Federal Court of Appeal | Cour d'appel fédérale

Date: 20200225

Docket: A-405-19

Citation: 2020 FCA 55

CORAM: **DAWSON J.A.**
STRATAS J.A.
LASKIN J.A.

BETWEEN:

PFIZER CANADA ULC

Appellant

and

PHARMASCIENCE INC.

Respondent

Heard at Toronto, Ontario, on February 25, 2020.
Judgment delivered from the Bench at Toronto, Ontario, on February 25, 2020.

REASONS FOR JUDGMENT OF THE COURT BY: LASKIN J.A.

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REASONS FOR JUDGMENT OF THE COURT
(Delivered from the Bench at Toronto, Ontario, on February 25, 2020)

LASKIN J.A.

[1] Pharmascience Inc. is plaintiff in an action in the Federal Court against Pfizer Canada ULC under subsection 8(1) of the *Patented Medicines (Notice of Compliance) Regulations*, SOR/98-166. In the action, Pharmascience seeks damages from Pfizer for the sales that it lost when Pfizer's application for prohibition under the Regulations, which was ultimately

unsuccessful, kept Pharmascience out of the market for pregabalin, a pain medication marketed by Pfizer as LYRICA.

[2] In defence of the action, Pfizer pleaded among other things that Pharmascience was not entitled to damages for any sales of pregabalin that would have infringed another of Pfizer's patents. It invoked subsection 8(5) of the Regulations (under which the court make any order for relief by way of damages that the circumstances require), and the maxim *ex turpi causa non oritur actio* (from a dishonorable cause an action does not arise). It did not plead any "dishonourable cause" other than patent infringement.

[3] Assessing damages under the Regulations entails comparing what happened in the "real world," in which the generic manufacturer was kept out of the market, with what would have happened in the hypothetical or "but-for world," in which the generic manufacturer was free to enter. Here Pfizer did not, in the real world, bring an action against Pharmascience for patent infringement after Pharmascience began marketing a generic version of pregabalin. Pfizer also expressly confirmed, on discovery in the damages action, that it would not have sued Pharmascience for patent infringement in the but-for world.

[4] Pharmascience brought a motion for a summary trial on Pfizer's defences of patent infringement and *ex turpi causa*. The Federal Court granted the motion (2019 FC 1271, O'Reilly J.), and determined that these defences were not relevant to Pharmascience's claim for damages. In doing so, the Federal Court relied (at paragraphs 21 to 24) on the principle, which it drew

from the case law, that "the but-for world should reflect, to the extent possible, what happened in the real world."

[5] Pfizer now appeals from the Federal Court's order. It submits that the Federal Court erred in law in making this determination, and that Pharmacience's hypothetical infringement of Pfizer's patent in the but-for world must be taken into account in any award of damages.

[6] We do not accept this submission, substantially for the reasons given by the Federal Court. Indeed, in our view the Federal Court could and should have gone farther than it did, and treated as binding and dispositive the Supreme Court's decision in *Sanofi-Aventis v. Apotex Inc.*, 2015 SCC 20, [2015] 2 S.C.R. 136. In that case, the Supreme Court affirmed on the basis of this Court's majority reasons (which agreed with the dissent on the issue of relevance here) this Court's decision in *Apotex Inc. v. Sanofi-Aventis*, 2014 FCA 68, [2015] 2 F.C.R. 828. As the Federal Court aptly observed (at paragraph 21), the *Apotex v. Sanofi* case:

> stands for the proposition that the absence of obstacles to market entry in the real world should prevail in the but-for world; if a generic manufacturer could have made sales without objection from the patentee, those sales should be considered in the calculation of the generic's losses.

[7] In the face of this proposition, Pfizer's submission cannot prevail, based on the facts set out in paragraph 3 above. And in view of the Supreme Court's imprimatur, *Apotex v. Sanofi* binds not only the Federal Court but also this Court.

[8] We also do not accept that this Court's decision in *Apotex Inc. v. Eli Lilly and Company*, 2018 FCA 217, was overlooked by the Federal Court, or calls for a different disposition of this

appeal. Though the Federal Court did not refer to this case in its reasons, counsel agree that the parties addressed it in argument, and we cannot assume that it was not considered. In any event, this Court cautioned in that case (at paragraph 4) that its facts were "so unusual that it would be unwise to use them as a backdrop for stating general principles of law." There is, moreover, no indication in the reasons that the Court intended to question the authority of *Apotex v. Sanofi*, by which it was bound.

[9] Therefore, the appeal will be dismissed with costs.

"J.B. Laskin"

J.A.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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APPEARANCES:

Orestes Pasparakis David Yi William Chalmers	FOR THE APPELLANT
Marcus Klee Devin Doyle	FOR THE RESPONDENT

SOLICITORS OF RECORD:

Norton Rose Fulbright Canada LLP Toronto, Ontario	FOR THE APPELLANT
Aitkin Klee LLP Ottawa, Ontario	FOR THE RESPONDENT