Court of Appeal finds abuse of process for second notice of allegation

January 15, 2024

The Federal Court of Appeal (the FCA) allowed an appeal by Janssen in respect to its motion for summary judgment. The summary judgment motion was based on an argument that it was, *inter alia*, an abuse of process for Apotex to send a notice of allegation (NOA) alleging invalidity of a patent listed on the Patent Register pursuant to the *NOC Regulations* after it had been unsuccessful in respect of non-infringement allegations for the same patent made in a separate NOA (the Prior Action). The Federal Court (the FC) had dismissed the motion for summary judgment, finding that the *NOC Regulations* permit multiple NOAs where one NOA alleges non-infringement and a second one alleges invalidity.

The FCA noted that the doctrine of abuse of process is flexible, without the specific requirements that must be met in respect of other doctrines such as issue estoppel. In particular, the doctrine of abuse of process has been relied upon to prevent re-litigation where issue estoppel requirements were not met.

The FCA also noted the significant amendments made to the *NOC Regulations* in 2017, including the objective to avoid two sets of litigation, namely applications pursuant to the *NOC Regulations* followed by traditional infringement/impeachment actions. In light of these amendments, the FCA opined that the FC should have considered whether a defendant would be able to defend a patent infringement action on the basis of non-infringement and after losing that defence, be allowed to commence a separate impeachment action concerning the same patent. The FCA indicated that such a subsequent action would typically constitute an abuse of process and the same reasoning should apply in respect of separate actions brought pursuant to *the NOC Regulations*.

The FCA rejected Apotex's arguments for why sequential NOAs raising different allegations should be permitted. The FCA also reiterated the flexibility of the abuse of process doctrine by refusing to accept Apotex's argument that there could not be an abuse of process given that the appeal of the Prior Action remains pending. The requirement of finality applies only to issue estoppel. The FCA held that, although requiring all allegations to be raised in the NOA may result in a more complicated proceeding, this would meet the objective of the amendments in 2017 to address all issues in a single action.

The FCA agreed with the parties that the motion should not be remitted to the FC for reconsideration. Accordingly, the FCA considered and decided the motion. The FCA concluded that Apotex's defences are “sufficiently unfair that they are contrary to the interests of justice". Apotex should have raised allegations of invalidity in the Prior Action. The FCA dismissed Apotex's arguments that because the Statement of Claim did not seek a declaration of abuse of process, the motion was ill-founded, finding that the motion was procedural and not substantive. The FCA concluded that the wording of injunctive relief sought by Janssen was appropriate, contrary to Apotex's arguments that it was overbroad.

In conclusion, the FCA allowed the appeal, set aside the FC's judgment on the motion for summary judgment and declared that Apotex's defences are an abuse of process. The FCA granted the relief sought by Janssen, namely the declarations, injunction and costs. Costs of the appeal are to be paid by Apotex.

By

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