

Federal Court



Cour fédérale

Date: 20131112

Docket: T-1310-09

Citation: 2013 FC 1148

Toronto, Ontario, November 12, 2013

PRESENT: The Honourable Mr. Justice Hughes

BETWEEN:

**ABBVIE CORPORATION, ABBVIE
DEUTSCHLAND GMBH & CO. KG AND
ABBVIE BIOTECHNOLOGY LTD.**

**Plaintiffs
(Defendants by Counterclaim)**

and

JANSSEN INC.

**Defendant
(Plaintiff by Counterclaim)**

REASONS FOR ORDER AND ORDER

[1] The Defendant (Plaintiff by Counterclaim) Janssen Inc. has brought a motion to amend Schedule A to its Defence and Counterclaim so as to remove some and add other references to what is generally referred to in patent litigation as “prior art”. I have reviewed the material filed, including the Ethier affidavit sworn November 6, 2013, which I have admitted for the limited purpose of establishing dates, and I have heard submissions of Counsel by teleconference on Friday,

November 8, 2013. Since senior Counsel for each of the Plaintiffs and Defendant filed their own affidavits on this motion, Counsel from other firms argued the matter on behalf of the parties.

[2] At the end of the teleconference, I advised the parties as to my determination of the matter because I was hearing this matter in Vancouver on Friday, and the following Monday was a *dies non* for the Court. I indicated that I would not allow the amendment and that reasons would follow. These are those reasons.

[3] The importance of pleadings should not be overlooked. Pleadings serve to inform the other litigants in the case and the Court as to issues that a party will raise, and the facts upon which a party will rely in support of its position as to those issues and the relief sought. In this case the Court has put in place a Case Management process where a Prothonotary will guide the parties through the preliminary phases of a case, including amendments to pleadings, production of documents and oral examination for discovery. It is not unusual for pleadings to be amended during this phase of a case. At some point, the trial judge assigned to the case will become involved. The case should have assumed more or less its final shape by this time.

[4] In the present case, begun in 2009, the Plaintiffs, Abbvie, have alleged that the Defendant Janssen has infringed a Canadian Patent. Janssen has defended, denying infringement and counterclaiming that the patent ought to be declared invalid for a number of reasons. One of those reasons is obviousness, a pleading that is almost always raised when it is alleged that a patent is invalid. Generally speaking, a party alleging invalidity on the basis of obviousness must put the Court in the position of a “person skilled in the art” as of the relevant date, and present to the Court

the “prior art” that such a person would have been expected to know about or find as of that date. A series of questions are then considered by the Court, such as those articulated by Rothstein J in *Apotex Inc v Sanofi-Synthelabo Canada Inc*, [2008] 3 SCR 265 to arrive at a determination as to whether the invention as claimed was obvious or not.

[5] The “prior art” as pleaded is a critical part of the determination as to obviousness. It provides the shape of the landscape in which the person skilled in the art is operating. Sometimes the identity, date, and discoverability of that art may be at issue. These are matters to be explored on discovery. The meaning and importance of that art are matters to be considered by expert witnesses. The issues to be addressed by those experts are matters to be determined by Counsel.

[6] The purpose of Case Management by a Prothonotary, and subsequently, by the Trial Judge, includes the setting of the prior art landscape, against which the expert testimony is to be received and the issues addressed. At some point in the process leading up to trial, this landscape must be finalized.

[7] The timetable relevant to the consideration of this motion is as follows:

August 10, 2009	Statement of Claim filed
December 8, 2009	Statement of Defence and Counterclaim filed
May 4, 2010	Reply to Defence and Counterclaim filed
June 18, 2010	Action placed under Case Management

January 10, 2011	Trial date fixed for 35 days in Toronto, beginning 22 October, 2013
August 9, 2013	Amended Defence and Counterclaim filed on consent
September 29, 2012	Bifurcation Order deferring the issues as to damages, etc.
June 27, 2013	Fresh as Amended Statement of Claim filed
Mid June 2013	Solicitors for Defendant Janssen retain an expert, Dr. Sarfati. At this time, discoveries are largely complete
July 24, 2013	Janssen files a Fresh as Amended Defence and Counterclaim
July 25, 2013	Trial Management Conference with me, the Trial Judge assigned to the case. No issue as to any further amendment of the Defence and Counterclaim raised
End of July/early August 2013	Dr. Sarfati provides new prior art to Counsel for Janssen
September 16, 2013	Dr. Sarfati's Report, which references the new prior art sought to be added to the Defence and Counterclaim, served on the solicitors for the Plaintiff
September 26, 2013	Plaintiff's solicitors serve Janssen's solicitors

	with a Notice objecting to, among other things, the new prior art referred to in Dr. Sarfati's report
October 25, 2013	Solicitors for Janssen file a letter with the Court seeking a date to discuss when a formal motion to amend their pleadings can be heard
October 31, 2013	The Notice of Motion respecting the matters now under consideration is filed
November 5, 2013	Teleconference between the Court and Counsel fixing this motion to be heard November 7, 2013
November 7, 2013	This motion is heard
December 2, 2013	Date fixed for trial to begin

[8] As can be seen, Janssen's solicitors did not retain Dr. Sarfati until mid-June of this year. Dr. Sarfati supplied the new prior art to those solicitors in late July and early August of this year. No issue in respect of such prior art was raised with me at a management conference in late July. Janssen did not reveal this new prior art to the Plaintiffs' solicitors until mid-September, when Dr. Sarfati's Report was served. The Plaintiffs' solicitors objected to Dr. Sarfati's reference to this new art a few days later. It was not until a month later, about six weeks before the trial is scheduled to begin, that Janssen has moved to amend its pleadings.

[9] Senior Counsel for both parties have filed affidavits. Mr. Reddon, for the Plaintiffs, cites numerous reasons why his client would be prejudiced at this late date were the amendments to be

allowed. Without detailing all those reasons, they include the fact that the Plaintiffs' case would have to be reshaped, perhaps new experts would have to be retained, issues that were dropped may have to be reviewed, and so forth. Janssen replies that the Plaintiffs' experts can easily address the new art, and that an affidavit from Plaintiffs' Counsel is inappropriate. I disagree. The question is not simply whether an expert can address a particular piece of prior art. The question is much larger than that. By this time, a few weeks before trial, a party has shaped its case; it has selected the issues to be addressed, and the experts to address them. The amendments sought here are not trivial or merely formalistic; they go to the heart of one of the major invalidity issues raised by the Defendant; that of obviousness, in respect of which the prior art is critical.

[10] Both parties, in argument, have referred to the decision of the Chief Justice of the Tax Court, Bowman, in *Continental Bank Leasing Corp v R* (1993), 93 DTC 298 at page 302, as cited by the Federal Court of Appeal in *Merck & co v Apotex Inc*, 2003 FCA 488, per Decary JA, for the majority, at paragraph 30:

[...] I prefer to put the matter on a broader basis: whether it is more consonant with the interests of justice that the withdrawal or amendment be permitted or that it be denied. The tests mentioned in cases in other courts are of course helpful but other factors should also be emphasized, including the timeliness of the motion to amend or withdraw, the extent to which the proposed amendments would delay the expeditious trial of the matter, the extent to which a position taken originally by one party has led another party to follow a course of action in the litigation which it would be difficult or impossible to alter and whether the amendments sought will facilitate the court's consideration of the true substance of the dispute on its merits. No single factor predominates nor is its presence or absence necessarily determinative. All must be assigned their proper weight in the context of the particular case. Ultimately, it boils down to a consideration of simple fairness, common sense and the interest that the courts have that justice be done.

[11] On all the factors considered by Bowman, TCJ - timeliness, extent to which the amendments would delay a trial, the extent to which a position taken by the party seeking the amendment would require the other party to change its position - the Plaintiffs have, as I have set out above, satisfied me that no amendment should be made. The prior art is not an absolute truth; it is what one party or the other will urge the Court that a person skilled in the art would have known or found. It is not a simple truth; it is an assertion as to what might have been.

[12] Janssen argues that the trial can be put off a few weeks and the matter can be compensated in costs. That is not the way our Court system works. There are scarce judicial resources and many persons seeking trials, hearings, motions and other matters. If a trial is put off, it could be months or years before it can be heard.

[13] As to compensation in costs, given that the parties are at the eve of trial, I echo the words of Hugessen J in *Montana Band v R*, 2002 CarswellNat 1138 at paragraph 7:

7. The law is clear: amendments should be allowed unless they cause a prejudice which cannot be compensated by an award of costs. The present is a classic example of such non-compensable prejudice. Every amendment to pleadings will of course cause some delay but some delays are far more consequential than others. Where one is virtually on the eve of a lengthy major trial, whose date has been known and anticipated for many months, the preparation for which has been the subject of close and intensive cooperation between counsel and the Court extending over a period of years and where the issues are many and complex and the proceedings involve numerous parties, there is simply no way in which an order for costs could possibly provide adequate compensation for the loss of the trial date. Indeed, even the attempt to assess the costs that would have been thrown away by the anticipated delay this trial would be well-nigh impossible. And costs, even on the highest scale, can, as their name implies, only compensate for the moneys spent in

preparing for and conducting the trial; they cannot include the substantial damages that an ultimately successful party suffers by being denied what is due to it for a further period of months or years.

[14] The motion to amend the Defence and Counterclaim will be dismissed with costs to the Plaintiffs in any event of the cause.

[15] As to a further matter I note that no formal Order has been made amending the style of cause. That Order will be added to this Order.

ORDER

FOR THESE REASONS PROVIDED, THIS COURT ORDERS that:

1. The motion to amend Schedule A to the Defence and Counterclaim is dismissed;
2. The Plaintiffs are entitled to costs in any event of the cause.
3. The style of cause be and it is hereby amended to replace the name of the Applicants
ABBOTT LABORATORIES LIMITED, ABBOTT GMBH & CO., KG AND
ABBOTT BIOTECHNOLOGY LTD. with ABBVIE CORPORATION, ABBVIE
DEUTSCHLAND GMBH & CO. KG AND ABBVIE BIOTECHNOLOGY LTD.
4. The style of cause be and it is hereby amended to replace the name of the Defendant
JANSSEN-ORTHO INC. with JANSSEN INC.

“Roger T. Hughes”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1310-09

STYLE OF CAUSE: ABBVIE CORPORATION, ABBVIE DEUTSCHLAND
GMBH & CO. KG AND ABBVIE BIOTECHNOLOGY
LTD. v JANSSEN INC.

**MOTION HELD VIA TELECONFERENCE ON NOVEMBER 8, 2013 FROM
TORONTO, ONTARIO AND OTTAWA, ONTARIO**

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

DATED: NOVEMBER 12, 2013

ORAL AND WRITTEN REPRESENTATIONS BY:

David Aitken

FOR THE PLAINTIFFS
(DEFENDANTS BY COUNTERCLAIM)

Peter Wilcox

FOR THE DEFENDANT
(PLAINTIFF BY COUNTERCLAIM)

SOLICITORS OF RECORD:

Aitken Klee LLP
Barrister and Solicitor
Ottawa, Ontario
(On the Motion)

FOR THE PLAINTIFFS
(DEFENDANTS BY COUNTERCLAIM)

McCarthy Tetrault LLP
Barristers & Solicitors
Toronto, Ontario
(Solicitors of Record)

Belmore Neidrauer LLP
Barristers and Solicitors
Toronto, Ontario
(On the Motion)

FOR THE DEFENDANT
(PLAINTIFF BY COUNTERCLAIM)

Lenczner Slight
Barristers & Solicitors
Toronto, Ontario
(Solicitors of Record)