

March 29, 2017

## ARTICLE

# Intellectual Property Weekly Abstracts Bulletin — Week of March 27

## Patent Decisions

2Motion to amend protective order for purposes of new litigation refused

*Novartis Pharmaceuticals Canada Inc. v. Mylan Pharmaceuticals ULC*, 2016 FC 1091

In this motion, Novartis sought to amend a protective order that was issued on consent in the context of an application proceeding. The amendment would allow Novartis to use samples it obtained from Mylan and the expert affidavits setting out the results and analysis of tests performed on those samples for the purposes of litigation taking place in Portugal. The Portuguese proceedings are between Novartis and a company related to Mylan and involve the same rivastigmine transdermal patches. The evidence showed that samples of Mylan's patch were produced in the Portuguese proceeding, but that under the applicable procedural rules, testing was conducted by an independent laboratory, according to a protocol designed by a jointly selected expert. Novartis, dissatisfied with the protocol that was adopted, has tried several times to have the joint expert authorize tests similar to those Novartis conducted in the Canadian *PM(NOC)* proceedings. Novartis' request has been refused every time. Thus, Novartis seeks an amendment in order to introduce the testing evidence from the Canadian *PM(NOC)* proceedings directly in the Portuguese proceeding, should the Portuguese panel permit that evidence be adduced in that proceeding.

Given that the production of the samples in the Canadian proceeding was entirely voluntary, the Court found that the appropriate test to apply in this motion was the strict test of *Smith, Kline and French Laboratories Ltd v Canada (Attorney General)* (1989) 24 CPR (3d) 484. The Court noted that its determination might have been different if the information at issue had been contained in documents that could have been compelled, however, the Court did not need to make that determination in this motion.

While the protective order provided that information could be used in any related proceedings, the Court noted that it was clear that the Portuguese litigation was not a proceeding related to the *PM(NOC)* application since:

- It is completely independent from the prohibition application;
- It proceeds independently;
- The determination of this application does not affect the Portuguese litigation and the determination of the Portuguese litigation does not affect this application;
- The two proceedings have no consequences on each other nor do they give rise to rights that may be recognized, enforced or contested through the other proceeding.

The Court also noted that at the time the protective order was negotiated between the parties, Novartis was aware of the existence of the Portuguese proceedings. The Court found that the potential relevance of the samples in the Portuguese proceeding was conceivable, and therefore, there was no change in circumstances that could justify a variation of the protective order. The Court dismissed the motion. The Court would have come to the same conclusion even if the *Smith, Kline and French* test was not applicable or displaced in favour of the test in *Juman v Doucette*, 2008 SCC 8, which requires careful weighting of the public interest asserted by the person seeking relief against the public interest in maintaining the confidentiality of the information.

NOC Application and Impeachment Action Consolidated

*Apotex Inc v. Shire LLC*, 2016 FC 1099

Drug: lisdexamfetamine dimesylate

Apotex served an NOA alleging non-infringement and invalidity. Shire filed an application for a prohibition order. Apotex then started an action to impeach the patent at issue, and for a declaration of non-infringement. Shire asks the Court to partially consolidate the proceedings. Apotex opposes the motion, and instead proposes that Shire discontinue the prohibition application, and allow the action to continue to its conclusion. Apotex also proposes that if its product becomes approvable, it would remain out of the market until a decision is rendered, on the basis of an undertaking from Shire for damages. Apotex concedes that the Court has no jurisdiction to impose its proposal without consent. On the motion, Apotex argued that both proceedings should proceed in parallel to separate hearings. At the hearing, Shire proposed that the proceedings proceed as in *Gleevec* (2013 FC 142).

The Court considered the merits of Shire's proposal as well as Apotex' arguments of prejudice. The Court held that if the two proceedings had a common evidentiary record, the Court could apply the correct burden of proof to both the application and the action, thus, Apotex would suffer no prejudice in this regard. The Court recognized that strategies and tactics may be different as between actions and applications, but held that Apotex did not explain how the loss of any of these elements would be prejudicial. The Court held that all of Apotex' substantive rights would be protected if Shire's proposal were to be adopted. Furthermore, there would be very significant savings of time and expense for the parties as well as a judicious use of the Court's resources. The Court noted that Apotex has full control over the timing of the two proceedings and held that Apotex cannot impose its own schedule on Shire and the Court while at the same time resisting reasonable and just means to make the most efficient use of scarce judicial resources.

Thus, the Court heard that the two proceedings be heard at the same time and by the same judge. Furthermore, the Court held that the issue of whether the allegations in the NOA are justified shall be decided on the basis of evidence led at the trial of the action. Furthermore, evidence regarding the assertion that the NOA is not a valid NOA shall be adduced at the trial of the action.

## Copyright Decisions

Appeal of decision granting an interlocutory injunction dismissed

*Wesley (Mtlfreetv.com) v. Bell Canada*, 2017 FCA 55

This was an appeal of the Federal Court's decision granting an interlocutory injunction to prevent the Appellants from among other things, advertising for sale, distributing and selling preloaded setup boxes that are adapted to provide users with unauthorized access to the Respondents' programs ([2016 FC 612](#)).

The Appellants focused their argument on the second prong of the tripartite test for an interlocutory injunction. The Appellants submitted that the Court had misconstrued the criterion for irreparable harm since there was no clear and non-speculative evidence on which the Court could conclude that the Respondents would lose actual or prospective clients as a result of the Appellants' activities. They also argued that there was no evidence that they were unlikely to have the financial resources required to compensate the respondents' losses should they succeed on the merits.

The Court of Appeal dismissed the appeal, finding that it was open to the Federal Court to conclude as it did.

## Trademarks Decisions

20 Opposition Board's decision refusing to register TASTE OF B.C. upheld on appeal

[Yeung v. Taste of Bc Fine Foods Ltd, 2017 FC 299](#)

The Federal Court dismissed an appeal of the Trademarks Opposition Board's ("Board's") refusal to register the mark TASTE OF B.C.

In the opposition decision, the Board found that it was reasonable in all circumstances for the Applicant to be satisfied of his entitlement to use the mark throughout Canada. The Respondent, Taste of BC Fine Foods Ltd, had entered into an agreement with the Applicant for a sale of assets, as well as a licence to use the mark TASTE OF BC and the store name for a period of six months. A second agreement was entered into by the parties, which allocated part of the purchase price for goodwill, but provided no definition of goodwill and no reference to a trademark licence. This was followed by a series of disputes between the parties. The Board's interpretation of the first agreement and its finding of ongoing disputes between the parties concerning the mark established that it was unreasonable for the Applicant to be satisfied of his entitlement to use the mark as of the filing date of the application. With respect to the issues of non-entitlement under paragraphs 16(3)(a) and (c) of the *Trade-marks Act*, the Board found that the Respondent had established the use of the TASTE OF BC trademark prior to the Applicant's filing date and that there was no abandonment as of the advertisement date. Given the near identical marks, the association of the goods with the Respondent's mark and the near identical channels of trade, the Board also concluded that the Applicant failed to show that there was no likelihood of confusion.

On appeal, the Court concluded that there was no new material evidence which justified reviewing this matter of trademark registration *de novo*. For the most part, the Applicant's "new evidence" was either given no weight, or failed to add anything material to the dispute. The Court also concluded that the Board's decision was reasonable.

On the issue of costs, the Court noted that the expense of this proceeding, and related proceedings, had long ago overshot the purchase price of the assets. The Court also pointed out that "[t]he Applicant has been dogged in his pursuit of this trade name, capitalizing on the gap created by the Respondent's failure to seek registered trademark protection". However, the Court refused to award costs on a solicitor-client basis, finding that the Respondent bore some of the responsibility for not protecting his trademark asset.

Expert reports excluded for failing to meet standard four part test from *Mohan*  
[Association of chartered Certified accountants v. The Canadian Institute of Chartered Accountants, 2016 FC 1076](#)

This recently reported motion considered the admissibility of expert reports, within the greater context of the Plaintiffs' argument that the Defendants are not "public authorities" as contemplated by subparagraph 9(1)(n)(iii) of the *Trade-marks Act*. The Defendants argued that the reports were inadmissible for two main reasons, namely that they were: (i) unnecessary; and (ii) subject to a rule of exclusion, as opinions on domestic law. The Court agreed with the Defendants that the reports failed to meet the standard four part-test from [R v Mohan](#), and ordered that the reports, and their authors, be excluded from the upcoming trial.

On the issue of necessity, the Court noted that the admission of expert opinion evidence is the exception, not the rule. In an effort to satisfy their onus to demonstrate necessity, the Plaintiffs claimed that the reports: (i) assisted the Court in understanding the operation of provincial statute; (ii) saved the Court's time and resources; and (iii) were accurate and complete. Contrary to the Plaintiffs' submissions, the Court found that the reports failed to meet *Mohan's* necessity criterion and were, for that reason alone, inadmissible.

The Court also concluded that the reports failed to meet the third criteria from the *Mohan* test, namely that they were subject to the exclusionary rule on domestic law evidence. The Federal Court of Appeal in [Ontario Association of Architects v Ontario Association of Architectural Technologists, 2002 FCA 218 \(Architects\)](#), set out a two part test for a "public authority" under subparagraph 9(1)(n)(iii), namely that the public authority (i) be subject to significant government control and (ii) benefit the public. The Court found that the reports went beyond factual or contextual considerations, and drew legal conclusions on whether the degree of government control met the threshold of "significant". The Court held that the reports were inadmissible as they ultimately provided a legal opinion of the test established in *Architects* case.

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