Date: 20071031

Docket: T-1048-07

Citation: 2007 FC 1126

Toronto, Ontario, October 31, 2007

PRESENT: The Honourable Justice Johanne Gauthier

BETWEEN:

ELI LILLY CANADA INC., ELI LILLY AND COMPANY, ELI LILLY COMPANY LIMITED and ELI LILLY SA

Plaintiffs
(Defendants by Counterclaim)

and

NOVOPHARM LIMITED

Defendant
(Plaintiff by Counterclaim)

REASONS FOR ORDER AND ORDER

[1] Novopharm appeals the Order of Prothonotary Tabib dated September 25, 2007 granting the plaintiffs' motion for bifurcation of the issues of quantum from those of validity and infringement of the patent in suit pursuant to Rule 107 of the *Federal Courts Rules*, 1998, SOR/98-106. It is to be noted that Prothonotary Tabib is the Case Manager in this matter.

[2] All the principles applicable to this appeal are well known. As the matter before Prothonotary Tabib did not involve a question vital to the final issue of the case, the Court should not intervene on appeal unless her decision was clearly wrong, "in the sense that the exercise of discretion was based upon a wrong principle or a misapprehension of the facts" (Z*.I. Pompey Industrie v. ECU-Line N.V.* [2003], 1 S.C.R. 450 at para. 461), *Merck and Co. v. Apotex Inc*. [2003], 30 C.P.R (4th) 40 (FCA); [2003] F.C.J. No. 1925 at para. 19). The principles or conditions for the making of an order pursuant to Rule 107 are also well established (see for example *Apotex Inc. v. Bristol-Myers Squibb Co.* 2003 F.C.A. 263, (2003) 26 C.P.R. (4th) 129 at para. 7); *Illva Saronno S.p.A. v. Privilegiata Fabbrica Maraschino "Excelsior"* (T.D.), [1998] F.C.J. No. 1500; *Illva Saronno S.p.A. v. Privilegiata Fabbrica Maraschino,* [2000] F.C.J. No. 170 at para 8; *Merck & Co. et al. v. Brantford Chemicals Inc.* [2004] F.C.J. No. 1704, 35 C.P.R. (4th) 4, aff'd [2005] F.C.J. No. 837, 39 C.P.R (4th) 524 (F.C.A.); *Apotex Inc. v. Merck & Co.* [2004] F.C.J. No. 1372 at para. 3). It is trite law that the applicant bears the burden of convincing the Court on a balance of probabilities that in light of the evidence and all of the circumstances of the case (including the nature of the claims, the conduct of the litigation, the issues and remedies sought), bifurcation or severance is more likely than not to result in the just, expeditious and least expensive determination of the proceeding on its merits.

[3] That being said, having carefully considered all the arguments put forth by the parties on this appeal, the Court is not persuaded that Prothonotary Tabib made any error that warrants the Court's intervention.

[4] As mentioned at the hearing, given that time is of the essence here, the Court will not comment on each and every issue raised by Novopharm (such issues are summarised at paragraph 2 of the written representations). However, considering the importance given to the following issues at the hearing, it is worth noting specifically that the Court cannot agree with Novopharm that Prothonotary Tabib implicitly applied or assumed the existence of a presumption in favour of bifurcation in patent infringement cases, which had the effect of actually reversing the burden of proof so as to place it on the shoulders of Novopharm. There was evidence before Prothonotary Tabib dealing with bifurcation of quantum issues in cases involving patent infringement in the last fifteen years (such as the affidavits of Nancy Gallinger and of Alisha Meredith). Prothonotary Tabib expressly refers to *Apotex Inc. v. Bristol-Myers Squibb Co.* above; in that case, the Federal Court of Appeal agreed that "when an experienced specialist bar like the intellectual property bar commonly consents to the making of a bifurcation order, it is open to a judge to infer that, in general, such an order may well advance the just and expeditious resolution of claims".

[5] It is also absolutely clear from the decision that this was only one of many factors Prothonotary Tabib considered before making her order. Among many other things, she was satisfied based on the evidence before her, the pleadings, her knowledge of the history of the proceeding and the issues it involved, that not only would bifurcation likely have the advantage of speeding up the determination of the liability issues (which at this stage also involve novel questions of law particularly in respect of the section 8 counterclaim), but that bifurcation would also more likely than not avoid at least one side of the quantification exercise whatever the result of the trial on liability issues. (page 4 last sentence and page 6 and 7)

[6] Evidently, the Prothonotary was satisfied that she did not require more specific evidence in respect of the number of days of discoveries or an exact quantification of the time and expenses that would be saved in order to determine whether this would necessarily result in a saving of time and money for the Court and the parties.

[7] Novopharm says that this constitute an error of law as Prothonotary Tabib failed to heed the evidentiary requirements set out by the Federal Court of Appeal in *Realsearch Inc. v. Valon Kone Brunette*, 31 C.P.R. (4th) 101 (F.C.A.), [2004] 2 F.C.R. 514.

[8] Like Prothonotary Tabib, the Court does not believe that *Realsearch* establishes a new condition or standard for the making of an order under Rule 107. As any party who has a burden of proof to meet, the applicant seeking such an order must provide sufficient evidence to enable the Court to come to a conclusion on the matter before it. The fact that there was no evidence dealing with the specific saving of time and money that would result from the bifurcation in the case before the Court in *Realsearch* was worth noting and was particularly significant because the bifurcation sought in that case was in respect of a question of law (claims construction). Such request was an unusual and a somewhat novel use of bifurcation pursuant to Rule 107. In such a case, the Court could not rely on experience or on an inference based on a consistent practice in respect of the bifurcation of quantum issues in similar cases or on knowledge acquired while case managing the matter. The situation is quite different here.

[9] It is clear from her order that Prothonotary Tabib knew perfectly well that the applicant had to satisfy her on a balance of probabilities. She was fully aware of all the arguments raised by Novopharm in respect of the quality (or rather lack thereof) of the evidence before her. Still, she concluded on page 9 that on the whole, she was satisfied that she could reach a conclusion that severance is more likely than not to result in the just, expeditious and least expensive determination of the proceeding on its merits.

[10] In fact, even if Novopharm had convinced that the Court that it should exercise its discretion *de novo*, the Court would ultimately have reached the same conclusion as Prothonotary Tabib.

ORDER

THIS COURT ORDERS that:

The appeal is dismissed with costs.

"Johanne Gauthier"
Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-1048-07
STYLE OF CAUSE:	ELI LILLY CANADA INC. ET AL Plaintiffs and NOVOPHARM LIMITED Defendant
PLACE OF HEARING:	TORONTO, ONTARIO
DATE OF HEARING:	29-OCT-2007
REASONS FOR :	Gauthier, J.
DATED:	31-OCT-2007

APPEARANCES:

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