Federal Court  Cour fédérale

Date: 20150918

Docket: T-1599-13

Citation: 2015 FC 1092

Ottawa, Ontario, September 18, 2015

PRESENT: The Honourable Mr. Justice LeBlanc

BETWEEN:

ELI LILLY CANADA INC.

Applicant

and

APOTEX INC. and THE MINISTER OF HEALTH

Respondents

and

ICOS CORPORATION

Respondent Patentee

ORDER AND REASONS

[1] Apotex is challenging an Order of Prothonotary Tabib dated May 7, 2015, pursuant to section 51 of the *Federal Courts Rules*, SOR-98/106 [the Rules], which allowed costs on a motion for a Protective and Confidentially Order to Eli Lilly Canada Inc. [Lilly] in the fixed amount of $3,000.00 payable forthwith and in any event of the cause.

I. Background

[2] This appeal stems from proceedings brought by Lilly under section 6(1) of the *Patented Medicines (Notice of Compliance) Regulations*, SOR-93/133 for an Order prohibiting the Minister of Health from issuing a notice of compliance to Apotex in relation to a product called *Apo-tadalafil*. In the context of these proceedings, which were case-managed by Prothonotary Tabib, Lilly brought a motion for an Order to provide for the protection and maintenance of confidentiality of certain documents, information and transcripts to be produced by the parties during the course of these proceedings. This motion was not contested by Apotex and Lilly did not seek costs in its Notice of Motion or written representations.

[3] On February 5, 2014, Prothonotary Tabib issued a Protective Order but ruled that it was premature for the Court to rule on the part of Lilly's motion seeking a Confidentiality Order since she felt that the motion materials, at the time, did not allow the parties to credibly speak to, and the Court to assess, the balance between the beneficial effect of a proposed Confidentiality Order and the public interest in open and accessible court proceedings. She therefore reserved that part of the motion to be determined in accordance with a Direction issued the same day.

[4] According to the Direction issued that day, each party (i) was permitted to file one complete copy of its application record, which was to be treated as confidential until the Court ruled on the motion for a Confidentiality Order as it related to the record at issue; and (ii) was directed to submit to the Court a document showing clearly the specific pages, paragraphs or parts thereof which, according to them, should be removed or redacted from the public version of

the record being filed, together with such additional submissions as are necessary to supplement the motion record currently before the Court.

[5] Prothonotary Tabib expanded on the rationale behind this *modus operandi* when she wrote, at page 2 of her Direction:

> It is also the Court's unfortunate experience that where parties are left free to designate as confidential any document that they believe contain confidential information, they tend to err on the side of protecting their own private interests with scant regard for the principles of open and accessible court proceedings. In contrast, where the parties are required to identify, from the application records already constituted, the specific pages or paragraphs that deserve protection and to justify to the Court the need for protection in view of the public interest in open court proceedings, parties tend to be more focussed in their designation, and the Court is certainly better able to weigh the parties' confidentiality concerns against the need for publicity.

[6] On April 17, 2015, Prothonotary Tabib, after having reviewed the redactions proposed by Apotex as per her February 5, 2014 Direction, expressed concerns that those redactions were, "on their face and in many instances, clearly excessive and unfounded". She therefore directed Apotex to revise and resubmit its' proposed redactions by April 24, 2015. On April 24, 2015, Apotex submitted revised proposals for redactions.

[7] On May 7, 2015, Prothonotary Tabib ruled on the part of Lilly's motion seeking a Confidentiality Order. While she accepted all of Lilly's proposed redactions as being "sufficiently limited in scope for this stage of the proceedings," she found that Apotex's revised proposed redactions "continue to cover far more than is necessary to protect the confidentiality

of the only information that merits protection," noting that Apotex had "consistently sought to redact entire paragraphs where only a few words should have been redacted."

[8] Commenting on Apotex's attitude towards the Court's concerns, she wrote:

> Apotex's dismissive attitude to the Court's concerns has meant that the Court has had to verify every single proposed redaction. It has been an extremely time consuming task, not helped by the fact that both Apotex and Lilly have, for reasons unknown to the Court, felt it appropriate to reproduce each affidavit or memoranda in its entirety, even where only a few pages contained proposed redactions. This has meant chasing proposed redactions page by page through massive records. It would have been easier if only those pages where redactions were proposed had been submitted, and of course, far, far easier if Apotex had taken a more reasonable approach to proposed redactions.

[9] Prothonotary Tabib accepted some of Apotex's proposed redactions and, as indicated above, she awarded costs to Lilly in the amount of $3,000.00 payable forthwith and in any event of the cause.

[10] Apotex claims that Prothonotary Tabib's decision to award costs of the motion for a protective and confidentiality order to Lilly, was based on an error of law or on a wrongful exercise of discretion in that: (i) no costs were sought by Lilly; (ii) no compensable costs were in any event incurred by Lilly; and (iii) costs may not be used as a penalty.

[11] In a letter dated June 26, 2015, counsel for Lilly informed the Court that it did not intend to participate in the hearing of Apotex's appeal of Prothonotary Tabib's Order as to costs and claimed, as a result, that costs should not be awarded against it in respect of the appeal.

II. Analysis

[12] As is well established, discretionary orders of Prothonotaries ought to be disturbed by a motions judge only when they are clearly wrong in the sense that the exercise of discretion by the Prothonotary was based upon a wrong principle or upon a misapprehension of the facts (*R v Aqua-Gem Investments Ltd*. [1993] 2 FC 425, 61 FTR 44; *Z.I. Pompey Industrie v ECU-Line N.V.*, [2003] 2003 SCC 27, 1 SCR 450; *Merck & Co. Inc. v Apotex Inc.*, 2003 FCA 488, 246 FTR 319).

[13] Rule 400 of the Rules provides the Court with "full discretionary power over the amount and allocation of costs and the determination of by whom they are to be paid." In other words, costs are at the complete discretion of the Court.

[14] However, despite this broad discretion over costs, it would appear that the Court may not award costs when costs are not requested. This is what transpires, in my view, from a fairly recent decision of the Federal Court of Appeal in *Exeter v Canada (Attorney General)*, 2013 FCA 134 [*Exeter***]**, where the Court set aside the motions judge's order as to costs since costs had not been requested by the successful party. In particular, the Federal Court of Appeal rejected the view that the absence of a request for costs did not preclude a judge on an interlocutory motion from awarding "costs in the cause". It found that awarding costs when none are requested would amount to a breach of the duty of fairness. It further found that this principle was not limited to final costs but was equally applicable to an award of costs in the cause.

[15] The relevant portions of that decision read as follows:

> [11] As counsel for the Attorney General conceded at the hearing of this appeal, there is no evidence in the record before this Court that he requested costs in either motion in the Federal Court. The question, therefore, is whether the Attorney General is correct to say that the absence of a request for costs does not preclude a judge on an interlocutory motion from awarding costs in the cause.
>
> [12] The general principle is that a court may not award costs when costs were not requested: see, for example, *Balogun v. Canada*, 2005 FCA 350. To award costs in these circumstances would be a breach of the duty of fairness because it would subject the party against whom they are awarded to a liability when the party had had no notice or an opportunity to respond: see, for example, *Nova Scotia (Minister of Community Services) v. Elliott (Guardian ad litem of)* (1995), 141 N.S.R. (2d) 346 (N.S.S.C.) at para. 5.
>
> [13] In my view, this principle is not limited to final costs, but is equally applicable to an award of costs in the cause. Such an award imposes a financial liability, albeit one that is contingent on the outcome of the underlying proceeding.
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> …
>
> [17] In the absence of any evidence in the record that the Attorney General requested any costs, the Judge in the present case should not have awarded them, despite the broad discretion over costs now conferred by rule 400 of the *Federal Courts Rules*. The contingent liability imposed by the Judge's costs in the cause Order is sufficient to attract the duty of procedural fairness. Consequently, it was a breach of that duty for the Judge to award costs in the cause, because Ms Exeter, a self-represented litigant, had not had adequate notice that she might be required to pay costs, or an opportunity to respond.

[16] According to the record before me, Lilly did not seek costs in its Notice of Motion for a Protective and Confidentiality Order or in its written representations. In other words, it did not request any costs.

[17] In these circumstances, I am bound by the Federal Court of Appeal's decision in *Exeter*, above, and therefore feel compelled to conclude that although a costs award in the circumstances described by Prothonotary Tabib would otherwise have been a wholly appropriate exercise of discretion, costs should not have been awarded in the present case as they were not requested. For this reason, and for this reason alone, I find that the impugned costs order was based upon a wrong principle and cannot be allowed to stand.

[18] The appeal is granted. As Lilly did not oppose Apotex's appeal, there will be no costs on the appeal.

JUDGMENT

THIS COURT'S JUDGMENT is that:

1. The appeal is granted;
2. The Order dated May 7, 2015, to the extent costs are awarded to Eli Lilly Canada Inc., is set aside;
3. No costs.

"René LeBlanc"

Judge

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET:	T-1599-13
STYLE OF CAUSE:	ELI LILLY CANADA INC. v APOTEX INC. AND THE MINISTER OF HEALTH AND ICOS CORPORATION
PLACE OF HEARING:	TORONTO, ONTARIO
DATE OF HEARING:	JUNE 30, 2015
ORDER AND REASONS:	LEBLANC J.
DATED:	SEPTEMBER 18, 2015

APPEARANCES:

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