Intellectual Property Weekly Abstracts Bulletin — Week of February 20, 2017

February 22, 2017

Patent Decisions

Decision of Minister of Health Rejecting ANDS Upheld
Apotex Inc. v. Canada (Health), 2017 FC 127
Drug: progesterone

Apotex sought judicial review of a decision of the Minister of Health that had the effect of rejecting its Abbreviated New Drug Submission (ANDS) for progesterone capsules. Health Canada had issued a Notice of Non-compliance (NON) with respect to the ANDS. It then issued a NON-W. Apotex filed for reconsideration of the NON-W and asked that the matter be determined by an external panel. An internal panel was convened. The chair of the panel circulated notes for a decision to the panel members. The panel then held a meeting with representatives of Health Canada and Apotex. The panel issued a report rejecting the reconsideration and recommending that the NON-W be upheld.

Apotex made subsequent attempts to obtain a reconsideration. The Court held it was unreasonable in fact and an error of law for Apotex to think that a further reconsideration could be granted. It was unreasonable to confuse a polite negative response with a positive expectation of further reconsideration. However, the Court also held that Apotex was on the horns of a dilemma, as if a judicial review was filed, any reconsideration or hope thereof would end. Thus, the Court granted Apotex an extension of time to start the Judicial Review.

Apotex sought judicial review on grounds of procedural fairness. The Court held that the exercise engaged in by the panel was detailed, technical and based on expert knowledge. There is no hard and fast rule that an external panel is needed for a reconsideration. Furthermore, the Court held that it is one thing to make notes and sketch potential conclusions, as here, and another to arrive at a hearing with a draft decision ready to be signed.

In addition, the Court held that the panel was entitled to stay up to date on what was known in the art. Apotex could have done its own research with its consultants. Furthermore, Apotex did not request an extension of time to deal with what they now

say is new evidence. Procedural unfairness must be raised with the first instance forum. Thus, the Court held that there was no breach of natural justice or procedural unfairness. Furthermore, the decision was reasonable. Thus, the judicial review was dismissed.

Costs Award of $6.5 million for Plaintiffs' Costs Following Successful Infringement Action Upheld on Appeal
Nova Chemicals Corporation v. Dow Chemical Company, 2017 FCA 25

The Court of Appeal dismissed Nova's appeal from the Federal Court's decision awarding the Respondents $6.5 million for costs consequent to their success in an action for patent infringement (see 2016 FC 91). The lump sum award was comprised of $2.9 million for legal fees and $3.6 million for disbursements.

In the appeal, Nova asserted two errors. First, Nova submitted that costs awards should be guided by the standards established in Tariff B, and that any departures from the Tariff should be limited to exceptional cases. Second, Nova took issue with the sufficiency of evidence before the judge in respect of both the fees and disbursements claimed. After a review of the principles of lump sum awards and evidentiary considerations, the Court of Appeal concluded that the judge did not err in awarding costs in a lump sum, or in fixing them as a percentage of Dow's actual expenses; nor did the judge err in allowing the disbursement for testing without a supporting affidavit.

The Court of Appeal noted that, in the ordinary course, disbursements of this magnitude should be supported by affidavit evidence. However, given the unique circumstance of this case, the Court of Appeal found that the judge had a sufficient basis on which to conclude that the disbursement claimed by Dow for its testing was reasonable. For example, the circumstances of this case were such that the judge could gauge the reasonableness of the disbursement in a number of ways, including through a contested motion which considered the question of testing, how and when it was to be done, the measures necessary to protect intellectual property interests, the operational aspects including supervision, costs and disclosure of results.

Dismissed Motion for Interlocutory Injunction
The Regents of University of California v. I-Med Pharma Inc., 2016 FC 606

The Federal Court has published its Order and Reasons in 2016 FC 606, dismissing TearLab's motion for an interlocutory injunction to prevent the sale of the i-Pen by I-MED Pharma, pending the determination at trial of TearLab's patent infringement claim.

In our Newsletter from the week of January 16, 2017, we summarized the Federal Court of Appeal's decision dismissing TearLab's appeal of this decision (see 2017 FCA 8, our summary here).

Trademarks Decisions

Court Dismisses Appeal of Decision Refusing the Trademark EDWARDS & Design
Schwan's IP, LLC v. Sobeys West Inc., 2017 FC 38

The Court dismissed Schwan's appeal of the Trademarks Opposition Board's decision, which refused its application for the trademark EDWARDS & Design. The Registrar had allowed Sobeys' opposition on the issues of confusion and distinctiveness and had refused the Application to register the Mark.

On appeal, the Court considered the newly filed evidence consisting of eight affidavits. The Court concluded that the new evidence did not materially affect the Registrar's decision. With respect to the reasonableness of the decision, the Court found that the Registrar's decision was reasonable, and in particular, her focus on the resemblance between the marks and conclusions about distinctiveness were reasonable. The Court noted that it was open to the Registrar to afford relatively more weight to the degree of resemblance, as the caselaw makes it clear that the factors in the confusion analysis need not be given equal weight.

Industry News

Health Canada has released a Consultation on the Draft Guidance Document: Administrative Processing of Drug Submissions and Applications Involving Human or Disinfectant Drugs. The website indicates that the consultation is open for a 60-day comment period starting February 17, 2017 until April 18, 2017.

By

Chantal Saunders, Beverley Moore, Adrian J. Howard, Jillian Brenner

Expertise

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BLG Offices

Calgary
Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa
World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver
1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

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