

Date: 20071220

Docket: T-1670-04

Citation: 2007 FC 1347

[ENGLISH TRANSLATION]

BETWEEN:

YVON DROLET

**Applicant /
Defendant by counterclaim**

and

**STIFTUNG GRALSBOTCHAFT
and
FOUNDATION OF THE GRAIL MOVEMENT – CANADA**

**Respondents /
Plaintiffs by counterclaim**

Motion by the respondents / plaintiffs by counterclaim:

1. Setting aside the decision by the prothonotary on December 5, 2007;
2. Authorizing Stiftung Gralsbotchaft and the Foundation of the Grail Movement – Canada to amend their defence and counterclaim in accordance with the draft in Appendix A (tab B of this motion record) by serving and filing an amended defence and counterclaim within two (2) days of a decision to intervene in this motion;
3. Granting the applicant leave to amend its response and counterclaim by serving and filing an amended response and counterclaim within fifteen (15) days of service of the amended defence and counterclaim;
4. Referring the matter to the prothonotary to amend the order on November 3, 2006 regarding the conduct of the proceedings to set a new deadline for the proceedings on April 14, 2008;

5. All with costs to the respondents and plaintiffs by counterclaim.

[Sections 51, 75, 76, 77 and 210 of the *Federal Courts Rules*]

REASONS FOR ORDER AND ORDER

PINARD J.

[1] This is a case in which, as a reviewing judge, I must conduct a *de novo* review of the issue in the motion by the respondents / plaintiffs by counterclaim to amend their defence and counterclaim to essentially include a new cause of action for copyright infringement against the applicant. As confirmed in the following excerpt from the Federal Court of Appeal decision in *Merck & Co., Inc. v. Apotex Inc.*, [2004] 2 F.C.J. 459, this type of amendment usually involves a question vital to the outcome of the case, which requires a *de novo* review of the prothonotary's decision:

[25] When is an amendment a routine one as opposed to a vital one? It would be imprudent to attempt any kind of formal categorization. It is much preferable to determine the point on a case-by-case basis (see *Trevor Nicholas Construction Co. v. Canada (Minister for Public Works)*, 2003 FCT 255 (CanLII); [2003] F.C.J. No. 357 (T.D.) (QL), per O'Keefe J. at paragraph 7, affd 2003 FCA 428 (CanLII); [2003] F.C.J. No. 1706 (C.A.) (QL)). I note that amendments that would advance additional claims or causes of action have consistently been found, in the Federal Court of Canada, to be vital for the purposes of the *Aqua-Gem* test (see *Scannar Industries Inc. (Receiver of) v. Canada*, [1994] 1 C.T.C. 215 (F.C.T.D.), Denault J., affd [1994] 2 C.T.C. 185 (F.C.A.); *Trevor Nicholas Construction Co.*, supra; *Louis Bull Band v. Canada*, 2003 FCT 732 (CanLII); [2003] F.C.J. No. 961 (T.D.) (QL), (Snider J.)).

[26] In the case at bar, counsel for Apotex has opined that since the proposed amendments do not raise a new defence but simply set out an alternative factual basis for an existing non-infringement defence, they are routine amendments. Counsel for the appellants, on the other hand, invite the Court to determine that the proposed

amendments were vital amendments as they are an attempt to withdraw an admission which would have had an important impact on the final issue of the case and to raise a new defence.

[27] The proposed amendments, in my view, represent a dramatic departure from the position until now advanced by Apotex in its pleadings. Its defence of non-infringement was essentially based on the fact that it had acquired lisinopril made prior to the issuance, on October 16, 1990, of the 350 patent and on the fact that it had acquired lisinopril made under a compulsory licence issued to its supplier, Delmar. Apotex' pleadings in these and other proceedings has always assumed that were it not for those facts, there would be infringement of the 350 patent. The construction of the patent and the chemical composition of lisinopril has never been an issue.

[28] The proposed amendments, clearly, would add a totally new defence to the statement of defence, a new defence that would go to the heart of the claim of the 350 patent and require expert evidence that could not have been contemplated by the appellants at the discovery stage in view of the admissions already made in the pleadings and in the proceedings. They are, in my view, vital to the final issue of the case. A *de novo* review of the decision of the Prothonotary was therefore warranted and the Applications Judge erred in finding that it was not. I must, therefore, exercise *de novo* the discretion the Applications Judge failed to exercise.

[2] The context relevant to the motion to amend is summarized well in the decision at issue by the case management prothonotary:

[Translation]

[4] The current debate between the parties for which a ten (10)-day proceeding must be held beginning on April 14, 2008, i.e. in less than a few months, involves a different cause of action from what the amended defence seeks to introduce.

[5] In effect, at this time, a planned publication of a new edition by the applicant leads to a confrontation between the parties regarding the validity and infringement of various trademarks registered and held by the respondent on the literal work from which the applicant's new edition is allegedly drawn. This dispute is therefore first and foremost one regarding trademarks. Any reference to the issue of

copyrights is limited to establishing that the copyrights to the original work are now in the public domain since 1991. Although the copyright element is present in this sense in the written arguments, it did not retain the attention of the parties, and particularly the respondents, until mid-October 2007, making it an *inter partes* attack for plagiarism.

[6] That is the case, however, in the amended defence, because the respondents' representative was apparently required by his counsel in mid-October 2007 to do a comparative analysis between the respondents' translation of the work and the applicant's translation in his edition.

[3] The applicant alleges that the respondents / plaintiffs by counterclaim were negligent and late filing their motion to amend. The applicant argues that allowing the defence to be amended, at this stage, would cause him serious prejudice, given the high risk it would create of delaying the scheduled proceedings.

[4] For his part, the prothonotary precisely noted that [Translation] "the combination of circumstances that led the respondents' representative to the comparative study that he says he conducted occurred at a very late stage". The prothonotary is also correct in concluding that "this shows certain negligence in the matter regarding the evaluation of the respondents' possible recourses, particularly as another element related to copyrights (the fact that the copyrights on the original work are in the public domain) was already reviewed by the respondents when they produced their defence".

[5] Finally, the prothonotary echoes the applicant's submissions that [translation] "the facts, the questions of law and the expert opinions that the amended defence would raise could not be reviewed and put in place in the short amount of time available before the proceedings, particularly

given the other stages or obligations that already arise from the order by this Court on November 3, 2006” and that the respondents / plaintiffs by counterclaim can still exercise their right to action for breach of copyright against the applicant in a separate proceeding.

[6] For my part, the applicant has not convinced me that simply postponing the proceedings to begin on April 14, 2008 would cause him prejudice that could not be compensated by costs. A possible postponement of a few weeks, or even a few months, would certainly cause him inconveniences, but that is not enough, according to applicable jurisprudence, to not grant the motion to amend. In *Visx Inc. c. Nidek Co.*, [1998] F.C.J. No. 1766, 234 N.R. 94, at para 1, Saxton J., writing for the Federal Court of Appeal, clearly set out the applicable law in this regard:

This appeal arises in the course of lengthy interlocutory proceedings in a patent action which was commenced more than four years ago. The appellant appeals from an order refusing the right to amend its statement of defence and counterclaim. It should be noted that the defendant has already amended its statement of defence on at least five different occasions. We believe that the appellant has had ample chance to present its pleading and we deplore the delay which has resulted. Nevertheless we must have regard to *Meyer v. Canada* (1986), 62 N.R. 70 (F.C.A.), at page 72, in which this Court approved the following statement from *Steward v. North Metropolitan Tramways Co.* (1886), 16 Q.B.D. 556:

The rule of conduct of the Court in such a case is that, however negligent or careless may have been the first omission, and however late the proposed amendment, the amendment should be allowed, if it can be made without injustice to the other side. There is no injustice if the other side can be compensated by costs; but, if the amendment will put them into such a position that they must be injured, it ought not to be made.

This case was quoted with approval by this Court in *Minister of National Revenue v. Canderel Ltd.*, (1993), 157 N.R. 380 (F.C.A.).
(Emphasis added.)

[7] In the case at hand, I am of the view, like the prothonotary, that the respondents / plaintiffs by counterclaim should have acted much sooner and that their negligence may well result in delays in the proceedings. However, as I have noted, the applicant has not convinced me that granting the motion would cause him prejudice that could not be compensated by awarding appropriate costs. In my view, imposing the following conditions seems to be an appropriate remedy:

- Allow the parties to proceed with additional examinations regarding the amendments that are permitted, with all costs associated with those additional examinations to be covered by the respondents / plaintiffs by counterclaim, regardless of the outcome of the case, payable when they are assessed;
- Order that all costs associated with the motion to amend before the prothonotary and those associated with this appeal of his decision be paid by the respondents / plaintiffs by counterclaim, regardless of the outcome of this case, payable when they are assessed.

[8] Under these conditions, a single proceeding over the medium term, to allow a single judge to consider the merits of the intellectual property dispute between the parties, seems to best serve the interests of justice than holding two separate proceedings, one in the shorter term to consider the trademark dispute, and the other in the longer term to consider the copyright dispute.

ORDER

[9] It is therefore ordered that:

1. The decision by the prothonotary on December 5, 2007 is set aside.
2. The respondents / plaintiffs by counterclaim are granted leave to amend their defence and counterclaim in accordance with the draft in Appendix A (tab B of their current motion record) by serving and filing an amended defence and counterclaim within two (2) days of their receipt of this decision;
3. The applicant is granted leave to amend his response and counterclaim by serving and filing an amended response amended counterclaim within fifteen (15) days of service of the amended defence and counterclaim;
4. The parties are permitted to proceed with additional examinations regarding the amendments authorized above, with all resulting costs to be covered by the respondents / plaintiffs by counterclaim, regardless of the outcome of the case, payable when they are assessed;
5. The matter is returned to the prothonotary to amend his order dated November 3, 2006 regarding the conduct of the proceedings to set a new deadline for the proceedings, if

possible, on the scheduled date of April 14, 2008 and, if not possible, at a later date as soon as possible.

6. The costs of the motion to amend before the prothonotary and those of this appeal are all awarded against the respondents / plaintiffs by counterclaim, regardless of the outcome of the case, payable when they are assessed.

“Yvon Pinard”

Judge

OTTAWA, Ontario
December 20, 2007

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1670-04

STYLE OF CAUSE: YVON DROLET v. STIFTUNG GRALSBOTCHAFT
and FOUNDATION OF THE GRAIL MOVEMENT –
CANADA

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**REASONS FOR ORDER
AND ORDER:** Pinard J.

DATED: December 20, 2007

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