

Federal Court



Cour fédérale

**Date: 20141008**

**Docket: T-8-12**

**Citation: 2014 FC 950**

**Ottawa, Ontario, October 8, 2014**

**PRESENT: The Honourable Mr. Justice Barnes**

**BETWEEN:**

**GILEAD SCIENCES, INC. AND  
GILEAD SCIENCES CANADA, INC.**

**Applicants**

**and**

**THE MINISTER OF HEALTH AND  
TEVA CANADA LIMITED**

**Respondents**

**SUPPLEMENTARY JUDGMENT AND REASONS**

[1] These are my Supplementary Reasons with respect to the outstanding issue of costs arising from the previous disposition of this Notice of Compliance proceeding: see *Gilead Sciences, Inc v Canada (Minister of Health)*, 2013 FC 1270.

[2] This proceeding concerned the validity of two patents involving the drug tenofovir, useful in the treatment of HIV/AIDS – the 619 Patent and the 059 Patent.

[3] The only claim that was in issue in the 619 Patent was directed to tenofovir disoproxil, a pro-drug of tenofovir. The two claims in issue from the 059 Patent concerned the development of a salt form of tenofovir disoproxil, namely its fumarate salt form. In my previous decision, I upheld the disputed claim in the 619 Patent and rejected Teva Canada Limited's (Teva) assertion that it was invalid for obviousness. At that same time, I dismissed the Applicants' (collectively, Gilead) application concerning the 059 Patent, finding those claims to be obvious.

[4] Gilead has presented a Bill of Costs based on the top end of Colum IV of Tariff B, claiming for one senior and one junior counsel throughout and all reasonable disbursements. The asserted claim for costs is \$127,630.00 with disbursements of \$469,738.64. Notwithstanding Gilead's partial success in the proceeding, it seeks 100% of its costs and makes no initial allowance for the Court's finding that its 059 Patent was invalid. In the alternative, it says that its claim ought to be apportioned on the basis of the relative durations of the two prohibition Orders that were in play. Since Gilead obtained 85% of its maximum prohibition entitlement, it says it should recover 85% of its costs. That approach would support a recovery of \$108,485.50 for costs and \$398,556.53 for disbursements. These figures appear to exclude any recovery for disbursements associated with Dr. Myerson's involvement in support of the 059 Patent.

[5] Teva maintains that the proceeding was, for all practical purposes, two separate applications involving very distinct subject matter. In the result, it argues that there was truly divided success. This, it says, justifies either a set-off of costs or no award of costs.

[6] I have no difficulty in principle with an award of costs assessed at the high end of Column IV. I also agree that costs for the attendance of two counsel where two counsel were actually involved are appropriate throughout including their time spent in travel. I do not agree, however, with Gilead's claim to all or substantially all of its costs.

[7] This case is different than the circumstances in *Mylan Pharmaceuticals ULC v Bristol-Myers Squibb Canada Co., Merck Sharp & Dohme Corp., and the Minister of Health*, 2013 FC 48 aff'd 2013 FCA 231. In that case the outcome was similar but, for the patent that was struck, most of the disputed evidentiary points were resolved in favour of the patentee. It was only with respect to the burden of proof on the single issue of infringement that *Mylan* prevailed.

[8] In this case, most of the evidence and professional effort was directed at the validity of the 619 Patent and not the 059 Patent. This is a more compelling factor than Gilead's suggested apportionment based on the relative length of the two claims to relief. Having regard for the greater emphasis placed on the 619 Patent and in recognition of the divided success, I will reduce Gilead's claim to costs by a factor of approximately 50% and allow a recovery of \$65,000.00.

[9] I do not allow any of Gilead's disbursements that can be isolated to the 059 Patent, including those pertaining to the evidence of Dr. Myerson. This may also apply to the expenses associated with the attendances of Mr. Dales and Mr. Capogrosso unless they had some involvement with the 619 Patent.

[10] I am concerned with the amount claimed for Dr. Elion's involvement. Fees of \$81,957.58 appear to me to be high relative to his importance to the outcome. I would allow a recovery of Dr. Elion's fees equal to the hourly rate charged by Gilead's most senior counsel for the hours actually expended. This approach will apply to the fees charged by all of the experts.

[11] Travel costs for two trips to California to examine Gilead's fact witnesses are allowed.

[12] I will allow Teva a further offset for its reasonable disbursements incurred in the prosecution of its case in connection with the 059 Patent provided that the expenses were incurred to elicit evidence that was actually used in the case and specifically in connection with that patent. This would principally apply to the expenses incurred for the work and attendances of Dr. Sternson.

[13] To the extent that the parties disagree about particular disbursement claims, they will be subject to taxation.

[14] These awards do not include the amounts previously awarded in connection with any interlocutory matters. Those amounts will be payable in accordance with the terms of the applicable Orders.

**JUDGMENT**

**THIS COURT'S JUDGMENT is that** the Applicants shall have their costs of this proceeding in the amount of \$65,000.00. They are also entitled to recover their reasonable disbursements as determined by taxation in accordance with the directions provided in the above Reasons. Teva is entitled to a set-off for its reasonable disbursements incurred in the prosecution of its case concerning the 059 Patent.

**THIS COURT'S FURTHER JUDGMENT is that** any amounts previously awarded payable to the parties in connection with any interlocutory matters shall be payable in accordance with the terms of the applicable Orders.

"R.L. Barnes"

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Judge

**FEDERAL COURT**  
**SOLICITORS OF RECORD**

**DOCKET:** T-8-12

**STYLE OF CAUSE:** GILEAD SCIENCES, INC. ET AL v THE  
MINISTER OF HEALTH ET AL

**PLACE OF HEARING:** OTTAWA, ON

**DATE OF HEARING:** MOTION IN WRITING CONSIDERED AT  
OTTAWA, ONTARIO PURSUANT TO  
RULE 369 OF THE FEDERAL COURTS  
RULES

**SUPPLEMENTARY JUDGMENT AND  
REASONS:** BARNES J.

**DATED:** OCTOBER 8, 2014

**APPEARANCES:**

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