself.

[27] On the basis of this finding, the amendment requested by the Defendants is granted. This does not somehow reward the Defendants for any delay they may be responsible for in the interlocutory injunction proceeding. I note that this matter is now being case managed, and I further note that the Plaintiffs may have other remedies if they wish to seek to protect their rights under their still-valid process patents, or they may have other remedies available to them. What they do not have is any right to seek to prevent activity which they say infringes their now-expired 021 Patent.

II. The Motion on consent to allow the sharing of samples for testing

[28] The parties have brought a separate motion to address a practical concern which has arisen, namely the Defendants' legitimate concern that they may be in breach of the terms of the Order if they shares samples of their product with the Plaintiffs, or anyone designated by the Plaintiffs, for the purposes of allowing the Plaintiffs to conduct testing of this product. This was a matter never raised or contemplated by either party at the hearing, and I find that it also fits within the narrow scope of Rule 399(2)(a), particularly given that a failure to amend the Order as requested may have the perverse effect of delaying or preventing the hearing of the underlying matter, which would clearly be contrary to the interests of justice.

[29] For these reasons, and given the consent of the parties, the Order will be further amended to add the following paragraph:

Notwithstanding paragraphs 2 and 3 of this order, the Defendants are permitted to provide samples of the HIMALAYA flucarbazone sodium herbicide and samples of the NewAgco Flucarbazone Technical to counsel for the plaintiffs, or as counsel for the plaintiffs may direct, for testing purposes.

THIS COURT ORDERS that:

1. Paragraph 2 of the Order dated April 25, 2019 (confidential reasons and order), and dated May 7, 2019 (public reasons and order), is to be amended, so that it reads as follows:

The Defendants are hereby enjoined from any further sale, distribution, transfer or use in commerce of any form of the HIMALAYA flucarbazone sodium herbicide, pending final disposition of the interlocutory injunction or determination of the patent infringement action or expiry of the 021 Patent, which ever comes earlier;

2. The following paragraph is added to the Order:

Notwithstanding paragraphs 2 and 3 of this order, the Defendants are permitted to provide samples of the HIMALAYA flucarbazone sodium herbicide and samples of the NewAgco Flucarbazone Technical to counsel for the plaintiffs, or as counsel for the plaintiffs may direct, for testing purposes.

3. No costs are awarded on these motions.

“William F. Pentney”

Judge