

IP USERS COMMITTEE - MINUTES OF TORONTO MEETING
Thursday, October 30, 2008

Attendance: Chief Justice Lutfy, Justice, Hughes (Chair), Justice Michael Phelan, Justice Barnes, Justice Snider, Prothonotary Tabib, Prothonotary Milczynski, Alexandra Steele, Christopher Van Barr, François Guay, John Cotter, Richard Naiberg, A. Furlanetto, Ms. McCarthy, Mr. Baumberg, Ms. Calamo

Regrets: Justice O'Reilly, Justice Harrington, Justice Zinn, Prothonotary Aalto, Peter Wilcox

1. Update from the bar on case management

- There was consensus by the Bar that most IP cases should be case managed
- The Bar expressed some difficulty in obtaining prompt availability from prothonotaries and suggested a solution was to add another one or two
- The Bar believes that different prothonotaries are dealing with similar issues differently – more consistency is required
- The Bar expressed concern that in case management, contested matters were dealt with by an Order without a proper documentary record – making appeal difficult
- The Bar believes that a practice direction, even if it restates what the Rules already provide, would be a useful reminder and focus particularly with those not well accustomed to the processes available

2. Reaction from the bar on shorter time-frames for getting to trial.

- most cases brought to trial in 2 years – most decisions rendered in less than 4 months
- the Court is much faster rendering decision than in past
- there are about a dozen cases in progress at present
- experience of patent / trade-mark infringement: they are not at trial within 2 years
- more plaintiffs / defendants are together asking for case management from day 1
- the Court is very receptive, and open to aiming for trial in 18 – 24 months
- however, the Court is not receiving very many requests for case management for patent infringement actions
- Question from Bar: can parties begin requesting case management in Montreal tomorrow for all cases?
- Chief Justice: yes
- Question re circulation to wider Bar: many members of the Bar are not aware of the Court's practice (how to get early case management / early trial dates)
- Perhaps a practice direction would be useful (Q: *Would this overburden the Court?*)
- The Bar made reference to a discussion within IPIC regarding older cases – the perception was that once you try to get older dates moving, it was difficult to get early trial dates
- Chief Justice: earlier this year, the Court offered 2-week trial dates within six months – at present, the Court would schedule a 2-week trial in Fall 2009 – some slight delay due to exceptional demand on Court resources arising this Fall – these resources will again be available relatively soon
- for a 4-week trial, we can offer dates at the end of 2009
- regarding requests for trial dates, Ms. Calamo (Judicial Administrator) noted that some lawyers have indicated that they are not available till 2011

Action: Justice Hughes will prepare a draft practice direction regarding availability of case management *on request*, for review by this committee – this should likely focus on IP actions where the hearing duration is more than a week.

3. The issuance of Practice Directions for any changes in practice.

- **Re Summary judgment rules**
 - there is a Rules sub-committee meeting next week to prepare recommendations to the Rules Committee for the Gazette early in 2009
- **Re Prothonotaries**
 - general view: resources are limited – more prothonotaries are needed
 - the Chief Justice agrees with proposal – there is a case for a 7th and possibly 8th prothonotary in near future – most prothonotaries have very full workload
 - it would be useful to have support from Bar and anecdotal evidence of delays due to Court
 - On this issue, any correspondence from the Bar in support of this proposal should be addressed directly to the Court

4. In NOC proceedings, judges calling a witness from each side to give oral testimony.

5. In NOC proceedings, joinder of proceedings or parties in one proceeding.

- There was an on-going mixed discussion that touched on both issues
- Re Joinder of proceedings / parties: not much interest from generics
- there is frustration dealing with issues twice – not likely to change
- Possible solution – adopt US style proceeding and turn NOC regulations into patent proceeding – there would be advantages for both brand name / generics
- this was discussed in Toronto group – “*why aren’t these trials?*”
- the Chief Justice cited one file where the generic tried to avoid duplication and went after validity up-front – see T-811-08 (2008 FC 840 – at par. 10 - 11):

[11] Novopharm further argues that one of the significant benefits to granting the order which meets the second part of the test is that it is proceeding by way of a patent infringement action as opposed to a *PM(NOC)* proceeding. Under the Regulations, Novopharm would be required to serve a Notice of Allegation on the Defendant and thereafter a Notice of Application would likely be commenced to prohibit the Minister of Health from issuing a Notice of Compliance to Novopharm for the “X” Product. The Regulations require that a decision be rendered within 24 months of the filing of the Notice of Application.

- The party here is trying to reach an NOC result without using NOC procedure
- Attempt to get final determination re validity of patent without NOC proceeding – this would be definitive result between parties (if valid) or for all parties (if patent struck down)
- In the U.S., there is the ‘Orange Book’ proceeding – all generics are joined in a regular action by legislation – this result may not be feasible via case management / rules
- There are numerous cross-examinations out of court – if done in court, the NOC’s would be as long as trials
- Often there are one or two issues that are dispositive (e.g., obviousness), where experts disagree – could these experts not be put on trial *after cross-examination*, with questions from judge (and other questions by counsel, on leave), on this key issue(s)?

- Various judges noted that this is good idea in principle, but would it work?
 - Judges often find it frustrating not to have experts available to resolve disputes arising from expert reports, but if we bring in experts, we may open door to more challenges and may start a full trial
 - It useful to see witnesses
 - important to get to real issues – often there are numerous issues ‘on the table’ – need pre-trial process to force parties to find consensus where possible and identify real points in dispute
- it was noted that video depositions are available now in rules – useful, though but do not allow for cross-examination – this is very significant issue
 - No news whether IPIC litigation committee is reviewing this
- Reference to Prothonotary Aalto’s decision regarding reverse order of questioning – this is an option, not a requirement – used on a case by case approach
- Comments from Bar? *No response*
- Prothonotary Tabib has signed many orders on consent re reversal of the order of questioning – this is a useful tool
- members of Bar are consenting on some of these issues, leading to more expeditious resolution of the case
- Richard Naiberg agreed that reversal does make sense in some cases, not in others – there are Court precedents, so in some cases parties simply don’t fight if there is no point
- In reversal situations, the notices of applications must be more detailed
 - the generic must know case to meet
 - the practice varies re content of notice – should be discussed early on in proceedings – there is a need for greater particularity in notice
- Prothonotary Tabib noted that where both parties are willing, it is possible to get to trial in 2 years
 - with cooperation, fewer court resources are needed for case management
 - however, this is difficult to achieve if one party vigorously fights the case, requiring frequent intervention by Court

6. Discovery, greater use of interrogatories, notice to admit and notice of question areas before examination.

- It was noted that the Rules are there, but the practice is not as aggressive
- Question: *Is a practice direction useful, as ‘reminder’?*
- What we want to avoid is discovery in 3 rounds – on the first round, it is not clear if there are the right witnesses, and often there are excessive undertakings, etc.
- U.S. practice uses advance notice of documents requests, issues to be addressed, required witnesses – this would greatly facilitate matters
- Issue re objections
 - some felt that the U.S. model would be better (e.g., limit objections to question of privilege / confidentiality, others remain under reserve)
 - however, there was some concern with the proposal to answer all questions, even if under reserve – there is a different model in US – it might lead to onerous undertakings here in Canada
- examples of existing practice with prothonotaries for pre-oral examination items
 - send request for documents before examination

- pre-first-round written interrogatories – some dispute, as some counsel want to preserve strategic advantage of oral questions – however, many non-controversial issues could be addressed in writing
- informal exchange in advance results in fewer issues after the first round
- problem with discovery – it would be useful to map out standard questions via written interrogatory, which would help to focus issues
- it is not possible to fix oral discovery with piecemeal production
 - the U.S. has wide-scale documentary discovery with wide relevance test
 - this is needed to simplify oral discovery
- can't use 'without prejudice' as solution to objectionable questions
 - discoveries would be much longer if parties are allowed to continue with questions that are not relevant / proper
 - would be useful to have prothonotaries available on short-notice
- American college of trial lawyers survey: pre-trial process is much too long, with parties pushing back on their counsel to shorten
- One alternate approach would be aggressive cost awards by court
 - the awards are so out of line with real cost of bringing a motion, they do not represent a real sanction to bringing a bad motion
 - in Ontario, costs are much higher, and more closely represent the actual cost
 - If costs awarded 'on the cause', this is too late – should be payable forthwith
 - In Ontario, there have been cases where the 'cost' of the motion has been discussed in advance (ex., the motion is worth X dollars), which allows the judge to adjudicate costs along with the determination on the merits
- there are some constraints though in the Rules:

Rule 401(2) Where the Court is satisfied that a motion should not have been brought or opposed, the Court shall order that the costs of the motion be payable forthwith.
- Chief Justice provided some closing comments:
 - Through the work of this forum and of colleagues, 6 – 7 pilot patent infringement actions have proceeded within strict time-frame
 - Funding from CAS is required for 'prothonotary #7' as soon as possible
 - There is a need to review old inventory – cases that might not get to trial or are longer trials (2 – 3 months) should be reviewed – will there likely be a collision between old inventory / new inventory?
 - Development of practice direction, likely to all the Bar, on the following:
 - i. Court is promoting early case management
 - ii. Effort by Court to bring actions to trial in approximately 2 years (exact time-frame to be confirmed) this would require counsel to work with the Court, fixing time limits on discovery, and answering questions under reserve – "parties must make compromises"
 - iii. Counsel to provide advance notice regarding questions to be pursued

7. Next Meeting (discussion of time and place)

- There was agreement that these meetings are very useful
- Proposed date: February 26 at 2 p.m. in Montreal