Date: 20081107

Docket: T-1856-06

Citation: 2008 FC 1247

Ottawa, Ontario, November 7, 2008

PRESENT: The Honourable James K. Hugessen

BETWEEN:

RAYMOR INDUSTRIES INC. and INSTITUT NATIONAL DE LA RECHERCHE SCIENTIFIQUE

Plaintiffs

and

NATIONAL RESEARCH COUNCIL OF CANADA, BENOIT SIMARD, ORSON BOURNE, UNIVERSITÉ DE SHERBROOKE and GERVAIS SOUCY

Defendants

AND BETWEEN:

NATIONAL RESEARCH COUNCIL OF CANADA

Plaintiff by counterclaim

and

INSTITUT NATIONAL DE LA RECHERCE SCIENTIFIQUE

Defendant by counterclaim

REASONS FOR ORDER AND ORDER

[1] The present proceeding is an action for patent infringement of Canadian Patent No. 2,499,850 (Patent '850) entitled *"Method and Apparatus for Producing Single-Wall Carbon Nanotubes*" and was commenced by the plaintiffs (collectively Raymor) on October 24, 2006. The patent in suit was filed on May 9, 2003, was published on November 20, 2003, was issued on January 10, 2006 and claims a priority date of May 9, 2002.

[2] The plaintiffs allege that the defendants have infringed or threaten to infringe Patent '850. Specifically, it is said that in the course of their research activities and in commercializing their developed technology, National Research Council of Canada (NRC) in collaboration with Université de Sherbrooke (Sherbrooke) have commercially hindered Raymor's activities.

[3] The defendants have denied these allegations of infringement and allege that Patent '850 is invalid on the usual litany of grounds which is commonly found in patent infringement cases. Likewise, as is equally common in such matters, they have launched a counterclaim seeking the expungement of the patent on those same grounds.

[4] The case is specially managed by a prothonotary designated for that task by the Chief Justice. It is relatively far advanced in the pre-trial process.

[5] I now have before me five separate but related matters:

a. A motion by the plaintiffs seeking summary judgment dismissing the counterclaim of NRC (but not those of the other plaintiffs by counterclaim);

b. Four appeals by various parties from decisions of the case management prothonotary as follows:

   i. dismissing plaintiffs' request for discovery of persons other than the designated representative of NRC;

   ii. dismissing plaintiffs' request for a physical examination of certain apparatus allegedly used by NRC and allegedly infringing;

   iii. ordering Sherbrooke to produce, subject to enhanced confidentiality protection, certain documents in unredacted form;

   iv. dealing with a large number of refusals, objections and undertakings made or given by each of the parties during the course of examinations for discovery.

I. The motion for summary judgment brought by plaintiffs/defendants by counterclaim

[6] As indicated this motion seeks the dismissal of the counterclaim of NRC only on the wholly astonishing ground that NRC is not "interested" within the intendment of section 60 of the *Patent Act*. The motion is utterly without merit and should never have been brought. Plaintiffs properly concede that NRC can validly be sued in infringement (they could hardly do otherwise having themselves launched the action) and therefore may defend itself on the grounds of alleged invalidity in accordance with section 59. They say, however, that it cannot bring a counterclaim because it lacks the interest to do so and is not specially so authorized by its constituting statute. I disagree. Plaintiffs have themselves conferred the necessary "interest" upon NRC by naming it as defendant in their infringement action and the allegedly missing statutory authority flows from section 60.

[7] The motion will be dismissed. I do not find it necessary to deal with NRC's alternative argument that the motion raises issues of fact which would in any event require trial. I shall deal

with the question of costs later.

II. The appeals from the case management prothonotary generally

[8] All of the orders appealed from are discretionary. It is not necessary to dwell at length upon the standard of review applicable in such matters as this is well-tilled ground. (See *Merck & Co. v. Apotex Inc*. (2004), 30 C.P.R. (4th) 40 at 53 (F.C.A.); *Canada v. Aqua-Gem Investments Ltd.*, [1993] 2 F.C. 425 at 462-463 (F.C.A.)) Since none of the questions raised is of a nature to affect the final outcome of the case it is necessary for any attacking party to show that the prothonotary was clearly wrong due to having made either an error of law or having misunderstood the facts.

III. Plaintiffs' appeals of the Orders refusing discovery of non parties and physical examination of apparatus

[9] These two matters may conveniently be dealt with together. The prothonotary rightly considered that they must be governed by the terms of Rules 238 and 249 of the *Federal Courts Rules* respectively. He correctly found that plaintiffs had not fulfilled the conditions laid down in those rules and in the consistent case law of this Court to the effect that they are exceptions to the general rules regarding discovery and should be strictly construed. On appeal before me, plaintiffs have shifted their ground. They now say that the prothonotary should have dealt with their request to examine other persons as a request for the appointment of different corporate representatives pursuant to Rule 237(3). They also say that both requests should have been granted through the application of Rule 4 (the “gap” rule) and by reference to the relevant provisions of the Quebec *Code of Civil Procedure*.

[10] Quite apart from the impropriety and unacceptability of plaintiffs now arguing grounds on appeal which were not urged in first instance before the prothonotary, the motions are as ill-conceived on the new basis as they were on the old. There is no evidence and no rational argument that defendants' named representative on discovery was in any way inadequate, such evidence being a prerequisite to any successful application under Rule 237(3). Additionally, the "gap" rule can only find application when our own rules are silent on the matter, which is clearly not the case here.

IV. Sherbrooke's appeal of the Order requiring it to produce unredacted copies of certain documents

[11] The alleged error of law upon which Sherbrooke relies is the prothonotary's reading of the "temporary" amended Confidentiality Order made by Justice Gauthier herein April 18, 2008. That Order was made in the context of an appeal of an earlier Order of the case management prothonotary in which the latter refused to amend the existing Confidentiality Order to add a further category of "counsel's eyes only" documents. Justice Gauthier accepted such request but only on a temporary basis. Clearly, Justice Gauthier was fully cognizant of the fact that the underlying issue was Sherbrooke's contention that certain documents were both confidential and irrelevant and its refusal to reveal the allegedly confidential portions so as to allow plaintiffs to make submissions, and the Court to appreciate, whether or not they were material to any unadmitted issue of fact. In relevant part, that Order reads:

> AND UPON considering that it is in the best interest of justice that plaintiff's counsel be given an opportunity to assess the actual content of the documents or information listed in schedule "A" this order before a final decision is made in respect of this motion;
>
> […]

> 1. "The Defendants Université de Sherbrooke and Gervais Soucy (collectively "Sherbrooke et al.") shall deliver the documents identified in Schedule "A" hereof, which were originally identified as answers to undertakings or requests of undertakings in Exhibit "B" to the draft amended Confidentiality Order (attached as Appendix "A" to the Notice of Motion dated January 24, 2008 of Sherbrooke et al.), to Laurent Debrun of Kaufman Laramée LLP, counsel for Plaintiffs, by no later than May 2, 2008."

[12] My own reading of Justice Gauthier's Order is consonant with that of the case management prothonotary. Sherbrooke has failed to establish that there was any error of law. When Sherbrooke has complied with the Order and the documents in unredacted form can be seen both by plaintiff's counsel and the Court, the latter will be in a position to decide whether the claim that they are irrelevant can be decided on its merits, if any. In the meantime confidentiality will have been preserved and the impasse resolved.

V. The appeals relating to other parts of the prothonotary's Order

[13] It is perfectly apparent from the prothonotary's Order that he was fully conscious of the applicable rules and case law relating to discovery. He knew that relevance was the primary criterion but equally that limits must be set to discoveries that are too long and far-ranging, amounting to little more than "fishing expeditions". He was intimately familiar with the pleadings and with the background of the whole case before him. Where he maintained objections it was clear that he felt that the questioner had gone too far or had ventured onto terrain that was at best marginal. In particular, I do not read him as having judged patent agents' files to be protected by any privilege at law but simply that he had not been persuaded that the files in question were pertinent. There is nothing earth shaking about that and the details of the prosecution of a patent prior to its

issue are rarely relevant or admissible on the issue of its validity. I am not persuaded that I should interfere with the exercise of his discretion in this respect. It is likewise with other “errors” of law pleaded by counsel: questions tending to show commercial success or lack of it are as relevant to the case of one who impugns a patent on the ground of obviousness as to that of the patentee who defends it. All the other matters dealt with by the case management prothonotary were well within his discretion to appreciate from his peculiarly privileged position as manager of this litigation. I decline to intervene.

[14] All the motions will be dismissed.

VI. Costs

[15] On the appeals from the prothonotary, everyone has appealed and no one has succeeded. While plaintiffs' appeal was more far reaching and time consuming than the others I would not on this ground alone condemn them to any heavier award of costs. I will make no order either way.

[16] It is otherwise on the motion for summary judgment. Not only was it devoid of merit, but it is impossible to see what conceivable practical utility it could have had. Counsel admitted that he could not strike out the allegations of invalidity in the Statement of Defence, nor the counterclaims brought by the other defendants. The motion was quite useless and produces an unwelcome echo of those now long gone times when lawyers would bring motions to no useful purpose. The Court actively discourages this sort of purely the oretical exercise whose only consequence can be to run

up the cost of litigation. Plaintiffs will forthwith and in any event of the cause pay to NRC costs hereby fixed and assessed in the lump sum of $10, 000 inclusive of all disbursements and taxes.

ORDER

THIS COURT ORDERS that

1. All motions are dismissed.

2. Plaintiffs shall pay to defendant NRC costs in an amount of $10,000 forthwith and in any event of the cause.

3. No other Order as to costs.

"James K. Hugessen"
Deputy Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-1856-06
STYLE OF CAUSE:	RAYMOR INDUSTRIES INC. et al v. NATIONAL RESEARCH COUNCIL OF CANADA et al
PLACE OF HEARING:	Montreal, Quebec
DATE OF HEARING:	October 29, 2008
REASONS FOR ORDER:	HUGESSEN D.J.
DATED:	November 7, 2008

APPEARANCES:

Laurent Debrun	FOR THE PLAINTIFFS
Christopher C. Van Barr Michael Crichton	FOR THE DEFENDANTS (NATIONAL RESEARCH COUNCIL OF CANADA, BENOIT SIMARD AND ORSON BOURNE)
Jean-Sébastien Brière	
	FOR THE DEFENDANTS (UNIVERSITÉ DE SHERBROOKE AND GERVAIS SOUCY)

SOLICITORS OF RECORD:

Kauffman Laramée LLP Montreal, Quebec	FOR THE PLAINTIFFS

Gowling Lafleur Henderson LLP Ottawa, Ontario	FOR THE DEFENDANTS (NATIONAL RESEARCH COUNCIL OF CANADA, BENOIT SIMARD AND ORSON BOURNE)
Osler, Hoskin & Harcourt LLP Montreal, Quebec	FOR THE DEFENDANTS (UNIVERSITÉ DE SHERBROOKE AND GERVAIS SOUCY)