

Federal Court



Cour fédérale

Date: 20211222

Docket: T-952-20

Citation: 2021 FC 1462

Ottawa, Ontario, December 22, 2021

PRESENT: The Honourable Mr. Justice Southcott

BETWEEN:

GOOGLE LLC

Plaintiff

and

SONOS, INC

Defendant

ORDER AND REASONS

I. Overview

[1] The Defendant in this action for infringement of a Canadian patent has brought a motion for summary judgment on the basis that the same parties voluntarily dismissed a United States [US] proceeding on a counterpart US patent. The Defendant argues that this dismissal represents an adjudication, factual findings, and/or admissions that prevent the Plaintiff from bringing this action in Canada.

[2] As explained in greater detail below, this motion is dismissed, because the Defendant has not established that the Plaintiff made any factual admissions in the US proceeding, or that the voluntary dismissal in that proceeding represents an adjudication of a cause of action or factual issue that would invoke *res judicata* or like principles, so as to eliminate any genuine issue for trial in the present action.

II. **Background**

[3] The Plaintiff, Google LLC [Google], is a Delaware company, which owns Canadian Patent 2,545,150 [150 Patent], published on June 9, 2005 and issued on February 21, 2012. The 150 Patent covers a method and apparatus for reconfiguring noise suppression and echo cancellation based on noise conditions. Google's application for the 150 Patent claimed priority from US Application No. 10/718,157, which resulted in issuance to Google of US patent US7,065,206 [206 Patent] on June 20, 2006. The 150 Patent and the 206 Patent have identical titles, detailed descriptions and figures, and the 11 claims in the 150 Patent are identical to 11 of the 20 claims in the 206 Patent.

[4] The Defendant, Sonos Inc. [Sonos], is also Delaware corporation, which develops and manufactures multi-room audio devices that allow users to control speakers from anywhere in their house. In both Canada and the US, Sonos sells identical products with the same functionality, source code, and packaging.

[5] On August 21, 2020, Google filed the present action against Sonos, claiming infringement of the 150 Patent [Federal Court Action]. Google identifies a number of specific

Sonos products which it alleges infringe the 150 Patent, including: the Sonos One (Gen 1) voice-controlled smart speaker, the Sonos One (Gen 2) voice-controlled smart speaker, the Sonos Arc smart soundbar, the Sonos Move wireless smart speaker, and the Sonos Beam smart soundbar [Sonos Products]. In its Statement of Claim, Google alleges that Sonos has infringed each of the 150 Patent's 11 claims by importing, manufacturing, distributing, promoting, advertising, using, exporting, offering for sale and selling Sonos Products in Canada.

[6] On August 26, 2020, Google also filed an action against Sonos in the United States District Court for the Northern District of California [the US Court] for infringement of the 206 Patent and four other patents [US Action].

[7] In both the Federal Court Action and the US Action, Sonos denies infringement, including asserting the absence in the Sonos Products of what it says is an essential element in all claims shared by the 150 Patent and the 206 Patent, described by Sonos in its written submissions as an "adaptive determination of an order of noise suppression and echo cancellation".

[8] In relation to the US Action, on April 1, 2021, Sonos' counsel sent a letter to Google's counsel, expressing positions on claim construction, denying infringement, and asserting in particular that the Sonos Products do not infringe the 206 Patent because they do not "adaptively determine an order of noise suppression and echo cancellation".

[9] On April 16, 2021, Google’s counsel responded, explaining that Google disagreed with Sonos’ construction of the claims and assertions of non-infringement. This correspondence noted that, during the course of the US litigation, Google had been provided access to the source code of the Sonos Products. Based thereon, Google’s counsel asserted that the Sonos Products had a built-in capability to infringe the 206 Patent. However, Google expressed willingness to consider withdrawing its claims for infringement of the 206 Patent if Sonos was willing to make certain representations in a binding stipulation.

[10] Sonos’ counsel replied on May 6, 2021. This letter reiterated Sonos’ disagreement that Google had any viable infringement theory for the 206 Patent, but it also provided affirmations requested by Google and expressed that the information provided therein should be sufficient for Google to dismiss with prejudice its action under the 206 Patent [the Affirmation Letter].

[11] On June 2, 2021, the parties jointly moved to dismiss the US Action. As a result, the US Court issued a document dated June 3, 2021, entitled “Stipulation of Dismissal of ‘206 Infringement Claim” [the Stipulation]. The Stipulation states *inter alia* that, based on the affirmations set out in the Affirmation Letter (which was attached, under seal, to the Stipulation), Google agreed to dismiss with prejudice its claims of infringement of the 206 Patent “with respect to the present designs of the Sonos One, Beam, Arc, Move and Roam devices”, and Sonos agreed to dismiss without prejudice its defences related to the 206 Patent. The Stipulation is signed by counsel for both parties and concludes with the language, “Pursuant to stipulation, it is so ordered,” signed by a United States District Judge.

[12] The parties have exchanged productions in the Federal Court Action but have not yet conducted examinations for discovery. The Court has set the action down for trial beginning on June 13, 2022. However, following the issuance of the Stipulation that resolved the US Action, on September 22, 2021, Sonos filed the motion now before the Court, seeking summary judgment in the Federal Court Action. This motion seeks an order granting summary judgment against Google and dismissing the action on three grounds, all based on the effect of the Stipulation and the correspondence leading thereto: (a) that there is no infringement by Sonos; (b) that the action is barred by principles of *res judicata*, and/or (3) that the action is an abuse of process.

III. Issues

[13] The issues raised by Sonos in this motion, in each case based on the Stipulation, including the correspondence incorporated therein or leading thereto and admissions or conclusions to be drawn therefrom, are:

- A. Whether the Court should grant summary judgment against Google and dismiss the action on the basis that there is no genuine issue for trial on infringement;
- B. Whether the Court should grant summary judgment against Google and dismiss the action based on *res judicata*; and

C. Whether the Court should grant summary judgment against Google and dismiss the action based on abuse of process.

IV. **Analysis**

A. *General Principles Applicable to a Motion for Summary Judgment*

[14] Under Rule 215(1) of the *Federal Courts Rules*, SOR/98-106, the Court shall grant a motion for summary judgment if satisfied that there is no genuine issue for trial with respect to a claim or defence.

[15] As explained in *Garford Pty Ltd v Dywidag Systems International, Canada, Ltd*, 2010 FC 996 [*Garford*], affirmed 2012 FCA 48, the question for the Court when considering a motion for summary judgment is not whether a party cannot possibly succeed at trial, but rather whether the case is so doubtful that it does not deserve consideration by the trier of fact at a future trial (at para 2).

[16] While both parties to a motion for summary judgment are expected to “put their best foot forward,” the moving party has the legal onus to establish all the facts necessary to obtain a summary judgment. The party responding to the motion does not have to prove all the facts of the case. Rather, its burden is to set out specific facts and adduce evidence showing that there is a genuine issue for trial (see *Garford* at para 6). The requirement that a responding party put its best foot forward precludes a respondent from claiming that other evidence that may be adduced

at trial will contradict evidence adduced on the motion (see *Harley-Davidson Motor Company Group, LLC v Manoukian*, 2013 FC 193 at para 31).

[17] The parties to the present motion agree on these general principles.

B. *Whether the Court should grant summary judgment against Google and dismiss the action on the basis that there is no genuine issue for trial on infringement*

(1) The Principal Question in Dispute - Interpretation of the Stipulation and Representations

[18] As captured in the articulation of the issues earlier in these Reasons, Sonos' position, that there is no genuine issue for trial on infringement of the 150 Patent, is based on the Stipulation issued in the US Action, including the correspondence incorporated therein or leading thereto and Sonos' arguments as to admissions and conclusions that can be drawn therefrom [together defined by Sonos as the Stipulation and Representations, a definition I adopt for purposes of these Reasons].

[19] Sonos' principal argument is that the Stipulation and Representations embody certain factual admissions by Google, made in the context of the US Action, from which it cannot resile in the Federal Court Action. Sonos submits that, in the context of the similarities between the 206 Patent and the 150 Patent and other factual similarities underlying the US and Canadian litigation, the effect of the factual admissions resulting from the Stipulation and Representations is that Google's allegations of infringement of the 150 Patent raise no genuine issue for trial in

the Federal Court Action. As expressed succinctly by Sonos in its Memorandum of Fact and Law in support of this motion:

68. Google agreed to dismiss its action on infringement of the same claims word-for-word, with prejudice. Where the same parties agree, based on factual considerations that there is no infringement in the U.S. for the same claims, the same products, and the same source code as in Canada, the claim for infringement is so doubtful that it does not deserve consideration by the trier of fact at a future trial.

[Sonos' emphasis]

[20] Google denies that the Stipulation and Representations embody factual admissions as argued by Sonos.

[21] The parties also raise other arguments in support of their respective positions on this motion. For instance, Sonos asserts that the Stipulation and Representations not only embody factual admissions but also represent findings of fact by the US Court, a position that Google rejects. Google also asserts that, even if factual admissions or findings were made, Sonos' motion must still fail as a matter of law, because adjudication of Google's claims in the Federal Court Action necessarily involves issues of Canadian law that were not addressed in the US Action. I will address these arguments later in these Reasons. However, most fundamentally, the outcome of this motion turns on the interpretation of the Stipulation and Representations and whether they represent factual admissions by Google as Sonos contends.

(2) Role of Expert Evidence

[22] The parties disagree on how the Court should approach the use of expert evidence. Each of the parties filed a sworn report of a US lawyer, providing expert evidence as to means by which a US action can be dismissed on a voluntary basis and the effect of such a dismissal. Neither party takes issue with the qualifications of the other's expert. Based on the information in and attached to their respective reports, I find both experts (Ms. Annette L. Hurst for Sonos and Mr. Paul J. Molino for Google) qualified to express the opinions set out therein. Indeed, as will be identified later in these Reasons, there appears to be little, if any, disagreement between the experts on the pure issues of law upon which they opine.

[23] However, the report of Google's expert, Mr. Molino goes further than opining on pure issues of law and also expresses opinions on what I would consider to be issues of mixed fact and law, as to the effect of the Stipulation and Representations under consideration in this case. Sonos takes the position that Mr. Molino has thereby reached beyond the appropriate role for an expert witness, providing evidence that is either irrelevant or a clear attempt to usurp the role of the Court by providing an argumentative legal opinion on the very issue the Court is required to adjudicate. Sonos therefore asks that certain paragraphs of Mr. Molino's report be struck.

[24] Sonos explains that it filed Ms. Hurst's report in order to provide the Court with an understanding of the nature of a voluntary dismissal with prejudice in a US action, as context for the analysis the Court is required to undertake in interpreting the Stipulation and Representations. However, Sonos takes the position that expert opinion evidence on the facts of this case and the required analysis as to the effects of the Stipulation and Representations is neither helpful nor appropriate. Rather, Sonos submits that the Court can and should base its

interpretation on the Court's own reading of the documentation forming part of the Stipulation and Representations.

[25] In support of its position on limitations applicable to the admissibility of expert evidence, Sonos relies on *Boily v Canada*, 2017 FC 1021 [*Boily*], which explained that legal expert evidence that applies the relevant law to the facts of the case, thus providing legal conclusions, is inadmissible, as it is the Court which must decide issues of law (at paras 33-34).

[26] *Boily* relied upon the then-recent decision of the Federal Court of Appeal in *Board of Internal Economy v Canada (Attorney General)*, 2017 FCA 43 [*Board of Internal Economy*], which explained that the admissibility of expert opinion evidence is premised on the requirement for recourse to special knowledge lying outside the expertise and experience of the Court (at para 17). In cautioning against the risk that an expert be permitted to usurp the function of courts as triers of fact, *Board of Internal Economy* observed as follows (at para 18):

18.

This is precisely why questions of domestic law (as opposed to foreign law) are not matters upon which the court will receive opinion evidence. Such matters clearly fall within the purview of the court's expertise and opinion evidence on these issues would usurp the court's role as expert in matters of law ...

[27] However, as referenced in the above paragraph from *Board of Internal Economy*, the prohibition on the receipt of expert evidence on questions of law relates to domestic Canadian law, not foreign law. It is well-established that questions of foreign law are treated as questions

of fact and, as such, require proof through expert evidence (see, e.g., *International Air Transport Association v Canada (Transportation Agency)*, 2020 FCA 172 at para 14).

[28] To the extent it is Sonos' position that the admissibility of expert evidence on foreign law does not extend to an expert's opinion on the application of that law to relevant facts (where the circumstances dictate that it is foreign law that applies to those facts), I find no jurisprudential or logical support for that contention. In the case at hand, Sonos' summary judgment motion is based on the Stipulation and Representations. The Stipulation is a document filed in and issued by a US court, and an understanding of its interpretation and effect is therefore outside the expertise and experience of this Court. Therefore, to the extent Mr. Molino's evidence extends beyond generic opinions as to how voluntary dismissals operate under US law, and assists the Court in understanding the effect of the Stipulation in particular, I consider the evidence admissible. Indeed, it would be difficult for the Court to arrive at an informed interpretation of the Stipulation without the benefit of such evidence.

[29] I have considered Sonos' argument that the series of letters between the parties' US counsel, which led to the Stipulation, are amenable to interpretation without the benefit of an opinion from a US lawyer. In advancing this argument, Sonos notes that Mr. Molino's analysis of those letters relies on their text without any explicit application of principles of US law. I do not disagree with Sonos' characterization of this portion of Mr. Molino's evidence. However, as the letters were written at least in part in contemplation of a resolution of the US action, and the Affirmation Letter is expressly incorporated in the Stipulation, the Court still benefits from this

aspect of Mr. Molino's evidence, even if just to rule out the possibility of the letters' context giving rise to an interpretation under US law of which the Court would not otherwise be aware.

[30] That said, I am of course not bound to accept Mr. Molino's evidence on this or any question on which he has opined. In relation to questions of foreign law, or questions of mixed fact and law where the applicable law is foreign, my role is to decide such questions as matters of fact, with the benefit of the available expert evidence to the extent I consider it helpful. I will undertake that exercise later in these Reasons.

[31] I have also considered Sonos' argument that there are portions of Mr. Molino's evidence that are irrelevant because, while they speak to questions of US law, the answers to those particular questions are not relevant to the issues now before the Court. For instance, Mr. Molino's report refers to US jurisprudence to the effect that patent litigation in a US court is not precluded by the effect of related Canadian litigation. I agree that such aspects of Mr. Molino's evidence are less directly relevant to the analysis this Court is required to undertake. However, this evidence still surrounds the larger subject of how the US legal system approaches issues of *res judicata* that arise in the context of multi-jurisdictional litigation.

[32] Similarly, Mr. Molino's provides evidence on the effect of the Stipulation if there were to be further US proceedings. While this is not the particular litigation dynamic that the Court is now considering, this evidence can still inform an understanding the sort of legal consequences that would potentially have been anticipated by the parties when seeking the issuance of the

Stipulation. I therefore cannot conclude that the evidence is irrelevant to the effect of the Stipulation in the context of the issues now raised in this motion.

[33] As will be apparent from the particular extent to which my below analysis of the substantive issues in this motion employs the expert evidence, that analysis relies on only certain aspects of the expert evidence presented by the parties. However, I find no basis to strike any components of Mr. Molino's report as wholly irrelevant.

(3) Sonos' Argument that Google Made Factual Admissions that Eliminate any Genuine Issue for Trial in the Federal Court Action

[34] In support of its position that the Stipulation and Representations should be interpreted as reflecting certain factual admissions by Google, Sonos' submissions on this motion devoted considerable attention to the content of the correspondence that preceded issuance of the Stipulation. In broad strokes, Sonos submits that this correspondence focused upon the facts relevant to what Sonos characterizes as an essential element of all claims of the 150 Patent, i.e. an adaptive ordering of noise suppression and echo cancellation.

[35] In its April 1, 2021 letter, Sonos' counsel explains its position that certain facts derived from its technical documentation and source code demonstrate that this element is not present in the Sonos Products. In its April 16, 2021 response, Google's counsel takes issue with these assertions, including advancing Google's own factual assertions and raising concerns about deficiencies in the evidence that had been made available to Google at that stage in the US Action. Sonos' submissions in this motion emphasize that Google's letter culminates with

Google expressing willingness to consider withdrawing its claims for infringement of the 206 Patent if Sonos was willing to make certain representations in a binding stipulation. Those representations relate to the areas of factual dispute raised earlier in Google's letter.

[36] The final piece in the sequence of correspondence is the Affirmation Letter, in which Sonos provides representations related to the areas of factual dispute sought by Google. The parties then signed the Stipulation, attaching the Affirmation Letter and requesting that the US Court dismiss the claims and defences related to infringement of the 206 Patent. The Stipulation reflects that the US Court so ordered on June 3, 2021.

[37] Sonos submits that, based on the facts set out in the Affirmation Letter, the essential claim element related to adaptive ordering of noise suppression and echo cancellation is absent from the Sonos Products and their source code. Sonos argues that the Stipulation and Representations demonstrate that Google has admitted to these facts and that Google cannot now disavow those admissions. Given that Google agreed to dismiss the US Action based on those factual admissions, and given that the Federal Court Action involves patent claims identical to certain of those in the 206 patent and identical allegedly infringing products, Sonos argues there is no genuine issue for trial in the Federal Court Action.

(4) Analysis of the Evidence

[38] In order to assess the merits of Google's argument, I turn first to the expert evidence. As previously noted, both parties' experts provided explanations of means by which a US proceeding can be voluntarily dismissed. As observed by Ms. Hurst, one such means is a

voluntary dismissal with prejudice, which she explains means that the claim has been resolved on the merits and cannot be brought again. Ms. Hurst also explains that, being a final judgment on the merits, a voluntary dismissal with prejudice invokes the principle of “claim preclusion”. This term appears to represent a species of *res judicata*, applicable under US law, which I will address later in these Reasons under the second issue raised by Sonos.

[39] While Ms. Hurst does not expressly characterize the Stipulation as an example of a voluntary dismissal with prejudice, the language of the Stipulation suggests that it falls within this category of dismissal as described by Ms. Hurst, and I do not understand Sonos to be arguing otherwise. Mr. Molino expressly describes the Stipulation as a voluntary dismissal with prejudice of the US Action. Mr. Molino also explains that the Stipulation has the effect of terminating the US Action in respect of the 206 Patent and that it may give rise to claim preclusion in respect of further US proceedings involving infringement of the 206 Patent. Again, I will address the subject of claim preclusion later in these Reasons.

[40] As for the question whether the Stipulation and Representations amount to an admission by Google of the facts represented by Sonos in the Affirmation Letter, there is no evidence available from Ms. Hurst, as it appears she was not asked to offer an opinion specific to the Stipulation or the correspondence giving rise thereto. The only expert evidence on this question is that of Mr. Molino. In a section of his report entitled “The Stipulation is not a court determination of any issues of patent construction or patent infringement in respect of US 206”, he canvases that correspondence (referenced as Exhibits G-I to an affidavit of one of Sonos’ factual witnesses) and concludes with the following paragraph:

29. Exhibits G-I appear to contain party correspondence regarding US 206 and the U.S. proceeding and do not reference any determination by the court regarding infringement or claim construction with respect to US 206, nor does either party concede to the position of the other on these questions.

[My emphasis]

[41] Sonos argues that the emphasized language in the above paragraph from Mr. Molino's report does not assist Google, as it does not refer to the particular admissions upon which Sonos' position relies. In addition to the factual matters that were the subject of the parties' correspondence leading to the Stipulation, the correspondence reflected the parties' disagreement on questions of claim construction, the sufficiency of Sonos' technical document production in the US Action, and whether Google had a viable theory of infringement of the 206 Patent by Sonos. Sonos submits that, in opining that this correspondence does not represent a concession by either party as to the other's position on claim construction or infringement, Mr. Molino was referring to points on which the parties had not reached agreement, but not to the facts that were represented in the Affirmation Letter.

[42] I have some difficulty with Sonos' characterization of this portion of Mr. Molino's opinion. The paragraph from his report cited above clearly includes his opinion that neither party conceded to the position of the other on the question of infringement of the 206 Patent. As Google argues in this motion, facts are fundamental to any infringement analysis. I am therefore inclined towards Google's position that Mr. Molino's report is to be read as an opinion that the correspondence does not demonstrate Google admitting to facts that would undermine its theory of infringement.

[43] However, Mr. Molino's report is not very precise in expressing this particular portion of his opinion. Given the significance of this question (i.e., whether Google admitted the facts contained in the Affirmation Letter), one would expect Mr. Molino to have stated his opinion on this question more expressly. I am therefore not without hesitation in relying on his evidence on this question. Moreover, I take the point argued by Sonos' counsel at the hearing of this motion that Mr. Molino's opinion on this particular question does not appear to be informed by any particular principles of US law. Rather, his opinion appears to rely simply on reading the content of the relevant correspondence.

[44] In a dispute involving matters of foreign law, where that law is not adequately proven as a matter of fact through expert evidence, the Court is entitled to resort to Canadian law (see, e.g., *Lakeland Bank v Never E Nuff (Ship)*, 2016 FC 1096 at paras 34-35. Moreover, as noted above, it is not clear that, on the particular question of interpretation of the effect of the parties' correspondence, there are any particular US legal principles engaged. I have therefore considered this question as Sonos advocates, by reviewing the text of the letters and considering what in combination would be their effect. Under Canadian law, I consider this approach to be consistent with the authority upon which Sonos relies, *Spender (Guardian of) v Spender*, 1999 CanLII 6548 (BCSC), 87 ACWS (3d) 1025, which explained that, in considering the effect of a consent dismissal order issued by a Canadian court, the court can and must look to collateral evidence, such as correspondence between the parties that led to the order (at paras 19-21).

[45] However, taking that approach, I find little support for Sonos' interpretation that the correspondence represents an admission by Google of the facts set out in the Affirmation Letter.

The correspondence, even in combination with the text of the Stipulation, simply does not contain any express admission by Google to these facts. Google offered to consider withdrawing its allegations of infringement of the 206 Patent if Sonos would make certain factual representations in a binding stipulation. Sonos made those representations and, based thereon, Google agreed to dismiss those allegations with prejudice. Nowhere in the series of documents does Google expressly admit or otherwise agree to the facts represented by Sonos.

[46] As explained in *Apotex Inc v Wellcome Foundation Ltd*, 2009 FC 117 (reversed on other grounds at 2009 FC 949), while no particular form of words need be used in a concession by a party in order to constitute an admission, the concession must be made deliberately and must be clear (at para 34).

[47] Moreover, the correspondence leading to the Stipulation is replete with references to the resolution of the US Action being in the nature of what Google describes in responding to this motion as a pragmatic settlement of that litigation. In its letter offering to consider withdrawing its claims, Google described that willingness as being “[i]n the interest of conserving party and judicial resources....” In the resulting Affirmation Letter, Sonos similarly described its certifications therein as being provided “...[i]n an effort to avoid the parties spending any more resources on this patent....” As noted previously in these Reasons, both parties’ correspondence also expressly referenced their disagreement on questions of claim construction and infringement.

[48] To the extent there is any principle of US law, identified in the expert evidence, which assists in informing this analysis of the text of the letters, it is Mr. Molino's explanation that, under US law, a stipulation is an agreement between the parties to a lawsuit that can take various forms. He notes that the parties may use a stipulation to agree to certain facts, to admit or exclude evidence, to address matters affecting witnesses, or even to resolve aspects of the proceeding itself. Mr. Molino states that a stipulation need not have any particular subject matter, form, or effect. As Google submits, if the intention of the parties in resolving the US action had included having Google admit to the facts in the Affirmation Letter, it appears that there would have been no impediment under US law to stating so expressly in the Stipulation.

[49] I have considered Sonos' argument that Google has failed to meet its burden to "put its best foot forward" in responding to the summary judgment motion. Sonos submits that it would have been available to Google to offer evidence as to its intentions surrounding the Stipulation and Representations and that, by failing to do so, it has not demonstrated there is a genuine issue for trial. In response, Google takes the position that its evidentiary burden is informed by the case it has to meet under Sonos' motion. I agree with this submission. In the absence of any compelling analysis supporting Sonos' position that Google has admitted the facts in the Affirmation Letter, Google's response to this motion is not undermined by the absence of collateral evidence of its intentions surrounding the resolution of the US Action.

[50] In summary, whether relying on Mr. Molino's expert opinion evidence or my own independent review of the factual evidence, I arrive at the same conclusion: that Sonos has not

established that Google admitted the facts upon which Sonos relies in support of its summary judgment motion.

[51] Finally, I note that Google takes the alternative position that, even if Sonos had established that these admissions were made by Google, the summary judgment motion would still fail as a matter of law, because the factual admissions would not alone support a conclusion that there is no genuine issue for trial. Given my analysis above, it is not necessary to address this alternative argument in any detail. However, I will explain briefly why I also find this argument to have merit.

[52] As Google submits, in the absence of agreement on construction of the claims of the 150 Patent that form the basis for the infringement allegations in the Federal Court Action, it is impossible to see how factual admissions by Google could alone support a conclusion that there is no genuine issue for trial. As previously noted, it is clear from the parties' correspondence preceding the Stipulation that they did not agree on claims construction.

[53] Moreover, under Canadian law, claims construction is a matter of law (see, e.g., *Johnson & Johnson Inc v Boston Scientific Ltd*, 2008 FC 552 at para 268). Therefore, even if it were possible to conclude that the Stipulation and Representations somehow represented an implicit agreement between the parties on the construction of the claims of the 206 Patent, this would still not support a conclusion that the parties were also in agreement on the construction of the claims of the 150 Patent. The fact that the claims at issue in the two patents are identically worded does not result in such conclusion, as the construction of the claims can nevertheless differ, because

different principles are applicable under US and Canadian law. Certainly, the possibility of different claim constructions would be sufficient to raise a genuine issue for trial.

[54] In *Lubrizol Corp v Imperial Oil Ltd*, [1992] FCJ 1110 (FCA), 98 DLR (4th) 1 [*Lubrizol*], the Federal Court of Appeal observed that a foreign judgment in respect of a counterpart patent can never be conclusive of a particular issue because, although foreign patents may be practically identical, foreign law is unlikely to be so and must, in any case, be proved (at para 20). Although *Lubrizol* spoke of the effect of a foreign judgment, not an admission or consent resolution of foreign litigation, in my view the same reasoning necessarily applies.

[55] Therefore, even if Sonos had succeeded in establishing on the evidence that Google had made the alleged factual admissions in the US Action, this would at most narrow the factual issues to be addressed at trial in the Federal Court Action and would not warrant the Court granting summary judgment and dismissing the action as Sonos' motion requests.

C. *Whether the Court should grant summary judgment against Google and dismiss the action based on res judicata*

[56] Under the second issue raised by Sonos, it asserts that the effect of the Stipulation and Representations is to invoke principles of *res judicata* to preclude there being any genuine issue for trial in the Federal Court Action.

[57] As explained by the Supreme Court of Canada in *Angle v Minister of National Revenue*, [1975] 2 SCR 248, 47 DLR (3d) 544 [*Angle*], the principle of *res judicata* embraces both cause

of action estoppel and issue estoppel. Cause of action estoppel is an equitable doctrine that gives a court discretion to preclude a party from bringing an action when that same cause of action has already been determined in an earlier proceeding by a court of competent jurisdiction. Issue estoppel is a similar doctrine that applies when a particular point of fact has been determined with finality in another proceeding (at pp 253-254).

[58] I do not understand Sonos to be raising cause of action estoppel in support of its motion. It acknowledges that infringement of the 150 Patent could not have been determined in the US Action, as the US Court had jurisdiction over only the 206 Patent. In any event, it is clear that Google's cause of action in the Federal Court Action is alleged infringement of the 150 Patent, which is not the same cause of action that could be said to have been determined by the Stipulation.

[59] As previously noted, the effect of the Stipulation is a matter to be understood with the benefit of US law. In their explanations of the general principles of *res judicata* in US law, I have identified no disagreement between the expert evidence of Ms. Hurst and Ms. Molino. Ms. Hurst explains that, under US law, *res judicata* subsumes two specific doctrines: (a) claim preclusion; and (b) issue preclusion. Claim preclusion appears to be the US law counterpart to cause of action estoppel. Mr. Molino explains that claim preclusion based on a prior suit applies only when three conditions are met: (a) the action to which the doctrine is being applied involves the same claim or cause of action as the earlier suit; (b) the same parties (or their privies) were parties to the earlier suit; and (c) the prior action reached a final judgment either on the merits or by the consent of the parties.

[60] Ms. Hurst further opines that, for purposes of claim preclusion, a voluntary dismissal with prejudice represents a final judgment on the merits. Even though there has been no actual adjudication of the issues, such a dismissal served to bar all subsequent claims that were or could have been brought in the action in which the dismissal was entered. Consistent with that opinion, Mr. Molino's report considers the effects of the Stipulation itself and opines that it can give rise to claim preclusion in further US proceedings.

[61] Mr. Molino further opines that, under US law, a dispute over the construction, infringement and validity of the 150 Patent is not the same claim or cause of action that was the subject of the US Action. Therefore, I understand the import of his evidence on the operation of claim preclusion to be that, while the Stipulation may preclude other US proceedings on the 206 Patent, it would not preclude the Federal Court Action based on the 150 Patent. I also note that, if I were applying an entirely Canadian law lens to this question, I would arrive at the same conclusion.

[62] I therefore turn to issue estoppel, which I understand to be the species of *res judicata* that Sonos seeks to invoke. *Angle* describes as follows the requirements for issue estoppel as a result of an issue of fact having been determined in another proceeding: (a) that the same question has been decided; (b) that the judicial decision that is said to create issue estoppel was final; and (c) that the parties to that judicial decision or their privies were the same persons as the parties to the proceeding in which estoppel is raised (at p 254).

[63] Again having recourse to the expert evidence of comparable principles of US law, I note that Ms. Hurst describes issue preclusion, which appears to be the US counterpart to issue estoppel, as barring successive litigation of an issue of fact or law actually litigated and resolved in a valid court determination essential to the prior judgment. Mr. Molino expressly agrees with this portion of Ms. Hurst's evidence and, applying that principle to the Stipulation and the correspondence that preceded it, opines that they do not cite any determination by the US Court of any fact or law regarding the 206 Patent and therefore, under US law, the Stipulation would not give rise to issue preclusion.

[64] Mr. Molino was not cross-examined, and there is nothing in Ms. Hurst's evidence that contradicts his opinion on the application of the US doctrine of issue preclusion to the facts of this case. I find no basis to doubt his opinion. Therefore, applying US law to inform an understanding of the effect of the Stipulation, the absence of a judicial determination of any of the facts upon which Sonos' summary judgment motion is grounded means that there is no basis to invoke either the Canadian doctrine of issue estoppel or its US counterpart. I find that Sonos' efforts to invoke the principles of *res judicata* must fail.

[65] Before concluding my analysis of this issue, I will speak briefly to the Canadian jurisprudence, to which the parties' arguments devoted considerable attention, which addresses the extent, if at all, that principles of issue estoppel may operate in the context of multi-jurisdictional patent litigation.

[66] Sonos relies heavily on *Connaught Laboratories Ltd v Medeva Pharma Ltd* (1999), 4 CPR (4th) 508 (FCTD), 179 FTR 200 [*Connaught*], affirmed (2000), 4 CPR (4th) 521 (FCA), in which the Federal Court, Trial Division declined to strike pleadings in an action on a Canadian patent where the plaintiff sought to invoke issue estoppel based on findings of fact made in litigation in other jurisdictions under counterpart patents. The Court did not rule out the possibility that such a plea could preclude a party from asserting factual allegations that are inconsistent with reasons for judgment in litigation in another jurisdiction (at para 18). The Court also referenced authorities (including *Lubrizol*), which found that it was not bound by the results of patent litigation in other countries, but concluded that these cases did not stand for a general rule that a finding of fact in foreign patent proceedings can never be the subject of a plea of *res judicata* or issue estoppel (at para 21).

[67] In contrast, Google relies on a number of authorities that have rejected efforts by a party to Canadian patent litigation to rely on estoppel based on decisions reached by foreign courts on counterpart patents. Its submissions culminate by referring to the recent decision in *Bombardier Recreational Products Inc v Arctic Cat, Inc*, 2020 FC 691, which considered a motion to amend a defence to plead issue estoppel based on a decision of a US court that, in the defendant's submission, had decided a particular issue (see para 23). The Court declined to allow the amendment (at para 71). It observed that the moving party could identify no Canadian patent case where an issue estoppel argument had been successful (at paras 37 and 64), describing *Connaught* as the "high water mark" of efforts to invoke issue estoppel in Canada in reliance on foreign patent judgments (at para 65).

[68] There is little more I need say about the jurisprudence. The law appears to rest with the principle that, under the right circumstances, issue estoppel may be available to preclude re-litigation of an issue of fact that was determined in a foreign proceeding. However, there appears to be no precedent, or indeed any logical foundation, for the prospect of reliance on *res judicata* or its sub-doctrines to support conclusions on claims construction, validity, or infringement, that necessarily involve matters of Canadian patent law, resulting from findings in a foreign proceeding. For purposes of the case at hand, in the absence of even a factual finding by the US Court that could support an issue estoppel argument, it is unnecessary to explore any further the boundaries of this doctrine in multi-jurisdictional patent litigation.

D. *Whether the Court should grant summary judgment against Google and dismiss the action based on abuse of process*

[69] Under this last issue, Sonos argues that, even if the specific criteria of *res judicata* are not met, Google's action should be dismissed as an abuse of the processes of the Court. Sonos relies on *Toronto (City) v CUPE, Local 79*, 2003 SCC 63, in which the Supreme Court of Canada describes abuse of process as a flexible doctrine unencumbered by the specific requirements of concepts such as issue estoppel (at para 37). However, as explained in that authority, Canadian courts have typically applied that doctrine where the privity/mutuality requirement of issue estoppel are not met (at para 37), i.e., in circumstances where the underlying rationale for the application of *res judicata* is present but the interests of justice warrant departing from some of that principle's technical constraints (at para 38).

[70] The present case raises no basis to apply the doctrine of abuse of process. Sonos' inability to rely on issue estoppel turns not on its failure to satisfy some technical requirement of that principle but rather on the absence of a finding of fact by the US Court upon which application of that principle must rest. I find no basis for a conclusion that it is an abuse of process for Google to pursue the Federal Court Action in the context of the Stipulation and Representations.

V. **Conclusion and Costs**

[71] For the foregoing reasons, Sonos has not established that there is no genuine issue for trial in this action, and its motion for summary judgment must fail.

[72] The parties agree that costs of this motion should be paid by the unsuccessful party in the lump sum amount of \$20,000 in any event of the cause. I consider this disposition of costs to be appropriate and my Order will so provide.

ORDER IN T-952-20

THIS COURT ORDERS that:

1. The Defendant's motion for summary judgment is dismissed.
2. The Defendant shall pay the Plaintiff costs of this motion, in the lump sum amount of \$20,000, in any event of the cause.

“Richard F. Southcott”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-952-20

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