

Federal Court



Cour fédérale

Date: 20120112

Docket: T-2175-04

Citation: 2012 FC 48

BETWEEN:

**JANSSEN INC. and
DAIICHI SANKYO COMPANY LTD.**

**Plaintiffs
(Defendants by Counterclaim)**

and

TEVA CANADA LIMITED

**Defendant
(Plaintiff by Counterclaim)**

ASSESSMENT OF COSTS - REASONS

**Bruce Preston
Assessment Officer**

By way of Reasons for Judgment and Judgment as to Costs (the Costs Judgment) dated November 6, 2006, the Court ordered:

- a. The Plaintiffs are entitled to costs at the upper end of Column IV of the Tariff and to reasonable disbursements as set out in these Reasons
- b. The Defendant is entitled to fees and disbursements with respect to Dr. Gerster and with respect to Plaintiffs' amended pleadings as set out in these reasons: such costs are to be set off against those allowed to the Plaintiffs;

- c. An assessment officer of this Court shall assess such costs in a manner as directed by these reasons; and
- d. Costs bear interest at the rate of five percent (5%) per annum, not compounded, from the date of issue of this judgment.

[2] On April 18, 2011, counsel for Janssen filed a Revised Bill of Costs as Exhibit A to the Affidavit of Neil Belmore sworn April 18, 2011. It is this Revised Bill of Costs which is being assessed. For ease of reference, I will be referring to the Item numbers in the table of assessable services found in Tariff B of the *Federal Courts Rules* as well as the claim numbers referred to in the Revised Bill of Costs.

[3] The hearing of the assessment of costs was held on July 14, 2011. At the commencement of the hearing counsel confirmed that claims number 1, 3, 4, 5, 6, 7, 9, 18, 19, 20, 21, 26, 27, 28, 29, 31A, 34, 42, 43, 48, 49, 50 and 67 were not being contested by the Defendant. It was further confirmed that Janssen was withdrawing claim 2 (Item 2 of Tariff B), claim 40 (the disbursement for the CIPO Patent copies) and claim 66 (transportation expenses (tokens)). Further, during the hearing, counsel settled claim 45 (Taxis), claimed at \$2,999.34, for \$2,000.00, claim 47 (Parking), claimed at \$124.73, for \$108.75, claim 51 (Court Reporter), claimed at \$37,630.96, for \$32,198.14 and claim 57 (Travel: Meals), claimed at \$1,394.90, for \$400.00.

[4] It is noted that the issues addressed in this assessment were complicated by the fact that the Plaintiffs, Janssen and Daiichi, Licensee and Patentee respectively, were represented by different counsel on this proceeding.

[5] Several times throughout the hearing of the assessment, counsel for the Defendant submitted that the Plaintiff Daiichi had settled the issue of costs with the Defendant. The terms of that settlement were not in evidence in the submissions presented before me and therefore they have not been considered in reaching a decision in this assessment. On the other hand, the Costs Judgment contains provisions which necessitate a consideration of the fact that Daiichi and Janssen have been awarded costs both separately and jointly. Therefore, when necessary, I will consider which costs were awarded jointly or separately and their impact on the present assessment.

Fees

Item 6, Item 8 and Item 9

[6] Counsel for Janssen submitted that claims 8, 11 to 17 and 22 to 25 relate to the preparation and attendance at examinations for discovery of Daiichi corporate representatives and inventors (Items 8 and 9) and appearance on the Defendant's motion to compel Daiichi to provide written answers to outstanding questions from the examination for discovery of Daiichi's representatives and inventors (Item 6). Counsel submitted that one of the guiding principles referred to in the Costs Judgment is that both parties are entitled to recover costs for separate representation. Janssen contended that invention history is very important to validity, which was the central issue of this case and that it was entirely reasonable for counsel for Janssen, who was largely running the case, to be present at the examination for discovery of Daiichi's representatives. At paragraph 30 of its Written Submission, Janssen argues that the amounts claimed are in accordance with paragraph 32 of the Costs Judgment.

[7] In reply concerning claim 8, the Defendant submitted that the motion arose from the examination for discovery of the Daiichi witnesses. Counsel submitted that the motion was argued by counsel for Daiichi and that the claim by Janssen was outside the terms of the Costs Judgment.

At paragraph 14 of its Responding Submissions, the Defendant argues:

.... Daiichi was represented by independent counsel and its claim for costs has been settled. It was not necessary for Janssen's counsel to attend this motion and Teva should not be required to pay twice.

[8] The Defendant presented similar arguments for claims 11 to 17 and 22 to 25. At paragraph 16 of its Responding Submissions, the Defendant contends:

.... Justice Hughes did not award Janssen costs incurred while attending discoveries of Daiichi's witnesses. Paragraph 32 of the Costs Judgment awards the costs of one senior and one junior counsel to "the Plaintiffs"; it does not award each Plaintiff the costs of attending the examinations for discovery of the other Plaintiff. Daiichi has already claimed the costs of counsel's attendance at the discovery of its inventors.

Counsel for the Defendant continues by submitting that there was no reason for Janssen's counsel to attend, they did not participate and they could have informed themselves of what transpired simply by reading the transcripts. Then at the hearing of the assessment, the Defendant submitted that subparagraph 3 of paragraph 3 of the Costs Judgment, which provides that both plaintiffs are entitled to recover costs for separate representation, does not apply to discoveries. Counsel argued that at paragraph 32 of the Costs Judgment, the Court was careful to say that when it comes to discovery of witnesses, the parties are entitled to one senior and one junior counsel and no more.

Counsel contended that this statement did not allow for Daiichi and Janssen to claim for counsel on the discoveries of the other Plaintiff's representatives.

[9] Concerning claim 8, in their written rebuttal submissions, counsel for Janssen refers to *Merck & Co. v. Apotex*, 2006 FCA 324 to support the contention that despite raising overlapping issues, a patentee and licensee should not be required to share a single award of costs. Janssen further submits that the costs of the motion were in the cause and that, as Janssen was awarded costs of the proceeding, they are entitled to the costs of the motion. Concerning claims 11-17 and 22-22, Janssen submits that given the guiding principle found in subparagraph 3 of paragraph 3 of the Costs Judgment, paragraph 32 of the Costs Judgment entitles Janssen to recovery of the attendance of one senior and one junior counsel for both Daiichi and Janssen for the discovery of witnesses. Then by way of rebuttal at the hearing of the assessment, counsel for Janssen argued that he had no knowledge of the terms of the settlement between Daiichi and the Defendant and cannot confirm whether Daiichi submitted claims for the preparation and examination of its representatives. Counsel further contended that under the *Federal Courts Rules* Janssen was entitled to attend and ask questions of the co-plaintiff on discovery. Finally, counsel submitted that only one counsel was being claimed, not two.

Assessment

[10] Paragraph 32 of the Costs Judgment states:

The Plaintiffs are entitled to the attendance of one senior and one junior counsel at such discovery. In addition to the days actually spent on discovery, the Plaintiffs are entitled to one day preparation time for each day of discovery.

[11] Concerning claims 8, 11 to 17 and 22 to 25, counsel for the Defendant has not called the number of units or the number of hours claimed into question. Their submissions are limited to the contention that Janssen is not entitled to claim these amounts as the motion and discovery related to Daiichi and they would have already been claimed by Daiichi.

[12] At paragraph 3 in the Costs Judgment, the Court refers to five principles of law which guided the decision as to costs. They are:

- a. A successful party is usually entitled to receive costs, the scale of such costs are not intended to be punitive or extravagant, but is intended to be a compromise between compensating the successful party and not unduly burdening an unsuccessful party. (*A.B. Hassle v. Genpharm Inc.*, (2004), 34 C.P.R. (4th) 18 (F.C.) [*A.B. Hassle*]).
- b. Patent cases are not to be treated any differently than other types of cases in this Court. (*A.B. Hassle, supra*).
- c. Where a patentee and licensee are each plaintiffs, they are entitled to separate representation and to be compensated in costs accordingly. This concept is not strictly limited to a situation where separate representation has been ordered, but such limitation may be taken into account. (*Apotex Inc. v. Merck & Co. Inc.*, 2006 FCA 324 [*Apotex*]).
- d. Pre-trial Orders are not to be dealt with in dealing with costs after trial unless the pre-trial Order expressly says so. (*Apotex, supra*).
- e. The successful party's lack of success on certain issues may be considered (*Merck & Co. Inc. v. Apotex Inc.*, 2006 FC 631, aff'd 2006 FCA 324 [*Merck*]).

At sub-paragraph 3 the Court relies on *Apotex Inc. v. Merck & Co. Inc.* (*Apotex, supra*) in support of the finding that where a patentee and licensee are each plaintiffs, they are entitled to separate

representation and to be compensated in costs accordingly. As Daiichi is the Patentee and Janssen is the licensee, I am bound by this legal principle. However, the Defendant has argued that the provisions of paragraph 32 of the Costs Judgment create a situation where claims 8, 11-17 and 22-25 may be distinguished from this principle.

[13] Concerning claim 8 for attendance at the Defendant's motion to compel Daiichi representatives and inventors to provide written answers to outstanding questions from the examination for discovery, at paragraph 13 of the Costs Judgment, the Court states: "the disposition of costs made on all pre-trial Orders is unaffected". This is in keeping with the fourth principle of law as outlined in paragraph 3 of the Costs Judgment, above. Counsel for Janssen submitted that the Court ordered costs in the cause in its disposition of this motion and that Janssen was awarded costs of the proceeding, therefore they are entitled to costs of the motion. Having reviewed the court record, it is clear that counsel for Janssen was present at the hearing of the motion. Also, having reviewed the Order of April 26, 2006, I can find nothing that specifies the Court intended to limit the award of costs in the cause to Daiichi. Further, the award is precisely the award requested by counsel for the Defendant in the consented to draft order provided to the Court on April 21, 2006. Finally, in keeping with the legal principles set out in paragraph 12, above, I find that the Court's award of costs in the cause for the motion entitles Janssen, a Plaintiff present at the motion who was ultimately awarded costs in the Costs Judgment, to costs of the Defendant's motion to compel Daiichi to provide written answers to outstanding questions. Therefore, Claim 8 is allowed as presented.

[14] Concerning claims 11-17 and 22-25, the Defendant's principal argument is that the general guideline found at subparagraph 3 of paragraph 3 of the Costs Judgment is modified by the specific principle found at paragraph 32 of the Costs Judgment. I do not agree. Paragraph 32 reads:

The Plaintiffs are entitled to the attendance of one senior and one junior counsel at such discovery. In addition to the days actually spent on discovery, the Plaintiffs are entitled to one day preparation time for each day of discovery. (Emphasis added)

Items 8 and 9 of the Table in Tariff B read:

8. Preparation for examination, including examinations for discovery, on affidavits, and in aid of execution
9. Attending on examinations, per hour.

It is noted that Item 9 does not allow for the attendance of more than one counsel at examinations for discovery. Given this, it is reasonable to find that the Court wanted to ensure that the Plaintiffs obtained costs for attendance on examinations at a level greater than is permitted by the Tariff and that the Court did not intend to limit the costs awarded. Further, the Court's award of costs states:

The Plaintiffs are entitled to costs at the upper end of Column IV of the Tariff and to reasonable disbursements as set out in these Reasons. (Emphasis added)

[15] Given the legal principle included at subparagraph 3 of paragraph 3 of the Costs Judgment, it is reasonable to interpret this paragraph to mean that each plaintiff is entitled to costs. Further, the highlighted phrase is worded exactly the same as paragraph 32 which reads:

The Plaintiffs are entitled to the attendance of one senior and one junior counsel at such discovery. In addition to the days actually

spent on discovery, the Plaintiffs are entitled to one day preparation time for each day of discovery. (Emphasis added)

In contrast to this, concerning Notices to Admit, the wording at paragraph 35 of the Costs Judgment states:

One set of costs only are allowed to the Plaintiffs. (Emphasis added)

Given the Court's wording of these paragraphs, I find that the Court was clear when there was an intention to award one set of costs. If the Court had worded paragraph 32 using language similar to that of paragraph 35, the Defendant's argument would have been more compelling. As the Court did not specifically indicate that "one set of costs only" was being awarded for the examination for discovery of the Daiichi representatives, I find that both Janssen and Daiichi are entitled to costs for preparation and attendance at the discovery of the Daiichi representatives. Therefore, claims 11-17 and 22-25 are allowed as presented.

Item 7

[16] Concerning claim 10, discovery of documents, including listing, affidavit and inspection (Item 7), counsel for Janssen submitted that the Defendant did not object to the claim for the Affidavit of Documents (claim 9) but objected to the claim for the Supplementary Affidavit of Documents (claim 10). Counsel for Janssen submitted that if one was allowed the second should be allowed as counsel was dealing with thousands of documents and it was not unreasonable that there be a Supplementary Affidavit of Documents.

[17] In response, counsel for the Defendant submitted that Item 7 in Tariff B captures all the work related to an affidavit of documents and allows for one recovery only. In support of this contention counsel referred to *Dewji & Gheciu Consultants Inc. v. A&A Consultants & Felicia Bilc*, [1999] F.C.J. No. 1263 [*Dewji*].

Assessment

[18] In reaching a conclusion concerning claim 10, I find the circumstances in *Dewji* very helpful. Paragraphs 3 and 4 of *Dewji* read:

3 The defendants present two claims for fees under item 7 of the Tariff. Counsel for the plaintiffs took the position that this item can only be claimed once. In reply, counsel for the defendants explained that the filing of a second affidavit of documents followed a change of plaintiffs' counsel who presented a second, completely new, affidavit.

4 I interpret the Tariff to suggest that it is the aggregate event of discovery that is intended to be reimbursed rather than each event in that process. This approach is consistent with the view taken in other assessments in this Court. I am persuaded by counsel's argument, however, that the defendants were put to an unusual amount of work for discovery. I have therefore decided to allow the defendants' second claim of 5 units for discovery, but under Tariff item 27 for "(s)uch other services as may be allowed by the assessment officer or ordered by the Court" rather than under item 7.

[19] I agree with the assessment officer when he concludes that it is the aggregate event of discovery that is intended to be reimbursed rather than each event in that process. However, in *Dewji* the assessment officer allowed for a subsequent claim for discovery under Item 27 for "(s)uch other services as may be allowed by the assessment officer or ordered by the Court". I find that the circumstances before me do not warrant a similar approach. In *Dewji* the Defendant

was faced with a completely new affidavit of documents filed by the Plaintiff's new counsel. Counsel for Janssen has presented no similar extenuating circumstances. Counsel contends that the claim is reasonable due to the volume of documents. I do not think this is sufficient to warrant deviating from the norm, that Item 7 is intended to reimburse for the aggregate of the discovery process. Further, in keeping with the legal principle found at subparagraph 2 of paragraph 3 of the Costs Judgment, that patent cases are not to be treated any differently than other types of cases, the enormous volume of documents produced should not be considered an exceptional circumstance warranting the use of Item 27. Therefore, claim 10 is not allowed for the Supplementary Affidavit of Documents.

Item 12

[20] Concerning claim 30, notice to admit facts or admission of facts, notice for production at hearing or trial or reply thereto (Item 12), Janssen has submitted that paragraph 35 of the Costs Judgment refers to "Notices to Admit" and that Janssen is entitled to recover for the four Notices to Admit served on the Defendant.

[21] Counsel for the Defendant submitted that paragraph 35 of the Costs Judgment provided for one set of costs for the Plaintiffs. Counsel further contended that although there were four Notices to Admit filed, two of the Notices were required to correct clerical errors in previously served Notices to Admit. Counsel submitted that it is recognised that, pursuant to paragraph 35 of the Costs Judgment, Janssen is only claiming one half of the costs for the four separate Notices. Counsel argued that by claiming for the amendments Janssen is effectively claiming four sets of costs.

Finally, at paragraph 19 of its Responding Submissions, the Defendant argues that Janssen should not be awarded costs for the additional two Notices required to correct errors.

Assessment

[22] Under the heading “Notices to Admit”, paragraph 35 of the Costs Judgment reads: “One set of costs only are allowed to the Plaintiffs”. I am in agreement with the Defendant that the effect of paragraph 35 is that the Court awarded only one set of costs for the Notices to Admit, to be shared by the Plaintiffs Daiichi and Janssen.

[23] It has been previously decided that an assessment officer may allow more than one claim for Notices to Admit (*Aird v. Country Park Village Properties (Mainland) Ltd.*, 2005 FC 1170 at para. 29 - 31). In keeping with this finding, I find that the reference to Notices to Admit in paragraph 35 of the Costs Judgment also provides for the recovery of costs for more than one Notice. From the Defendant’s submissions I find that counsel does not object to the first two Notices to Admit served. Without having reached a decision concerning the Notices to Admit served on August 15, 2006 and September 1, 2006, I find that the costs for the first two Notices to Admit may be allowed.

[24] Concerning the Notices to Admit served on August 15, 2006 and September 1, 2006, the Defendant has argued that the service of a Notice to Admit, which was necessitated due to a clerical error, should not generate costs. I have been presented with no case law to support the Defendant’s position. Moreover, I can find no case law on point. However, I think it is clear that if the issue before me related to the costs of amending a pleading under Item 3, no costs would be allowed for a

clerical error as an amendment must be “necessitated by a new or amended originating document, pleading, notice or affidavit of another party”. Therefore, given the unique nature of the issue before me and in the context of a party-and-party assessment, I find that if it is determined that the service of a Notice to Admit was necessitated due to a clerical error, costs should not be allowed.

[25] The Affidavit of Brad Jenkins sworn May 26, 2011, filed in response to the Bill of Costs, has two letters dated August 15, 2006 and September 1, 2006 attached as Exhibits A and B respectively. Having reviewed Exhibit A, it appears that a Supplemental Request to Admit was being served to correct an incorrect Japanese Document Production number referred to in the Notice to admit served July 26, 2006. I find correcting an incorrect production number to be in the nature of a clerical error. Therefore no costs are allowed for this Notice.

[26] Having reviewed Exhibit B, it appears that, further to a conversation with counsel for the Defendant, a Revised Request to Admit was served replacing the phrase “about October” with the phrase “mid-October”. In the second paragraph of this letter it appears that this change may have enabled the Defendant to immediately admit the facts contained in the Request. Without further evidence to the contrary, I do not find this change to be an amendment due to a clerical error. I find that the service of this Notice amounts to a new request for a different fact (“about October” is not the same as “mid-October”) that was brought about as a result of discussions between the parties with the intent of facilitating an admission of fact in order to isolate issues truly in dispute. Therefore, I allow the cost for the Notice to Admit served on September 1, 2006.

[27] In summary, I allow for the costs of three Notices to Admit. In keeping with the provision of paragraph 35, that one set of cost only is allowed to the Plaintiffs, I find that Janssen is entitled to 50 percent of the costs allowable. Therefore, claim 30 (Item 12) is allowed for three Notices to Admit for a total of 6 units.

Item 13

[28] Under claim 31, the Defendant has consented to the claim for Item 13(a) of Tariff B: preparation for trial or hearing whether or not the trial or hearing proceeds. However, in its Response Submission, the Defendant contends that the Costs Judgment only awards Janssen the costs of senior counsel's preparation of Dr. Kahn and Dr. Enstrom and that any claim by Janssen for further preparation of additional witnesses cannot be allowed as the costs of further preparation of additional witnesses were not awarded in the Costs Judgment. Counsel argued that as preparation time was awarded per day, the costs of preparing Dr. Kahn and Dr. Enstrom should be calculated according to Item 13(b), the only Tariff Item which addresses daily preparation costs. Counsel submitted that calculated on this basis, Janssen is entitled to, at most, \$1,560.00 for the two days of preparation.

[29] In the alternative, counsel submits that if claim 31 is allowed for general preparation under Items 13(b) and 13(c), Janssen's claim for the preparation of Dr. Kahn and Dr. Enstrom under Item 13 (d) should not be allowed. At paragraph 22 of its Responding Submissions the Defendant argues:

“Tariff Item 13(d)” does not exist. Janssen's claim actually appears to be based on paragraph 42 of the Costs Judgment which states the

“One day for one senior counsel for preparation of each [fact witness] is allowed”. Paragraph 42 prevents Janssen from claiming the cost of junior counsel when preparing fact witnesses and allows only one senior counsel’s time. This limitation reflects the fact that less work is involved in preparing a fact witness than an expert witness. Paragraph 42 does not entitle Janssen to an additional amount above and beyond the amounts awarded for preparation under the *Tariff*.

[30] At the hearing of the assessment, counsel for the Defendant submitted that paragraphs 37 and 38 of the Costs Judgment, providing for the Plaintiff to recover for two senior and two junior counsel, relate only to claim 32 (Item 14(a) and 14(b) of Tariff B) and should not be applied to claim 31 for preparation for hearing under Item 13 (a) and (b) of Tariff B.

[31] By way of rebuttal Janssen submits that paragraphs 37 and 38 of the Costs Judgment may be applied to both claims 31 and 32. Janssen argues that the costs for one senior and one junior counsel have properly been claimed under claim 31. Counsel for Janssen continues by arguing that paragraphs 41 and 42 of the Costs Judgment award the costs for the preparation of Dr. Kahn and Dr. Enstrom in addition to the costs for preparation under Items 13 (a) and 13(b). Further, counsel argues that the Defendant’s interpretation of paragraph 42 of the Costs Judgment cannot be correct as that would limit Janssen to the preparation of Dr. Kahn and Dr. Enstrom and not provide for any other preparation after the first day of the trial.

Assessment

[32] Under claim 31, Janssen has claimed for the preparation for trial or hearing, whether or not the trial or hearing proceeds (Item 13 (a)), preparation for trial, per day in Court after the first day

(Item 13 (b)), second counsel, where Court directs (Item 13 (c)) and one day for senior counsel for preparation of each of Dr. Kahn and Dr. Enstrom (Item 13 (d)).

[33] It is noted that paragraph 42 of the Costs Judgment awards one day for one senior counsel for preparation of each of Dr. Khan and Dr. Enstrom.

[34] In reaching a determination concerning claim 31, I am faced with two preliminary issues. First, I must decide whether paragraph 42 of the Costs Judgment precludes me from allowing costs for preparation for trial, per day in Court after the first day under Item 13(b) of Tariff B. Counsel for the Defendant has submitted that the effect of paragraph 42 is that I should allow only two days for preparation under Item 13(b), one each for Dr. Kahn and Dr. Enstrom. I do not agree with this argument. At paragraph 50 of the Costs Judgment, the Court states:

The assessment officer is to proceed to assess fees and disbursements as set out in the Tariff, at the upper end of Column IV, consistent with the instructions and guidelines as set out in these Reasons. Unless otherwise allowed in these Reasons, no fee or disbursement(s) beyond that set out in the applicable Tariff is to be allowed. Disbursements allowable, but not otherwise discussed in these Reasons, are to be proven and allowed only to the extent that they were reasonably incurred for the purposes of this action and are at a level no greater than those charged in arms length commercial transactions.(emphasis added)

[35] From the above I find that even though the Cost Judgment contains instructions which limit the amount Janssen is allowed to claim to those set out in the applicable Tariff, the intent of paragraph 50 is to provide for the possibility of fees or disbursements beyond that set out in the applicable Tariff. The corollary being that, unless allowed in the Costs Judgment, I am restricted to

those fees and disbursements set out in the applicable Tariff. Following this reasoning, I find that paragraph 42 of the Costs Judgment provides for costs for the preparation of Dr. Kahn and Dr. Enstrom above and beyond that which I am able to allow under Item 13(b) of Tariff B.

[36] Having reached this determination, and without reaching a decision concerning the preparation of Dr. Kahn and Dr. Enstrom, and after reviewing the abstract of hearing, I find that Janssen's claim of \$10,920.00 under Item 13(b) of Tariff B, which was not specifically addressed at hearing, is reasonable given the provisions of the Costs Judgment, and is allowed as presented.

[37] The second preliminary issue relates to the validity of Janssen's claims under Item 13(c) and 13(d). Under claim 31, Janssen has submitted claims under Items 13(a), 13(b), 13(c) and 13(d). Counsel for Janssen has submitted that these claims have properly been submitted. I do not agree. Items 13(c) and 13(d) do not form part of Tariff B. Although I find that the Costs Judgment provides for costs beyond the Tariff, I do not find that it permits me to allow costs under Items which do not properly form part of Tariff B. On the other hand, I will assess the claims presented under 13(c) and 13(d) to determine whether they are otherwise allowable.

[38] Concerning Item 13(c), Janssen has claimed for "second counsel, where the Court directs, 50% of the amount calculated under paragraph (b)". It appears that counsel has borrowed this wording from Item 14(b) of Tariff B. Further, counsel has submitted that this claim is pursuant to paragraphs 37 and 38 of the Costs Judgment.

[39] I do not agree with this argument. Paragraphs 37 and 38 state:

[37] The Plaintiffs, collectively, had two senior and four junior counsel gowned. The defendant had one senior and three junior counsel gowned.

[38] I allow the Plaintiffs collectively, to recover the fees for the two senior and two junior counsel.

[40] These paragraphs are found under the heading Trial. I find that the reference to counsel being gowned refers to counsel in Court. Further, these paragraphs do not include any specific provision for preparation. Therefore, I find that the Costs Judgment does not provide for second counsel for the preparation for hearing. This being the situation, I must follow the provisions of Tariff B. Under Item 13, there is provision for preparation for trial or hearing and preparation for trial per day in Court after the first day but there is not provision for second counsel, and, as mentioned earlier, there is no Item 13(c). Consequently, I find that Janssen's claim under Item 13(c) falls outside the provisions of Tariff B and the Costs Judgment and is not allowed.

[41] Concerning Item 13(d), Janssen has claimed for "one day for senior counsel for preparation of each of these witnesses (Dr. Kahn and Dr. Enstrom)". Although, as mentioned above, Item 13(d) does not form part of Tariff B, the claim for Dr. Kahn and Dr. Enstrom is clearly pursuant to the provisions of paragraph 42 of the Costs Judgment. Having found in paragraph 45 of these reasons that the costs for the preparation of Dr. Kahn and Dr. Enstrom are above and beyond the costs allowable under Item 13(b), and Item 13(d) not being a viable option as it is outside the provisions of Tariff B, I am faced with the question of how to assess the costs claimed. For this I am in

agreement with counsel for the Plaintiff who submitted that the costs associated with the preparation of Dr. Kahn and Dr. Enstrom should be calculated according to Tariff Item 13(b), the only Tariff Item which addresses daily preparation costs. Therefore, in keeping with paragraph 42 of the Costs Judgment, and in the circumstances of this particular file, I allow Item 13(b) at 6 units per day for 2 days for the preparation of Dr. Kahn and Dr. Enstrom. This is above and beyond the amount allowed under Item 13(b) in paragraph 46 above.

Item 14

[42] Concerning claim 32 (counsel time per hour in court for a trial or hearing (Items 14(a) and 14(b)), counsel for the Defendant submitted at the hearing of the assessment that the only issue was lunch breaks. At paragraph 24 of its Responding Submissions the Defendant submits that lunch recesses should be deducted from the amount claimed as Item 14 is awarded “per hour in court”. In support of this position counsel referred to *Aventis Pharma Inc. v Apotex*, 2009 FC 51 (*Aventis*) at paragraphs 33 and 37. Counsel further submitted that the amount claimed should be reduced by \$11,700.00 (\$7,800.00 for senior counsel and \$3,900.00 for junior counsel).

[43] At paragraph 25 of its Rebuttal Submissions, Janssen contends that lunches are not breaks during trials and counsel typically spend lunches and recesses preparing. At the hearing of the assessment counsel submitted that Janssen had set up a preparation room complete with computers, printers and a white board. Counsel for Janssen submitted that it is common knowledge that recesses are typically spent preparing for the hearing.

Assessment

[44] In keeping with *Aventis (supra)*, it has been held on many occasions that the time for lunch breaks should be factored out of any calculation for counsel time per hour in Court (see: *Estensen Estate v. Canada (Attorney General)*, 2009 FC 152 (*Estensen*), *Aventis Pharma Inc v. Apotex Inc*, 2008 FC 988, *Mercury Launch & Tug LTD v. Texada Quarrying Ltd*, 2009 FC 331, *Astra Zeneca AB v. Apotex Inc*, 2009 FC 822). However, in none of these cases was I able to find an indication that counsel presented evidence of a “preparation room” having been set up to facilitate work during recesses.

[45] In considering this evidence, I turned to paragraph 16 in *Aventis (supra)* where counsel contended that fee Item 13 already addresses any element of preparation in breaks and paragraph 15 in *Estensen (supra)* where it was held that costs for brief recesses when counsel must remain in or close to the courtroom should be allowable as part of fee Item 14. Taking these factors into account and considering the case law in which it has been held that the time for lunch breaks should be factored out of any calculation for counsel time per hour in Court, I find that, further to Janssen’s contention that lunch recesses are typically spent preparing for the hearing, such work falls within the parameters of Item 13(b) (preparation for trial, per day in Court after the first day). Therefore, the time claimed for lunch breaks may not be allowed. Further, having confirmed that the average lunch break during the trial was one hour, I find the deduction submitted by the Defendant at paragraph 53 above to be reasonable.

[46] Having reached a decision concerning Items 14(a) and 14(b), there is one final issue to be addressed. At paragraph 39 of the Costs Judgment, the Court referred to the unnecessary objections raised by the Plaintiffs to the evidence of Dr. Gerster and awarded the Defendant fees for one senior and one junior counsel for one trial day, to be set off against the costs otherwise assessed in favour of Janssen. At the hearing of the assessment, counsel agreed that, if it was found that lunch breaks could not be included in the claims under Items 14(a) and 14(b), the Gerster set off would be a total of \$5,085.60. For the reasons outlined above and taking into account the Gerster set off, Items 14(a) and 14 (b) are allowed for a sum total of \$71,198.40.

Item 15

[47] Concerning claim 33, at the hearing of the assessment Janssen submitted that, in keeping with the costs judgment, counsel were claiming 9 units under Item 15 (preparation and filing of written argument, where requested or permitted by the Court), for three days for one senior and one junior counsel.

[48] At paragraph 26 of the Defendant's Responding Submissions, it is submitted:

The Costs Judgment grants the Plaintiffs "the fees of two senior and two junior counsel for three days for preparation of memoranda of argument". Janssen has calculated its entitlement under Tariff Item No. 15. Tariff Item No. 15 is not a *per diem* amount but, rather, a global amount for the preparation of all memoranda. As the judgment awards a *per diem* amount, the amount awarded should not exceed the 6 units per day allowed for preparation in Tariff Item No. 13(b), the only Tariff Item in which preparation is calculated on a *per diem* basis.

[49] At the hearing, counsel for the Defendant contended that paragraph 47 of the Costs Judgment is problematic because it does not accord with Tariff B and it makes more sense to use Item 13 (b), which provides for a per diem allowance.

[50] At paragraph 27 of their Rebuttal Submissions, counsel for Janssen submits that the Costs Judgment makes no mention of Item 13(b) and that the 9 units claimed is based on the number of units listed at the upper end of Column IV in Tariff Item 15, as instructed by the Court.

Assessment

[51] Paragraph 47 of the Costs Judgment states:

Plaintiffs are entitled to the fees of two senior and two junior counsel for three days for preparation of memoranda of argument used at trial including submissions as to costs.

[52] Under claim 33, Janssen has submitted three claims under Item 15. I will address the claims for senior counsel first.

[53] Counsel for the Defendant has argued that Item 15 provides for a global amount for the preparation of all memoranda. Item 15 reads: "Preparation and filing of written argument, where requested or permitted by the Court". Contrary to the submissions of the Defendant, I find nothing in the wording of Item 15 which indicates that only one claim may be allowed. In fact at paragraph 34 of *Aird (supra)*, it was held that more than one claim may be allowed under Item 15. Further, paragraph 47 of the Costs Judgment states; "Plaintiffs are entitled to the fees of two senior and two

junior counsel for three days for preparation of memoranda of argument used at trial including submissions as to costs”.

[54] Rule 400(5) and (6) provides the Court with broad discretionary powers concerning directions and the award of costs. It is clear that these rules provide the Court with the discretion to make an award outside the parameters of Tariff B and, the Court having done so, provides an Assessment Officer with the authority to allow the costs pursuant to the award of costs, even if the costs do not fit within Tariff B. However, I do not think that is the situation here. I find that paragraph 47 of the Costs Judgment may be reconciled with the provisions of Item 15.

[55] Even though the award of costs for three days for one senior and one junior counsel caused the Defendant some concern, I do not agree with counsel’s submissions. In addition to the Court’s jurisdiction to provide directions as conferred by Rule 400 (5) and (6), it is noted that the Court uses the plural “memoranda” of argument, indicating an intent to allow costs for more than one memorandum. Having reviewed the record of the proceeding, it was noted that the parties submitted Opening Statements, Closing Statements and Submissions as to Costs. All of these submissions were filed on different dates; hence, they presumably were prepared on different dates. Therefore, paragraph 47 may be reconciled with the Tariff by allowing Item 15 three times for the preparation and filing of Janssen’s Opening Statement, Closing Statement and Submissions as to Costs which were filed on September 5, 2006, October 2, 2006 and October 27, 2006 respectively. Therefore, for senior counsel, Item 15 is allowed as presented at 3 claims of 9 units each.

[56] Having regard to junior counsel, although counsel for the Defendant made no submission concerning the claim for junior counsel, I am faced with determining whether the amount claimed by Janssen is reasonable. Counsel has claimed 50% of the amount claimed for senior counsel. Presumably this is in keeping with the methodology used under Item 14 (b) for second counsel at trial where the Court directs. Although I understand the approach taken, due to the difference in the range of units, I am uncomfortable utilizing a provision from Item 14 when making an allowance under Item 15.

[57] In *Eli Lilly and Co. v. Novopharm Ltd*, 2009 FC 797, the Assessment Officer was faced with a similar circumstance. In that matter the Court awarded for second counsel throughout. At paragraph 24 it was held that second counsel was allowed under Item 15 at the low end of the column in Tariff B. I find this approach to be consistent with the provisions of paragraph 47 of the Costs Judgment. Therefore, as the range of units for Item 15 under Column IV is 4 to 9, three claims for junior counsel are allowed under Item 15 at 4 units each.

Disbursements

Photocopying

[58] Janssen has submitted two claims for photocopying. The first claim (claim 35) is for photocopies produced in house by the law office. This claim is for \$55,206.22. The second claim (claim 36) is for photocopies produced by an external service provider. This claim is for \$79,748.79.

[59] Concerning disbursements for photocopies, at paragraph 34 of their Costs Submissions, counsel for Janssen submits that Janssen was charged \$0.25 per page for photocopies by a firm contracted to provide in house photocopying services and that the charges relating to the production of legal authorities had been deducted from the claim pursuant to paragraph 18 of the Costs Judgment. Then, at paragraph 35 of its Costs Submissions, Janssen produces a list of the documents required to carry out the required steps in this action and photocopied in order to provide copies to counsel, experts, law clerks, the Court and file copies.

[60] At the hearing of the assessment, counsel for Janssen contended that paragraph 16 of the Costs Judgment awarded the lesser of the actual charge or \$0.25 per page. Although counsel was not entirely clear on the breakdown of the actual charge it was submitted that the actual cost of in-house photocopying was \$0.25 per page i.e.: \$0.15 per page for management fees, paper and toner and \$0.10 per page for photocopier leases and maintenance. However, later in the hearing of the assessment counsel indicated that the management fee paid was on a per diem basis and was not dependant on the number of photocopies made and that the cost of photocopying, minus the management fee was \$0.15 per page.

[61] Counsel for Janssen submitted that *Diversified Products Corp. v. Tye-Sil Corp.*, [1990] F.C.J. No. 1056, referred to at paragraph 16 of the Costs Judgment, was concerned with the actual cost of photocopies and that the amounts claimed in Janssen's Bill of Costs were the actual costs and that no profit was being made. Counsel further contended that the Affidavits of Documents alone produced a requirement for 270,000 copies or \$67,500 in photocopying. It was submitted that

Janssen produced 60,000 pages of documents which were photocopied twice and Daiichi produced 150,000 pages of documents which Janssen photocopied once. Counsel submitted that, in addition to these, there were discovery transcripts, expert reports, trial exhibits, a trial record of over 3600 pages and Janssen's submissions to Health Canada to gain initial marketing approval which contained over 50,000 pages.

[62] At paragraph 29 of its Responding Submissions, the Defendant submits:

With respect to the number of copies made Janssen has offered no meaningful evidence that all the copies it made were reasonably necessary to advance the litigation. The Belmore and Rinne Affidavits, upon which Janssen relies, list only the types of documents copied and the type of people whom copies may have been provided. This list does not establish that Janssen needed to copy these documents.

Counsel continues by arguing that neither the Belmore nor the Rinne Affidavits state how many copies of each document were produced and do not establish that the claims are reasonable or necessary. The Defendant also submits that Janssen itself admits that 10,000 of the 13,000 documents produced by the Plaintiffs were Daiichi's documents. Further, at paragraph 33 of its Responding submissions, the Defendant submits that Janssen's claim for photocopies is the equivalent of a stack of paper 36 storeys high weighing almost 10,000 pounds.

[63] At the hearing of the assessment, counsel for the Defendant submitted that there was a paucity of evidence justifying the necessity of the photocopies claimed and that the Affidavit of Belmore was no more than a bald assertion of the reasonableness of the photocopy expenditure. In

support of this, counsel referred to *Country Curtains Inc. v. Country Curtain and Gift Shoppe*, [1997] F.C.J. No. 1031 and *Abbott Laboratories Limited v. Canada (Health)*, 2009 FC 399. Counsel for the Defendant further argued that Janssen claimed \$0.25 per page for internal copying and as little as \$0.12 per page for photocopying by an external service. Counsel contended that if a photocopy company is able to make a profit at \$0.12 per page then Janssen should be allowed no more than \$0.10 per page for internal photocopying. In support of this, counsel referred to *Morphy v. Canada (Attorney General)*, 2009 FC 190, at paragraph 16, which held that a law firm charging \$0.40 per page is likely making a profit on its photocopy equipment. Further, counsel contended that if Janssen was able to produce photocopies less expensively by using an external provider, then they should have used an external provider for all photocopies. Finally, counsel for the Defendant submitted that the claim for photocopies was grossly excessive, that of the 10,000 documents submitted from the US litigation, 7,000 were Daiichi documents and that the Plaintiffs together put only 100 exhibits in at trial. Counsel concluded by submitting that the total claim for internal and external photocopies should be reduced by 75% to \$25,457.82.

[64] At paragraph 32 of its Rebuttal Submissions, Janssen submits that the Defendant has submitted no evidence of the profitability of external photocopy service providers and that their profitability is not at issue. Then at paragraph 33 of their Rebuttal Submissions, counsel for Janssen argued that Janssen has produced extensive receipts for photocopies and the prices charged by the providers were not challenged on cross-examination. Referring to the decision in *WCC Containers Sales Ltd. v. Haul-All Equipment Ltd.*, 2003 FC 962 at paragraph 42, counsel for Janssen submits:

...Justice Kelen has held that where evidence was not cross-examined or contradicted, the Court will draw the natural inference that the responding party did not cross-examine because it did not want the deponent to expand upon and buttress facts unfavourable to the respondent. The Court must presume that such evidence would adversely affect Teva's case.

To further support the contention that when a party does not cross-examine on a statement, or produce evidence to refute it, the statement should be accepted, counsel for Janssen refers to *PricewaterhouseCoopers LLP v. Canada (Minister of Heritage)*, 2001 FCT 1040 at paragraph 14. Then at paragraph 36 of their Rebuttal Submissions, counsel for Janssen argues that expenses for photocopies produced by an external service providers should be allowed as claimed. In support of this, counsel referred to *Hyundai Auto Canada v. Cross Canada Auto Body Supply (West) Ltd.*, 2008 FCA 250 at paragraph 6. Further, at the hearing of the assessment, counsel for Janssen referred to *M.K. Plastics Corp. v. Plasticair Inc.*, 2007 FC 1029, to support the contention that the fees and disbursements actually incurred by a party should be taken into consideration on an assessment of costs. Finally, counsel for Janssen contended that to use an external service provider for every photocopy is just not practical as you cannot run out for each document you have to copy solely because you are only incurring a \$0.17 per page cost.

Assessment

[65] Under the heading "Photocopying and Electronic Copies", concerning photocopies, paragraphs 16 and 18 of the Costs Judgment state:

[16] Photocopying is allowed, where indicated in these reasons, at the lesser of the actual charge or \$0.25 per page. I am mindful that law firms may have set up in-house copy centres, possibly as separate entities. In this regard, the comments of this Court in

Diversified Products Corp. v. Tye-Sil Corp, [1990] F.C.J. No. 1056 (QL) are appropriate in stating that the sum of \$0.25 per page is not simply an amount that can be charged without more. When an in-house service is used, the assessment officer must be advised as to the actual costs. The Court said:

With respect, I cannot agree with the reasoning of the Taxing Officer. The item of photocopies is an allowable disbursement only if it is essential to the conduct of the action. Therefore, this is intended to reimburse a party for the actual out-of-pocket cost of the photocopy. The \$.25 charge by the office of Plaintiffs' counsel is an arbitrary charge and does not reflect the actual cost of the photocopy. A law office is not in the business of making a profit on its photocopy equipment. It must charge the actual cost and the party claiming such disbursements has the burden to satisfy the Taxing Officer as to the actual cost of the essential photocopies.

[18] Nothing is allowed for copies of legal authorities provided at trial as this was excessive as commented upon at trial. Up to eight copies of other documents, if made, and actually provided at trial or on discovery are allowed.

[66] Although both the Affidavit of Mira Rinne and the Affidavit of Neil Belmore provide a listing of which documents were photocopied and counsel have confirmed that photocopies of authorities have been removed from the claim, I can find no evidence concerning how many copies of each document were produced. Also, further to paragraph 18 of the Costs Judgment above, I can find no evidence outlining which documents were actually provided at trial or on discovery. Although I have been able to confirm which trial exhibits were filed by Janssen, the fact that the Costs Judgment specifically stipulates that only copies made and actually provided at trial or on discovery are allowed and the fact that counsel has not provided said information leads me to question whether expanding Janssen's submissions concerning photocopies may have buttressed facts unfavourable to Janssen's position.

[67] In *Nature's Path Foods Inc. v. Country Fresh Enterprises Inc.*, 2007 FC 116 it was held:

The less that evidence is available, the more that the assessing party is bound up in the assessment officer's discretion, the exercise of which should be conservative, with a view to a sense of austerity which should pervade costs, to preclude prejudice to the payer of costs. However, real expenditures are needed to advance litigation; a result of zero dollars at assessment would be absurd.

[68] It has been held that indemnification of disbursements is not a function of hindsight but whether, in the circumstances existing at the time a litigant's solicitor made the decision to incur the expenditure, it represented prudent and reasonable representation (see: *Dableh v. Ontario Hydro* [1994] F.C.J. No. 1810 (*Dableh*)). Although *Dableh* was addressing the issue of expert witnesses, I find the reasoning to be sound for many disbursements, including photocopies. In light of the finding in *Dableh*, I agree with counsel for Janssen that circumstances could arise when it would not be reasonable or necessary to send a document to an external service provider for photocopying. I further agree that, in light of *Dableh*, the amount actually expended is a factor which may be taken into consideration.

[69] Concerning the contention that the amount paid to an external service provider should be allowed as claimed, I am not in agreement with counsel for Janssen. In *Hyundai (supra)* it was held that disbursements that are substantiated by affidavit were allowed as claimed. I find that I am not able to allow amounts paid to an external service provider unless they are substantiated, and that includes a determination as to whether the photocopies were reasonable and necessary and, in this proceeding, whether they were actually provided at trial or on discovery.

[70] Counsel for the Defendant has raised the issue of a law firm profiting from photocopies. In support of this they referred *Morphy (supra)*. The issue of law firms profiting from photocopies emanates from *Diversified (supra)*. In *Diversified* the Court states: “A law office is not in the business of making a profit on its photocopy equipment. It must charge the actual cost...” In *Morphy* the elevated charge for photocopies was such that it led to the conclusion that the law firm was likely making a profit from its photocopy equipment. In the present case, it was submitted that counsel for Janssen did not make a profit from photocopying. Defendant’s counsel point to external providers as evidence that Janssen’s counsel were making a profit. I do not find that the argument concerning an external service provider being profitable refutes Janssen’s submission, as it compares two different types of business with two different revenue generating operations. On the other hand, I find that Janssen’s counsel was imprecise concerning the breakdown of the charges for photocopying. This confusion makes it very difficult to determine the actual cost for photocopying. However, it does not preclude the possibility that the actual cost per copy is \$0.25. Taking all of this into account, I find that, in the circumstances of this file, \$0.25 per page is a reasonable amount for internal photocopying.

[71] As indicated at paragraph 82 above, paragraph 18 of the Costs Judgment states:

Nothing is allowed for copies of legal authorities provided at trial as this was excessive as commented upon at trial. Up to eight copies of other documents, if made, and actually provided at trial or on discovery are allowed.

[72] This is where counsel for Janssen runs into difficulty. Counsel for Janssen has submitted that Daiichi produced 10,000 documents totalling 150,000 pages. As these were Daiichi's documents, I find that it is reasonable to conclude that these documents would have been provided at trial or discovery by Daiichi. Consequently, I find that Daiichi would be entitled to claim for the photocopying of these documents, not Janssen. Even though counsel for Janssen has submitted that only one copy is being claimed, to decide otherwise could have required the Defendant to reimburse the Plaintiffs for up to 16 copies, up to eight copies for each Plaintiff and this would have been beyond the parameters of the Costs Judgment which allows for up to 8 copies in total. As counsel for Janssen has submitted that these copies were made at \$0.25 per page, the initial reduction for internal photocopies of Daiichi documents is \$37,500.00.

[73] Although counsel for the Defendant made similar submissions concerning the documents from the U.S. litigation, I presume that these documents comprise part of the total documents produced by Janssen, therefore I will not be treating them separately.

[74] Also included in the list of documents found at paragraph 3 to the Affidavit of Neil Belmore are Teva's expert reports and Teva's Abbreviated New Drug Submission comprising over 2,500 pages. Once again, these are not documents which Janssen would have provided at trial or on discovery. Having determined that Teva's expert reports comprised in excess of 3,400 pages and in keeping with the provisions of the Costs Judgment, internal photocopies will be reduced by a further \$1,490.00.

[75] For the above reasons I allow \$16,216.22 under claim 35 for internal photocopies.

[76] Concerning Janssen's claim for photocopies produced by an external service provider, having found at paragraph 86 of these reasons that payments to external photocopy services must be substantiated and having determined that counsel for Janssen has provided no evidence concerning how many copies of each document were produced and no evidence outlining which documents were actually provided at trial or on discovery, I must exercise my discretion conservatively, with a sense of austerity, recognizing that real expenditures are needed to advance litigation.

[77] Counsel for the Defendant has submitted that Janssen's claim for photocopies provided by an external service provider should be reduced by 75%. I find that this is unreasonable given the complexity and volume of work required to advance this litigation.

[78] Having reviewed tab 37 to the Affidavit of Mira Rinne, it is apparent that the majority of the invoices claimed are for expenditures in 2006. Given that Janssen was awarded costs for motions to compel answers April 19, 2006 and that the trial commenced on September 5, 2006, I find that it is reasonable to conclude that these expenditures relate to documentation required for the motions and trial since examinations for discovery appear to have occurred in 2005. The exception being \$2,363.09 for those copies invoiced after October 4, 2006, the last day of the trial, which, pursuant to the Costs Judgment, are not allowed. Further, having removed the \$2,363.09 and having reviewed the expert reports submitted by Janssen, the trial exhibits and the motion materials filed, I must determine whether the disbursements claimed are reasonable.

[79] Upon reviewing the invoices for photocopies produced externally, it is noted that the amount charged for photocopying was between \$0.09 and \$0.17 per page. This is well within the amount allowed by the Costs Judgment. It is also noted some of the invoices contained charges for scanning of documents and Quick Capture CDs. As scanning is being claimed under claim 38 and there was no evidence presented that this disbursement is different than the disbursement claimed under scanning of documents, any amount for scanning is removed from the claim for photocopies. Further, given that the documents have been photocopied and scanned, I find that Quick Capture CDs are a premium and therefore not a reasonable and necessary expenditure in a party-and-party assessment. Consequentially, the amount claimed for Quick Capture CDs is removed from the amount allowed.

[80] It was further noted that the invoices included expenditures for colour copies. The cost of these copies was at least \$0.85 per page. This far exceeds the amount allowable under the Costs Judgment. It is recognized that there are circumstances when colour copies are necessary for a full capture of the image. Therefore, I find it reasonable to allow disbursements for colour copies. However, in keeping with the Costs Judgment, the claim for colour copies was reduced to an amount approximating \$0.25 per page.

[81] Finally, it was noted that the invoices contained charges for binding, covers, Cerlox coils and tabs. In keeping with my decision at paragraph 33 of *Carr v. Canada*, 2009 FC 1196, given that these items were provided by an external service provider and provide immeasurable assistance

to the Court who would otherwise be required to work with loose documentation the charges for binding, covers, Cerlox coils and tabs included in the invoices for external photocopies are allowed.

[82] For the above reasons, claim 36 for external photocopies is allowed at \$63,040.00.

Summation

[83] Janssen has claimed \$26,311.52 for Summation, a litigation tool used to code documents for research and organization. Counsel for Janssen submits that it is essential in litigation of this type as counsel is able to navigate the numerous productions electronically. Janssen contends that it is because of tools like Summation that counsel were able to move the case along to conclusion in a two year period. Counsel for Janssen argues that, although there is no case law allowing the disbursement for Summation on assessment, the coding services related to Summation were contracted out for this proceeding and as the disbursement is not for software, it are not overhead.

[84] In response, counsel for the Defendant submits that that the Court has stated that Summation costs are overhead and not recoverable. In support of this argument counsel refers to *Sanofi-Aventis Canada Inc. v. Apotex Inc.*, 2009 FC 1138. Further, at paragraph 38 of its Responding Submissions the Defendant contends:

If costs of Summation are, in principle, recoverable, Janssen's submissions cannot be reconciled with its position on photocopying. Janssen states that the use of Summation was necessary to provide counsel with ready access to the many documents produced in this proceeding. Having claimed the costs of multiple paper copies of these documents, Janssen cannot reasonably argue electronic copies were also necessary. If summation was a necessary expense,

Janssen's copying claim should be further reduced, as use could have been made of the electronic copies.

[85] By way of rebuttal Janssen submits that Summation is an expense that would not have been incurred in the day-to-day operation of a law firm. At paragraph 38 of its Rebuttal Submissions

Janssen contends:

...The trial record was roughly 10,000 pages. Searching through 10,000 pages for documents, keywords and phrases during a trial is next to impossible without having the documents in searchable, electronic form at one's fingertips. Summation is a critical tool which allows counsel to access information quickly in order to respond to questions from the Court and conduct witness examinations....

Assessment

[86] Although I agree with counsel for the Defendant concerning the difficulty in reconciling Summation with the volume of photocopies, I do not find that this alone is sufficient to disallow Janssen's claim for Summation.

[87] Counsel for Janssen submitted the Reasons for Judgment and Judgment as to Costs in *Adir and Servier Canada Inc. v. Apotex*, 2008 FC 1070. In that decision, the Court held that the parties agreed to the use of Summation at trial and the unsuccessful party did not object to reasonable disbursements relating to the cost of Summation technology. Counter to this, counsel for the Defendant submitted the Reasons for Judgment on Costs in *Sanofi (supra)*. In that decision the Court held that Summation is part of the normal overhead costs of litigation. It is also to be noted that the Court did not indicate that it was part of the overhead of a law office.

[88] In a letter dated August 3, 2006 counsel for Daiichi informed the Court that Janssen requires Real Time transcript diskettes compatible with Summation. The letter in no way implies that Daiichi required Summation nor does it suggest that the Defendant required Summation. As I have not been presented with evidence to the contrary and no evidence that the parties agreed to the use of Summation, I conclude that prior to the commencement of the trial Daiichi and the Defendant did not use Summation software for research and organization. Further, as the Defendant is disputing the claim for Summation, I conclude that there is no agreement to reasonable disbursements. That being the case, I find that the present case may be distinguished from *Adir (supra)*.

[89] Further, if not all parties were using Summation prior to trial, I find Janssen's argument to the effect that Summation aided in moving the case along to be overstated. One would think that litigation would proceed at the pace of the slowest party, not the party with the newest technology.

[90] Taking the above factors into consideration, I find that Summation may have been a useful tool that aided counsel but, in the circumstances before me in this proceeding, I do not consider it to be reasonable and necessary in a party-and-party assessment. Therefore, in keeping with the Court's findings in *Sanofi (supra)*, Janssen's claim for Summation is not allowed.

Scanning of Documents

[91] Janssen has claimed \$3,682.50 for scanning of documents. At the hearing of the assessment, counsel for Janssen submitted that this amount should be reduced by \$70.00 as scanning done post trial had been included in the claim.

[92] Counsel for Janssen submits that scanning is a critical tool during preparation in document-heavy litigation. It was argued that there is a limit to the number of bound volumes one is able to carry when travelling for hearings or discoveries. Counsel contended that having electronic copies is not a luxury but a reasonable and necessary part of document-heavy litigation.

[93] In response, counsel for the Defendant contends that Janssen has charged the same amount for scanning as for photocopying. Counsel argues that the cost of scanning cannot be greater than the cost of photocopying as there is no toner or paper required. Counsel argues that no recoverable cost should be allowed but that if scanning is allowed the claim should be reduced by 75%. At the hearing of the assessment, counsel submitted that, when considering the reasonableness of the claim, it needs to be noted that Janssen's own evidence is that the U.S. productions were received from U.S. counsel in electronic form.

Assessment

[94] Paragraph 17 of the Costs Judgement allows electronic copies at the lesser of normal rates charged by commercial services or the actual expense.

[95] Having reviewed the invoices found at tab 37 to the Affidavit of Mira Rinne, it is apparent that the commercial rate for scanning was \$0.17 per copy.

[96] Concerning the U.S. documents, tab 39 to the Affidavit of Mira Rinne provides a list of scanning events. Given the number of documents scanned, it would appear that the U.S. documents were not included in the claim for scanning. This is consistent with the submission that they were already in electronic format.

[97] Considering the above factors, and in keeping with the provisions of the Costs Judgment, I find the claim for electronic scanning of documents to be reasonable and allow scanning at the rate charged by a commercial service for a total of \$2,450.00.

Binding

[98] Janssen has claimed \$9,582.05 for binding (claim 39). At the hearing of the assessment, counsel for Janssen submitted that \$400.35 should be deducted for binding completed after the trial.

[99] Counsel for Janssen submitted that binding was not overhead because they are non-reusable items used for filings with the Court. In support, counsel referred to *Kremikovtzi Trade v. Phoenix Bulk Carriers Ltd.*, 2009 FC 182 and *Halford v. Seed Hawk Inc.*, 2006 FC 422.

[100] In response counsel for the Defendant submitted that binding is not an allowable expense. In support, counsel referred to *Morphy (supra)* and *Minde v. Erminskin Cree Nation*, 2009 FCA 128. Counsel argued that in the cases submitted by Janssen the amounts in question are a few dollars, not a global claim of in excess of \$9,000.00. Counsel further argued that in *Kremikovtzi (supra)* there is no indication that the amounts claimed were disputed by opposing counsel. Finally counsel

contended that the amount claimed was inordinate and there is no basis in the evidence to support that quantity of Cerlox binding coils. In support counsel referred to *Richard Condo v. AGC*, 2006 FCA 286 at paragraph 9.

[101] In rebuttal, counsel for Janssen referred to *Merck & Co Inc v. Apotex Inc.*, 2007 FC 312 at paragraph 30 to contend that faced with scant but uncontradicted evidence that real expenditures have been made, an assessment officer should not make a finding of zero dollars. Counsel submitted that the amount claimed is explained by the number of documents involved in the proceeding and that the claim was for materials only, there was no labour claimed. However, upon further investigation counsel was not able to confirm that the disbursement did not include labour.

Assessment

[102] Having reviewed the case law presented, the one commonality is that the amounts claimed are reasonably minor. In fact in *Halford (supra)*, the case most closely resembling this one in terms of total amount claimed for fees and disbursements, the claim for binding was \$5.89. In the other decision, *Kremikovtzi (supra)*, internal binding charges were claimed at somewhat less than \$100.00. Further, although the small amount claimed for binding in *Halford (supra)* was contested as being overhead, in *Kremikovtzi (supra)* there is no indication that the amount claimed for binding was in dispute.

[103] I find that the amount claimed in the present case distinguishes this claim from those in the other proceedings. Although I have found in previous decisions that internal binding is overhead

(*Bujnowski v. Canada*, 2010 FCA 49), I find that this claim for binding and the jurisprudence provided leads me to revisit this issue and not simply disallow it as overhead. On the other hand, I am not able to allow it simply because claims for binding have been allowed in the past. I will therefore reach a determination concerning a reasonable and necessary amount to allow for internal binding, based on the circumstances of this file.

[104] I have been able to find no evidence confirming whether or not the charge for binding included a charge for labour. A review of tab 40 together with tab 36, found under Exhibit A to the Affidavit of Mira Rinne, indicates a strong correlation between the photocopies made internally and the binding performed internally. As no evidence has been provided to the contrary, having determined that internal photocopies for the Daiichi documents and Teva experts could not be allowed, I find that it is not reasonable to allow for the binding of said documents. Reducing binding by a percentage similar to the reduction in internal photocopying reduces the amount for binding to \$2,875.00.

[105] Counsel for Janssen has submitted that the binding is non-reusable as it was used for filings with the Court. Having reviewed the sixteen pages of entries located under tab 40 of Exhibit A to the Affidavit of Mira Rinne, I was able to correlate fifteen dates for binding events with filings in the Federal Court. Given that the vast majority of the binding events had no correlation with filing dates, it raises a question as to what portion of the internal binding was intended for the Court's use.

[106] Having allowed external binding charges for binding, covers, Cerlox coils and tabs because they provide immeasurable assistance to the Court, I do not find that it is reasonable or necessary to allow for internal binding when there is no correlation between the binding and Court filings.

[107] Although this is difficult to calculate, given the lack of evidence to the contrary, I find that my approach should be conservative, with a view to a sense of austerity. For this reason I will further reduce the amount and allow \$550.00 for binding related to the filing of documents with the Court.

Meeting Expenses

[108] Concerning Janssen's claim for meeting expenses (claim 41), at the hearing of the assessment counsel deducted \$387.39 from the claim, for the rental of a meeting room in Toronto, reducing the total claim to \$5,913.51. Counsel submitted that the amounts claimed were reasonable and necessary for counsel to meet with witnesses and counsel for Daiichi. Counsel further submitted that expenses for meeting rooms were only claimed where a room was needed and that where possible, counsel met with witnesses at their office or at the office of U.S. counsel.

[109] In response, counsel for the Defendant argued that the costs judgment allowed for out-of-town living expenses; therefore, any expenses incurred in Toronto, the location of Janssen's counsel, are non-recoverable. In support, counsel referred to *Canada (Attorney General) v. Sam Lévy et Associés Inc*, 2008 FC 980 (*Sam Lévy*) at paragraph 13 and *Bayer AG v. Novopharm Ltd*, 2009 FC 1230 at paragraph 76. Counsel further submitted that expenses for the Hyatt Harborside in

Boston are non-recoverable as the evidence provided was a prospectus and there is no evidence that the expense was actually incurred. Counsel also contended that there was no evidence provided that the meeting rooms at the witnesses facilities were inadequate forcing Janssen to utilize rented facilities. Counsel questioned whether rented facilities were actually required since Janssen's counsel has admitted that some meetings were held in the witness's office or at the office of U.S. counsel. Counsel argued that Janssen could have met at the witness's place of employment which would have rendered these expenses unnecessary. Finally, at paragraph 45 of its Responding Submissions, counsel for the Defendant submits that the only meeting expenses which might possibly be recoverable are the charges for the Holiday Inn Select in Boston and the Inn at Lambertville Station in New Jersey.

[110] By way of rebuttal, counsel for Janssen submitted that the Defendant has misconstrued the Costs Judgment. Counsel argued that paragraph 14 of the Costs Judgment deals with travel and out-of-town living expenses only. Counsel further contended that the meeting involved large groups of people making it impractical to convene a meeting at a witness's place of employment.

Assessment

[111] Having reviewed the invoices provided, I have confirmed that the calculation of meeting expenses appears to be incorrect. The amount claimed should have been \$6,264.09. Reducing that amount by \$387.39 provides for a claim of \$5,876.70. Further, it was noted that the amount of \$288.75 U.S., for the Holiday Inn Select in Boston, was also included. However, at page 231 of Volume 1 of the Costs Submission of Janssen, the amount of \$327.74 CAN had already been

claimed for the same Holiday Inn Select invoice. Therefore, the amount claimed should be reduced by a further \$327.74.

[112] Paragraph 14 of the Costs Judgment states:

Any travel and out of town living expense that are allowed to be recovered are to be at a modest level. Travel shall be allowed at economy class rates. Accommodation shall be allowed at moderate but comfortable single room rates. No alcohol, movies or entertainment expenses may be recovered.

[113] Having reviewed the Costs Judgment, I can find nothing specifically addressing meeting expenses. I agree with counsel for Janssen that to equate meeting expenses with travel and out of town living expenses would misconstrue paragraph 14 of the Costs Judgment. However, I do not consider it a stretch that a party could incur hospitality expenses (i.e. lunches, coffee, water etc) whether or not counsel is actually travelling. Further, counsel for Janssen having admitted that rental facilities were only used when necessary; I consider it hindsight to suggest that counsel could have conducted meetings all with witnesses at the witness's place of business.

[114] Counsel for Janssen having deducted the expense for the rental of a meeting room in Toronto from the claim, I find the expenses for catering to be reasonable and the timing to be in reasonable proximity to the trial and discoveries.

[115] Concerning the claim for the Hyatt Harborside in Boston, counsel for the Defendant has submitted that the amount claimed cannot be allowed as there is no evidence that the amount was

actually paid. However, at page 231 of Volume 1 of the Costs Submissions of Janssen, there is a visa invoice confirming payment of \$1,302.38, the amount claimed by Janssen.

[116] Further, I find that the amounts claimed for the Holiday Inn Select in Boston and the Inn at Lambertville Station in New Jersey are reasonable and the timing to be in reasonable proximity to the trial.

[117] For the above reasons I allow Meeting expenses (claim 41) at \$5,548.96.

Meals

[118] Under claim 44 Janssen has submitted \$4,656.77 for meals. At the hearing of the assessment, counsel removed a claim for Barbarian's Steakhouse and reduced a claim for Bymark thereby reducing the amount claimed to \$2,526.97.

[119] Counsel for Janssen submitted that the charges for meals related to preparation of witnesses before and during the proceeding and during discoveries. Counsel argued that the amounts claimed are modest and reasonable.

[120] In response, counsel for the Defendant submitted that, pursuant to paragraph 14 of the Costs Judgment, meals eaten in Toronto are not recoverable. In support, counsel also referred to the decision in *Sam Lévy (supra)*. Counsel contended that if the meals in Toronto are allowed they should be reduced to a reasonable level and any claims for alcohol must be removed. Counsel

further argued that submitting a credit card statement is not sufficient evidence to prove that the meals were reasonable and necessary.

[121] In rebuttal, counsel for Janssen submitted that the Defendant's argument is not supported by the Costs Judgment as paragraph 14 does not state that only out of town living expenses are allowed. Counsel also contended that the claims were for meetings and that any charges for alcohol had been removed. It was further submitted that for the claims which do not itemize whether alcohol was involved a reduction of 20 percent is reasonable.

Assessment

[122] Paragraph 14 of the Costs Judgment states:

Any travel and out of town living expense that are allowed to be recovered are to be at a modest level. Travel should be allowed at economy class rates. Accommodation shall be allowed at modest but comfortable single room rates. No alcohol, movies or entertainment expenses may be recovered.

[123] Having reviewed the receipts found at tab 46 to the Affidavit of Mira Rinne it was noted that there were receipts for the Hyatt Harborside in the amounts of \$87.71 and \$933.73. It appears that these are for the same time period as the claim for meeting expenses for which costs have already been allowed. As I have not been provided with any evidence that this is not a duplicate claim for the same expenses, the amounts claimed are not allowed.

[124] The last sentence of paragraph 14 in the Costs Judgment states that no alcohol, movies or entertainment expenses may be recovered. Although entertainment was mentioned in the context of

travel, I am of the opinion that the restriction is equally applicable to expenses incurred while not on travel status. Although I am cognizant that counsel for Janssen has submitted that the meals were for the purpose of meeting with witnesses, the restriction found at paragraph 14 of the Costs Judgment has led me to question whether a portion of the meal expenses claimed may be considered entertainment.

[125] Having considered this point, I do not think entertainment is limited to movies, music and live theatre. On the contrary, I do not think it is a stretch to include dinner as a form of entertainment. On the other hand, I am also aware that witnesses, who are on travel status themselves, must eat. Further, I agree with counsel for the Defendant that the decision in *Sam Lévy (supra)* has held that meals for counsel who are not on travel status should not be reimbursed (see also *Hershkovitz v. Tyco Safety Products Canada Ltd*, 2010 FC 292 at paragraph 53). Finally, in keeping with the provision that expenses must be modest and having reduced the claims which do not itemize whether alcohol was involved by a factor of 20 percent, taking all of the above mentioned factors into consideration, claim 44 for meals is allowed at \$485.00.

Courier Charges

[126] Janssen has claimed \$5,670.62 for courier charges (claim 46). At the hearing of the assessment, counsel submitted that the claim was being reduced to \$5,275.55 as some of the charges claimed occurred after the conclusion of the trial.

[127] Counsel for Janssen submitted that courier charges were incurred when documents were sent to expert witnesses and when documents were sent in advance of meetings and discoveries. It was argued that all of the expenditures fall within the time frame of this proceeding.

[128] In response, counsel for the Defendant argues that Janssen has not provided evidence that the costs were reasonably incurred. Counsel submitted that Janssen was arguing that they couriered boxes ahead for meetings but that Janssen also justified electronic documents by arguing that sending boxes to meetings would not be required: Janssen cannot have it both ways. They also contended that most of the courier charges were incurred between Janssen and its co-plaintiff Daiichi and that only \$275.00 in charges were incurred sending documents to the Defendant. Further, not all courier charges were to witnesses, some were to counsel in the United States. Finally, counsel argues that courier charges should be reduced by 75 percent.

[129] By way of rebuttal, Janssen submitted that in a proceeding with co-plaintiffs it is perfectly reasonable that documents would be sent between counsel. Counsel further contended that even though many documents were electronic, one cannot eliminate all paper documents especially important documents which need to be reviewed. Counsel argued that it was necessary to send and receive documents to counsel in the United States as they were advising Janssen concerning the litigation. Finally counsel argued that a reduction of 75 percent is not reasonable in a case of this magnitude.

Assessment

[130] Tab 48 to the Affidavit of Mira Rinne contains a 7 page of disbursement summary concerning courier charges. Counsel submits that documents were being sent for the preparation of witnesses and for meetings. However, given the magnitude of the disbursement, I find that there is a requirement for some particularization to prove the necessity of \$5,275.55 in courier charges. This is not to say that I concur with the Defendant, as I find that a reduction of 75 percent is unreasonable. However, given the amount of the claim for scanning, justified to reduce the need to transport paper copies of documents, I find the charge for couriers excessive. On the other hand I find it reasonable that Janssen would incur courier charges for deliveries to counsel for Teva and Daiichi and to the expert witnesses and the Court. Therefore, having reviewed the disbursement summary for courier charges with a view to austerity, I conservatively allow \$2,500.00 under claim 46 for courier.

Translation

[131] Janssen has claimed \$1,229.31 under claim 52 for the translation of an article authored by Brockman and Musso. Counsel for Janssen submitted that the article was not introduced at trial but was part of the case and was something that, at the time appeared to be relevant, even though ultimately it was not used. The debate at this stage is whether in hindsight the translation of something that was not used should be allowed.

[132] Counsel for the Defendant submitted that the article was not entered into trial and there is no evidence that it was reasonable to translate the document. Counsel argued that we do not know what the article is about, what it is related to or why it was thought to be important.

Assessment

[133] Although I agree with counsel for Janssen that one must not approach the assessment of cost from a position of hindsight (*Dableh, supra*), I find that the evidence required to justify the translation of the article in question has not been provided. The mention of the authors' names without providing the title of the article or a synopsis of the articles content does not constitute evidence that the translation was reasonable and necessary. Consequently, the claim 52 is not allowed.

Publications and Articles

[134] Concerning the claim 53 for publications and articles, at the hearing of the assessment, counsel for Janssen submitted that the amount should be reduced to \$5,469.71 as some of the publications did not relate to this litigation and some others were obtained after the trial. Counsel submitted that these were articles that were not in Janssen's possession and there was a requirement to obtain them electronically from the Canadian Institute of Scientific and Technical Information. Counsel for Janssen contended that all of the articles claimed are case specific as they relate to enantiomers.

[135] Counsel for the Defendant argued that it is virtually impossible, on the evidence provided, to go through these articles and identify what they relate to. The fact that someone ordered the articles does not satisfy the onus to prove that they were reasonable and necessary. Counsel argued that it appears the articles were ordered after the expert reports were prepared, creating a surge of documents in the month before trial and that the Defendant should not be required to pay for any article that Janssen deems may have been important at trial. Counsel argued that Janssen would have had many of these articles from the prior PM(NOC) proceeding and that some of these articles may have been available free of charge. Finally counsel for the Defendant argued that Janssen must justify the expense.

[136] In rebuttal counsel for Janssen submitted, it would have been negligent to rely on materials from a prior proceeding. At the hearing of the assessment, counsel referred to the article “Do Single Enantiomers Have Something Special to Offer?” on page 463 of the Affidavit of Mira Rinne. Counsel submitted that at page 53 of the Judgment, the Court referred to this article in the context of the cross-examination of Dr. Caldwell. Counsel argued that although this is just one article it indicates how critical this type of article can be in a case of this type.

Assessment

[137] As previously mentioned, costs cannot be assessed from a position of hindsight. Counsel for Janssen has presented evidence that at least one of the articles purchased was important to the trial. Contrary to the submissions of the Defendant, one cannot say that they only needed to purchase some of the articles as this may have resulted in not obtaining that one critical article. I find that

counsel for Janssen has presented evidence that the electronic articles were reasonable and necessary. Therefore, I allow claim 53 at \$5,469.71.

Travel Expenses - Telephone

[138] Under claim 54, Janssen has submitted \$342.47 for telephone calls made from Mexico while counsel was on vacation. Counsel for Janssen submitted that his co-counsel was keeping in touch concerning this particular file. It was further submitted that paragraph 14 of the Costs Judgments provides for travel expenses at a modest level and that it is unreasonable to require counsel to record each call to be compensated for them in costs.

[139] In reply, counsel for the Defendant submitted that Janssen does not explain these expenses and that there is no evidence as to what these calls relate to. Janssen has not proven that these charges are reasonable and necessary.

Assessment

[140] Although I am certain that there are circumstances when, of necessity, counsel is required to interrupt vacation time to “keep in touch” concerning a proceeding, I agree with counsel for the Defendant that Janssen has provided no justification to prove that these calls were necessary. Further, contrary to the submissions of Janssen, I find that paragraph 14 of the Costs Judgment does not provide for modest expenses for counsel’s vacation. Therefore, claim 54 is not allowed.

Travel

[141] Janssen has submitted \$25,091.82 for travel (airfare and accommodation) under claims 55 and 56. Counsel for Janssen contended that the Costs Judgment allows for one trip for two counsel, however, the Bill of Costs claims two trips for one counsel. Counsel argued that this amounted to the same dollar value. Counsel further submitted that the airfare to Tokyo should be 50 percent of the amount claimed as the ticket was not economy class. Counsel further contended that the travel expenses to Ottawa were not contested.

[142] Counsel for the Defendant submitted that paragraph 22 of the Costs Judgment provides one trip to Japan for no more than two counsel. Counsel contended that this does not mean that each Plaintiff is entitled to one trip for two counsel, it suggests that the Plaintiffs together are entitled to claim one trip for two counsel. Referring to the Affidavit of Brad Jenkins sworn May 26, 2011, counsel argued that Daiichi has already claimed one trip for two counsel and that matter has been settled. It was submitted that as Janssen did not cross-examine Mr. Jenkins, his evidence remains uncontroverted. Counsel argued that Janssen's counsel were entitled to attend in Japan and should have attended, but the Costs Judgment does not entitle them to be reimbursed for those trips. Finally, counsel submitted that the cost of economy airfare is not necessarily one half of a first-class airfare.

[143] By way of rebuttal, counsel for Janssen submits that the Affidavit of Brad Jenkins refers to a trip to Japan. There is no evidence that Daiichi has settled for two counsel. Counsel further submits that the Defendant is ignoring paragraph 3 of the Costs Judgment which states that the patentee and

licensee are entitled to separate representation and to be compensated in costs accordingly. Counsel argued that whether Daiichi has been compensated is irrelevant to this assessment. Even if the Defendant has settled for two counsel for one trip with Daiichi, paragraph 3 of the Costs Judgment entitles Janssen to claim for at least one trip.

Assessment

[144] Once again, counsel for the Defendant has raised the issue of the settlement of the Costs with Daiichi. I agree with counsel for Janssen. The amount Daiichi settled its claim for is not a factor which affects the outcome of this assessment. To not allow Janssen's claim based on a settlement to which Janssen had no input would be prejudicial to Janssen's assessment. Had I been dealing with both assessments the outcome may have been different, however, I must base my decision on the facts found in the present assessment. On the other hand, I agree with counsel for the Defendant that both Plaintiffs are not entitled to one trip for two counsel. Further to my analysis of subparagraph 3 of paragraph 3 of the Costs Judgment as it relates to examinations for discovery, I find that paragraph 22 of the Costs Judgment provides that each plaintiff is entitled to no more than one trip to Japan for one counsel. Therefore, I allow one trip for one counsel to Japan. Further, I am satisfied that the cost of a full fare economy ticket is approximately 50 percent of the cost for a first class ticket. Therefore, I have reduced airfare accordingly. For these reasons and accepting that the expenses for the travel to Ottawa are not contested, claims 55 and 56 are allowed for a total of \$8,101.86.

Books

[145] Janssen has claimed \$1,175.27 for books. Counsel submitted that these books are specific to this case and would not be used again. These are not books you would find in a library and therefore they are not overhead.

[146] In reply, referring to paragraph 184 of *Halford (supra)* counsel for the Defendant submitted that books are overhead. Books, whether specific and narrow in focus may be used again. It was argued that the Physician's Handbook is the type of book used by patent lawyers who deal with pharmaceutical litigation. The Defendant should not be paying to stock the library of Janssen's counsel.

[147] By way of rebuttal, Janssen submitted that the dissertation of Dr. Ronald Collicott would not be something that would be used again. Counsel concedes that although the Physician's Handbook may be used again in other litigation, the others are specific to this proceeding.

Assessment

[148] I agree with counsel for the Defendant. I am not convinced that a book could be of a nature that the subject matter is so narrow in focus that it would render the book useless in any other proceeding but the present. On the other hand, it is noted that at the hearing of the assessment counsel for the Defendant conceded that the dissertation of Dr. Collicott may have to be treated differently. Given this, I think it was reasonable and necessary for Janssen to purchase a copy of the dissertation of Dr. Collicott, an expert witness in the present case. Therefore, claim 58 is allowed at \$189.89 for the purchase of Dr. Collicott's dissertation.

Computer Research

[149] After reducing the amount claimed to remove computer research conducted after the trial, Janssen has submitted a total claim of \$4,763.66 under claims 59, 60, 61 and 62. Counsel submitted that these charges were incurred for legal research concerning this proceeding. Counsel further argued that these research services have powerful search engines which allow a user to note up cases.

[150] In response counsel for the Defendant submitted that the evidence justifying these expenditures is sparse to non-existent and that an assessment should be with a sense of austerity. Although counsel conceded that computer searches are necessary, there is no evidence to justify that the searches claimed are reasonable and necessary.

[151] In rebuttal Janssen submitted that hundreds of searches were conducted and counsel should not have to incur greater costs to prove the costs claimed. In support, counsel referred to *Bayer AG v. Novopharm Ltd*, 2009 FC 1230, at paragraph 53.

Assessment

[152] Although I agree with counsel for Janssen that a party should not be required to spend a disproportionate amount of money to prove a disbursement, the Affidavit of Mira Rinne and Janssen's Written Submissions provide very little evidence to support hundreds of computer searches. I think that it is a well known fact that computer research is becoming more and more widely used. This being the situation, I am of the opinion that the burden of proving that computer

research is required has declined but that the requirement to provide evidence that the research is relevant is becoming more important. For these reasons I will allow computer research but I will conservatively allow for approximately one half of the searches claimed as the evidence of relevance was limited. Therefore, a lump sum of \$2,325.00 is allowed for all computer research.

Novo-Levofloxacin

[153] Claim 63, in the amount of \$415.30, is for samples of Novo-Levofloxacin. Counsel for Janssen submitted that these samples were for infringement analysis.

[154] Counsel for the Defendant argued that there was no need to purchase these samples. Janssen's experts did not refer to them and infringement was admitted before the trial. Counsel contended that if the samples were purchased to do analysis on them, they did not put the analysis into evidence.

[155] In rebuttal Janssen argued that the samples were purchased in 2005, a full year before the trial and prior to infringement being admitted. Although the evidence was not introduced the disbursement was prudent at the time of the purchase.

Assessment

[156] I am in agreement with counsel for Janssen. Until infringement was admitted, I find it was prudent to purchase samples of the Defendant's allegedly infringing product. Once infringement was admitted, one cannot look back with hindsight and determine that the disbursement was not

necessary. As the samples were purchased prior to the Defendant admitting infringement, claim 63 is allowed as presented.

ChemWindow

[157] Under claim 64, Janssen has claimed a disbursement to Bio-Rad Laboratories of \$1,300.32 for ChemWindow, a program that creates molecular drawings. Counsel submitted that ChemWindow was uniquely required for this proceeding and was used extensively. Counsel argued that ChemWindow is not a renewable resource as the licence agreement is for a limited time and the program cannot be used after the licence expires.

[158] Counsel for the Defendant argued that this program may be used as many times as necessary and that it should be considered as overhead. Counsel contended that this is standard chemistry drawing software.

Assessment

[159] I am in agreement with counsel for the Defendant. I find that the issue concerning software is similar to that concerning books. I am not convinced that the application of the software would be so specialized as to render it unusable in other pharmaceutical litigation. Concerning Janssen's submission that the licence was for a limited timeframe, I do not find this reason to allow the disbursement as, even within the defined period of time, counsel would have access to this software for use in other matters, should the need arise. Therefore, the disbursement to Bio-Rad Laboratories for ChemWindow software is not allowed.

External Hard Drives

[160] Concerning the disbursement of \$4,181.40 to NexInnovations for external hard drives, counsel for Janssen submitted that although the purchase of hard drives is difficult to argue, the document intensive nature of this litigation necessitated the use of external hard drives for documents handling while travelling. Counsel contended that the use of external hard drives is not a luxury and that although they may be used again they were purchased for this particular proceeding.

[161] Counsel for the Defendant argued that external hard drives are part of the equipment in any IT department, they are reusable and their purchase is overhead.

Assessment

[162] Throughout this assessment, counsel for Janssen has referred to the volume of documentation on several occasions. Each time the argument suggested that the volume of documentation in the proceeding necessitated expenditures for the scanning of documents or photocopying or courier. The same argument is presented here. The difference being that this expenditure is not for an item that is specific to this proceeding. In fact, counsel for Janssen has admitted that the hard drives may be used again. This is not to say that the expenditure was unnecessary. This was a large case with a great number of documents which proceeded at a rapid pace and I am sure that the use of technology was extremely useful to counsel. However, I agree with counsel for the Defendant that the purchase of a hard drive is overhead. I would not expect counsel to submit a claim for a computer or photocopier, both of which are technologies which have

proved extremely useful in litigation. I find hard drives to be of a similar nature, they are all office equipment. Therefore, the claim for payment to NexInnovations for external hard drives is not allowed.

Experts

[163] Paragraph 43 of the Costs Judgment reads:

I am concerned with what has been increasingly observed as mounting and often extravagant fees charged by expert witnesses. While a party is free to engage a person for expert services and pay whatever fee is negotiated, that fee should not become simply allowable on an assessment. Therefore, such fees should, for assessment purposes, be capped for days spent by the witness in attendance in Court, whether testifying or not, at the lesser of fees actually charged or those charged for daily service to the same client for senior counsel attending at trial. For preparation time the cap will be one half such senior counsel fee.

[164] At the hearing of the assessment, counsel for the Defendant submitted that counsel for Janssen has applied the capped rates appropriately and that, what is in dispute, are the hours claimed and, in some circumstances, the disbursements charged by the expert witness and claimed by Janssen.

[165] Paragraph 45 of the Costs Judgment allows the fees and disbursements of Ms. Anne Langley. At the hearing of the assessment and written submissions, counsel for the Defendant made no submissions concerning the costs claimed for the witness Anne Langley. Although not mentioned at the hearing of the assessment, I find that the Defendant's omission to make submissions is an indication that the amount claimed is unopposed. Therefore, the claim for the services of Ms. Langley is allowed as presented.

[166] Having regard to the claims for expert witnesses, it is noted that at paragraph 44 of the Costs Judgment, the Court states:

[44] Only fees and expenses of the following expert witnesses called by Plaintiffs at trial will be allowed:

Dr. Wentland

Dr. Klibanov (except no fees or disbursements are allowed for his evidence in Reply to Gerster)

Dr. Hooper

Dr. Zhanel

Dr. Rodricks

Dr. Myerson

Dr. Bartlett (except no fees or disbursements are allowed for his evidence in Reply to Gerster)

Dr. Partridge

[167] It is noted that, in addition to issues specific to the claims for each expert, counsel for the Defendant presented several overarching arguments concerning the costs for the experts. The first relates to the amount of time claimed for the preparation of the expert reports, the second relates to the amount of time spent in court during the trial of the proceeding, the third relates to travel expenses charged by experts and the fourth relates to the reduction of the fees and disbursements of Dr. Klibanov and Dr. Bartlett as a result of their evidence in reply to Dr. Gerster. Commencing with the set-off for Dr. Gerster, I will address these overarching issues prior to addressing the issues specific to each expert.

Gerster Set-off

[168] Counsel for the Defendant submitted that the fees and disbursements concerning the evidence in reply to the evidence of Dr. Gerster for Dr. Klibanov and Dr. Bartlett had not been deducted pursuant to paragraph 44 of the Costs Judgment.

[169] In rebuttal counsel for Janssen submitted that inadvertently those deductions had not been made. Counsel submitted that for Dr. Klibanov \$1,625 should be deducted for preparation and that for Dr. Bartlett \$2,600 should be deducted for preparation and testimony.

[170] At the hearing of the assessment, counsel for the Defendant submitted that the amounts suggested by Janssen for the “Gerster Reduction” seemed to be arbitrary and, considering the number of hours spent preparing generally, the amounts seemed minimal.

Assessment

[171] I am in agreement with counsel for the Defendant, absent evidence proving the amount of time spent preparing for testimony concerning Dr. Gerster, I find the amounts suggested by Janssen to be disproportionately low. Janssen has claimed 78.5 hours charged by Dr. Klibanov for preparation immediately prior to the trial. As this time would have been spent preparing for testimony, cross examination and rebuttal, I find that the Gerster set-off would have a significant impact on the amount allowed. Therefore, given that only preparation is being deducted for Dr. Klibanov, I find that a conservative deduction of \$3,250.00 is reasonable. Similarly, Dr. Bartlett charged for 36.5 hours preparation immediately prior to the trial. Given that preparation and one

hour for testimony is being deducted, I will deduct \$3,575.00 for his preparation and testimony counter to Dr. Gerster.

Preparation of the experts reports

[172] With reference to paragraphs 29 and 30 of the Costs Judgment, counsel for the Defendant has submitted that, to ensure that Janssen is not compensated for duplicative work, the Court has stated that the onus is on Janssen to demonstrate that work and expenses were incurred expressly for these Canadian proceedings. The Defendant argued that Janssen has utterly failed to comply with the Costs Judgment. Counsel contended that Dr. Klibanov, Dr. Rodricks, Dr. Wentland, Dr. Zhanel, Allan S. Myerson and John J. Partridge have all utilized significant portions of affidavits and reports previously filed in a related Patent Medicine (Notice of Compliance) (PM(NOC)) matter and in American litigation related to Levofloxacin. As the argument for each expert was similar, I will not reiterate the Defendant's submissions in its entirety. However, it is instructive to refer to a sample of the Defendant's submissions concerning this point. At paragraph 73 of its Responding Submission, the Defendant contends:

Prior to being retained for this proceeding, Dr. Klibanov previously served as a witness in both the related PM(NOC) proceeding and in an American proceeding involving the corresponding United States Patent and many of the same issues. There is clear duplication between these proceedings. Half of Dr. Klibanov's report in this proceeding was reproduced substantially verbatim from the affidavit he swore in the earlier PM(NOC) proceeding involving the same parties and also duplicates a substantial portion of his report in the American proceeding. Furthermore, almost 20% of the added paragraphs in Dr. Klibanov's report articulate legal test and list documents provide by Janssen and were almost certainly drafted by counsel. As it appears that approximately 55 hours were charged for preparing his report, this time is excessive and unreasonable in the circumstances.

Then again at paragraph 82 of its Responding Submissions, the Defendant submits:

Janssen's claim for Dr. Rodricks' fees is unreasonable and should be significantly reduced. Janssen claims a staggering 229.5 hours of preparation were needed. This is particularly hard to justify considering that his report incorporates almost his entire expert report in the U.S. proceedings. Indeed, almost half of the paragraphs in Dr. Rodricks' report were transcribed verbatim from his earlier report. It is inconceivable that so much preparation time was needed given the extent of this duplication.

[173] The Defendant makes similar submissions for Dr. Wentland, Dr. Zhanel and Allan S. Myerson. Concerning John J. Partridge, counsel for the Defendant submits that all but three paragraphs of his report were duplicated verbatim from his report in an earlier proceeding involving Apotex.

[174] Concerning all of the above experts, counsel for the Defendant argues that the amounts claimed by Janssen should be reduced by 75 percent.

[175] By way of rebuttal, Janssen argues that the Defendant has submitted a distorted view of the amount of time spent by the experts on the preparation of affidavits. At paragraph 65 of its Rebuttal Submissions, Janssen submits:

.... As shown below, expert report preparation in this proceeding was a preliminary, typically small portion of the experts overall involvement in this case. Subsequent steps included advising and conferring with counsel, reviewing Teva's expert reports, preparing reply reports, attending at trial, and being deposed at trial, as set out in the experts' invoices. Teva's allegation that an expert's work was unnecessary because he or she had sworn a similar affidavit in an earlier proceeding should be dismissed once that particular, small amount of work is put in the context of the totality of the expert's work.

Then at paragraph 75, Janssen contends:

Teva focuses on Dr. Klibanov's expert report. Dr. Klibanov's expert report was dated June 20, 2006. As his invoice dated August 1, 2006 was for a total of 28.75 hours from March to

July 2006 (which includes more than just preparation of his initial report), Teva's claim that Dr. Klivanov spent 55 hours on his report is not credible.

And again at paragraph 77, Janssen submits:

Dr. Klivanov's invoices include a Reply Report and a Supplemental Reply Report, neither of which have been alleged by Teva to be duplicative of any earlier work. It also includes reviewing documents including Novopharm's rebuttal reports, preparation for trial, and conferring with counsel during trial, as stated in his invoices.

Then at paragraph 83, Janssen submits:

As with Janssen's other experts, Teva focuses on Dr. Rodricks' expert report. Dr. Rodricks' expert report was prepared on June 26, 2006. His invoice up to the end of June totalled \$9,476.07CDN out of a total amount claimed of \$75,338.00.

[176] Janssen makes similar rebuttal submissions for Dr. Wentland, Dr. Zhanel, Allan S. Myerson and John J. Partridge.

Assessment

[177] Paragraphs 29 and 30 of the Costs Judgment state:

[29] The plaintiffs may only recover for work done and expenses incurred for the Canadian proceeding and not for work or expenses already incurred for the prior United States proceedings.

[30] The assessment officer is to be guided by the above statement, the onus shall be on the Plaintiffs to demonstrate that work and expenses were incurred expressly for these Canadian proceedings.

[178] In summary, counsel for the Defendant argues that the amounts claimed for experts should be significantly reduced as their reports are substantially the same as reports previously filed in a PM(NOC) application and in American litigation. Although Janssen does not dispute the

Defendant's contention, counter to this, counsel argues that the amount of time spent preparing the affidavits was only a fraction of the total amount of time claimed.

[179] Having reviewed the reports, I have confirmed that there are a number of portions of the expert affidavits which one could argue are substantially the same as those previously filed. On the other hand, there are significant differences between the reports. For example, the Affidavit of Dr. Rodricks provides much more elaboration than his previous report. Further, even though there are portions in common, I do not think that it is unreasonable to allow an expert time to review, revise, expand or confirm what was previously written.

[180] Having reviewed the invoices of the individual experts, I find that the amounts spent drafting and revising their affidavits more closely resembles the amount submitted by Janssen than the amounts submitted by the Defendant. Further, I find that the amount of time spent, although different in each case, is not unreasonable given the necessity of preparing a fresh affidavit for this proceeding. For the above reasons I find that the expenses incurred for the preparation of the Affidavits of Dr. Klibanov, Dr. Rodricks, Dr. Wentland, Dr. Zhanel, Allan S. Myerson and John J. Partridge were incurred for the Canadian proceeding. Further, as counsel for the Defendant made no submissions concerning the preparation of rebuttal affidavits and preparation prior to trial, I find that the total amounts claimed for the time spent in preparation of the experts reports and rebuttal reports are reasonable.

Amount of time in court

[181] The Defendant argued that the amount of time witnesses spent attending at trial was disproportionately long when compared with the amount of time spent testifying.

[182] Concerning Dr. Klibanov, at paragraph 75 of their Responding Submissions, counsel for the Defendant submits:

For time spent at trial, Janssen claims 20 hours of Dr. Klibanov's time. Janssen states that this is an estimate, as Dr. Klibanov's invoices do not distinguish between time spent preparing and time spent at the hearing. Transcripts indicate that Dr. Klibanov spent only 6 hours in the witness box. Janssen's estimates appear to be greatly inflated.

Then concerning Dr. Wentland, the Defendant contends:

...Janssen also claims fees and disbursements for Dr. Wentland's trip to Toronto to observe the Caldwell cross-examination at trial. Dr. Wentland's attendance at the cross-examination was not necessary. Dr. Wentland did not give further evidence at trial following Dr. Caldwell's cross-examination and appears to have attended "just in case" his assistance was needed. This is an unnecessary expense....

And in relation to the attendance of Mr. Partridge, counsel for the Defendant argues:

Janssen claims for 16 hours Mr. Partridge spent at the hearing, though the record shows that he was on the stand for no more than two hours and likely less than one hour. The rest of the time spent at trial cannot be considered necessary.

Finally, the Defendant makes similar submissions concerning Dr. Hooper. At paragraph 99 of their Responding Submissions, counsel argues:

Janssen claims 22 hours spent by Dr. Hooper attending the trial. The transcript shows that Dr. Hooper testified for only 5 hours. The rest of the time spent attending the hearing was not necessary.

[183] In rebuttal, counsel for Janssen argues that the Costs Judgment is clear that expert disbursements are allowable for "days spent by the witness in attendance in Court, whether

testifying or not”. In support of the argument that Janssen is entitled to the costs of the entire time the experts spent in Court, counsel also referred to *Rothmans, Benson & Hedges Inc. v. Imperial Tobacco Ltd* (1993), 50 C.P.R. (3d) 59, which held:

As to the expert witnesses.... there is no doubt that their attendance at the proceedings was essential to the proper conduct of this action. It is not reasonable to limit the expert's fees and expenses to the days in which he or she testified. In this respect I concur with Mr. Justice Dubé in *Amfac v. Irving Pulp & Paper* (unreported, T-166-80, December 9, 1985) when he stated at page 6:

. . . in complex patent matters such as this one, an expert is expected to do more than merely defend his affidavit. His presence may be necessary throughout the other party's case so as to be in a position to apply his expertise to the facts of the case as presented by the other side. He may also be called upon to rebut the opinions of other experts who took the stand before him.

Counsel also relied upon *Adir v. Apotex Inc.*, 2008 FC 1070 at paragraphs 20 and 21, and *Merck & Co. v. Apotex Inc.*, 2002 FCT 1037 at paragraph 16 in support of this point.

[184] Concerning Mr. Partridge, at paragraph 91 of its Rebuttal Submissions, Janssen submits:

Teva's hindsight approach is evident in its comments on Mr. Partridge's assistance at the hearing. Janssen was not able to predict when or how long Mr. Partridge would be on the stand for. In any event, as stated above, and as Justice Hughes held, the case law is clear that a party is entitled to recover for expert assistance before and during trial.

[185] Counsel for Janssen makes a similar argument concerning Dr. Hooper at paragraph 98 of their Rebuttal submissions.

Assessment

[186] It seems prudent to reiterate the finding in *Dableh (supra)* which held:

The test or threshold, for indemnification of disbursements such as these, is not a function of hindsight but whether, in the circumstances existing at the time a litigant's solicitor made the

decision to incur the expenditure, it represented prudent and reasonable representation of the client both in terms of leading and responding to Rule 482 expert evidence and of filling the void of technical expertise requisite to the solicitor's preparation and conduct.

[187] The position advocated by the Defendant appears to be firmly rooted in hindsight. I find the Defendant's submissions concerning the attendance of Dr. Wentland at the cross-examination of Dr. Caldwell to be firmly rooted of the hindsight approach and I find that it was both reasonable and necessary for Janssen's counsel to have Dr. Wentland present in order to make a sound determination as to whether Dr. Wentland would be required to provide additional testimony. The fact that additional testimony was not required should not affect the reasonableness of the claim.

[188] Although Janssen's evidence concerning Dr. Klibanov could have provided further specification, I find that the Costs Judgment and case law support the contention that an expert is expected to do more than merely defend his affidavit. Given this expectation, I find it is reasonable and necessary for the experts to be in the Courtroom for the testimony of any expert witness presenting evidence adverse to their testimony so as to be in a position to apply their expertise to the opinions of the experts called by the other side. Having reviewed the claims for the experts I note that the number of hours claimed for attendance at the trial varies considerably but none of the claims are for periods of time that are unreasonable. Therefore, I find that the claims for time spent in attendance at the trial are reasonable for all experts.

Expert Travel

[189] Counsel for the Defendant has raised several concerns related to travel by expert witnesses. These concerns relate to claims for first class flights, claims for the time experts spent travelling and the cost of hotels.

[190] In support of the contention that it is unreasonable to allow expert travel time when the Court has not allowed counsel travel time under Item 24, counsel referred to *Bayer AG v. Novopharm Limited*, 2009 FC 1230 at paragraph 40.

[191] Counsel for Janssen submitted no argument that time for travel and first class airfare were allowable. It having been decided in *Bayer (supra)* that time witnesses spend traveling is not allowed in circumstances where the Court has not made a direction concerning Item 24 and the Costs Judgment having allowed for economy airfare, I am in agreement with the Defendant that claims for first class airfare and travel time may not be allowed.

[192] Concerning the claims submitted for Dr. Zhanel, Dr. Myerson and Dr. Bartlett, counsel for the Defendant submitted that the charges for hotel accommodation exceeded the “moderate but comfortable” accommodation allowed by the Costs Judgment.

[193] At the hearing of the assessment, counsel for Janssen submitted that the room rate charged on some invoices may be explained by the Toronto International Film Festival. Counsel argued that Dr. Bartlett submitted invoices for the same hotel in late September of 2006 and the room rate was

almost one half of the rate during the film festival. Counsel contended that Janssen did not choose the dates of the trial and had no control over the room rates charged.

[194] It is noted that the Toronto International Film Festival runs at the beginning of September every year and that in 2006 it ran from September 7 to September 16. Having reviewed the invoices of Dr. Zhanel, Dr. Myerson and Dr. Bartlett, I find that Janssen's submissions appear to explain the differences in room rate charged by the hotel. Further, as I find the rate of \$275.00 charged later in September to be moderate, I will allow hotel rates as claimed.

[195] In keeping with these findings I will assess the disputed claims of each expert to determine the impact of these findings.

Dr. Klibanov

[196] At paragraph 78 of its Responding Submissions, the Defendant submits:

Janssen claims \$350 per hour for time Dr. Klibanov spent travelling. It has been recognized that, where counsel has not been awarded travel time under Tariff Item 24, it is unreasonable to award travel time charged by experts. It would appear that Dr. Klibanov's later trips were also first class, as opposed to economy fares. As Dr. Klibanov appears to have made at least three trips from Boston to Toronto, a significant reduction is clearly warranted.

[197] Although counsel for Janssen presented no submissions concerning Dr. Klibanov's travel time, at the hearing of the assessment counsel submitted that Dr. Klibanov's first class travel has been reduced as he was coming to Toronto on unrelated business so he only charged one half of the fare.

[198] In response to this argument, counsel for the Defendant argued that Dr. Klibanov's fare should be reduced to economy rate and then reduced by half to account for the unrelated business.

[199] Janssen has submitted three invoices for Dr. Klibanov dated August 1, 2006, August 31, 2006 and October 2, 2006 respectively. Having reviewed the August 1, 2006 invoice and supporting documentation, it is clear that no airfare was claimed and there was no claim for travel time. Having regard to the invoice dated August 31, 2006, it is apparent that Dr. Klibanov charged a total of 23 hours in fees. Within the invoice, Dr. Klibanov specifies, "travelling to Toronto on August 29". A review of the airline ticket submitted, confirms that he travelled coach. Considering this, I will allow Dr. Klibanov's airfare and reduce the allowable hours billed to 18, to remove the time spent travelling to Toronto.

[200] Concerning the invoice dated October 2, 2006, Dr. Klibanov claims for 78.5 hours of preparation time and two flights. His charge for the first flight is \$1465.80 US. Although neither party provided concrete evidence as to whether or not this was a first class flight, I find the fact that the flight on the August 31, 2006 invoice was for \$296.24 is a strong indication that this ticket was not an economy fare. Similarly, the second flight, for which Dr. Klibanov claimed fifty percent due to unrelated business, cost \$1,742.80. Having regard to this, I find, absent evidence that these flights were not first class, that the fares should be reduced to economy levels. Therefore, given that the only evidence before me concerning the cost of an economy ticket between Boston and Toronto is the amount claimed on the August 31, 2006 invoice, I allow \$300.00 for the first flight claimed on

the October 2, 2006 invoice and \$150.00 for the second due to the fact it was also used for unrelated business. Further, Dr. Klibanov claims for “travelling to Toronto on two separate occasions”. Given this, I will reduce the allowable hours billed for preparation to 68.5 to remove the time spent travelling to Toronto on two separate occasions.

[201] At paragraph 78 of their Responding Submissions, counsel for the Defendant submits that Dr. Klibanov charged 78.5 hours for the period immediately prior to the hearing preparing for cross-examination. Counsel submits that this is excessive as Dr. Klibanov had previously testified in the PM(NOC) matter which covered many of the same subjects at issue in this proceeding.

[202] At paragraph 77 of its rebuttal, referred to at paragraph 194 above, counsel submits that Dr. Klibanov’s invoices include a Reply Report and a Supplemental Reply Report.

[203] Having reduced Dr. Klibanov’s allowable hours to remove travel time, I find that, subject to the Gerster set-off, the amount of 68.5 hours for preparation is reasonable given the necessity of drafting two reply reports.

Dr. Zhanel

[204] Concerning the travel of Dr. Zhanel, at paragraph 88 of their Responding Submissions, counsel for the Defendant argues:

Dr. Zhanel’s disbursements are also unreasonable. On 3 separate occasions, Dr. Zhanel flew first class from Winnipeg to Toronto – despite the fact that Janssen’s Bill of Costs shows the flight was barely 2 hours long. The need for these trips has not been substantiated. The first trip to Toronto was made after Dr. Zhanel’s evidence was already served but before the trial

had commenced. Janssen has not explained why this trip was necessary and why work done during this trip could not have been done by telephone or video conference, or in the days immediately preceding Dr. Zhanel's days in Court, given that he was in Toronto for approximately 24 hours.

[205] At paragraph 89 of its Rebuttal Submissions, Janssen contends that Dr. Zhanel's first class ticket has already been reduced to economy in the Bill of Costs. Further, at the hearing of the assessment counsel argued that the meetings with Dr. Zhanel were not something that could have been accomplished over the telephone. In support, counsel referred to *Bayer (supra)* at paragraph 66 which held that when meeting with witnesses the determination of the best method of proceeding must be made at the time without the benefit of hindsight.

[206] Concerning the issue as to whether Dr. Zhanel's trips were necessary, I follow *Dableh (supra)* and *Bayer (supra)* and find that one should not use of hindsight to determine whether a meeting with a witness could have taken place at a more convenient time or been conducted by teleconference. Having reviewed Dr. Zhanel's invoices and the Bill of Costs, it is clear that Janssen has reduced the amount claimed to account for the fact the Dr. Zhanel flew executive class between Winnipeg and Toronto. Therefore, Dr. Zhanel's travel expenses will not be reduced and are allowed as claimed.

Mr. Partridge

[207] Concerning the claim for Mr. Partridge, at paragraph 92 of their Responding Submissions, counsel for the Defendant contends:

Mr Partridge also appears to have billed \$3,000 per day for time spent in Toronto. Janssen claims this equals an 8 hour day but provides no evidence that 8 hours were actually

worked. This flat rate was likely meant to compensate Mr. Partridge for time spent travelling. Mr Partridge's August invoice also states that \$3,000 was billed for a visit to Bereskin & Parr – Daiichi's counsel, not Janssen's counsel. Janssen's claims in respect of Mr. Partridge are unreasonable.

[208] At paragraph 92 of its Rebuttal Submissions, Janssen submits:

Teva's allegation that Mr. Partridge was billing for time spent travelling is unclear, especially because Mr. Partridge's invoices spell out tasks performed in excruciating detail. For example, Mr. Partridge invoiced a full day of work in August. He flew into Toronto on August 14, 2006, billed a day of work on August 15th, 2006 and flew out after 10:00 pm that day. If he was billing for travel, one would expect to have seen time billed for his travel on August 14th, 2006, yet no time was invoiced on that day.

[209] Concerning the Defendant's contention that Mr. Partridge met with Bereskin & Parr, counsel for Daiichi, a review of his August invoice, found at tab 74 of Janssen's Cost Submissions confirmed that the meeting was with counsel for both Daiichi and Janssen. Given that Mr. Partridge was meeting with counsel for Janssen as well as counsel for Daiichi, I find no reason that travel for this meeting should not be allowed. Further, concerning the Defendant's argument that Mr. Partridge was billing time for travel, having reviewed his invoices, I am in agreement with counsel for Janssen that the number of hours claimed is justifiable and there is no reason to speculate as to whether his claim "was likely meant to compensate Mr. Partridge for time spent travelling". Therefore, Mr. Partridge's travel expenses will not be reduced and are allowed as claimed.

Dr. Myerson

[210] At paragraph 95 of its Responding Submissions, the Defendant argues that Janssen claims for Dr. Myerson's travel time for three separate trips.

[211] Having reviewed Dr. Myerson's invoices, found at tab 71 of Janssen's Cost Submissions, in his invoice dated September 15, 2006 Dr. Myerson claims 57 hours for 5 days (August 24- 25, 2006, September 7, 2006 and September 12 – 12, 2006). Within those five days there are two round trips from Chicago to Toronto, the third trip having been cancelled. Further, on page 578 of the Costs Submissions it is noted that Dr. Myerson arrived in Toronto on August 24 at 6:23 PM. Therefore, I am in agreement with counsel for the Defendant, given that Dr. Myerson is charging in excess of 10 hours per day, I find that he charged for his travel time. Consequently, I reduce the amount of time billed for preparation on the September 15, 2006 invoice to 35 hours to account for the travel time for two trips between Chicago and Toronto.

Dr. Bartlett

[212] At paragraph 96 of its Responding Submissions, the Defendant argues that Janssen claims for four trips to Toronto by Dr. Bartlett. Further, at the hearing of the assessment, counsel referred to page 602 for Janssen's Costs Submissions as evidence that Dr. Bartlett flew executive first class. Counsel also contended that the problem with the claim for Dr. Bartlett is that his invoices are so lacking in detail that it is difficult to determine what he was doing for the time billed.

[213] At paragraph 95 of their Rebuttal Submissions, counsel for Janssen argues:

Teva has alleged that Dr. Bartlett was billing for travel time, yet his invoices do not support this allegation. A full day's work was billed on April 25th, 2006, a day on which Dr. Bartlett took an 8:30pm flight, easily allowing for a full day's work. No time was billed for travel on April 24, 2006, when he flew into Toronto.

[214] Janssen makes similar submissions for travel by Dr. Bartlett on August 22, 2006, September 26 and September 28, 2006. At the hearing of the assessment counsel for Janssen submitted that the first class flights for Dr. Bartlett have been reduced.

[215] With respect to Dr. Bartlett, having reviewed his invoices I am satisfied that his first class flights have been reduced in the Bill of Costs and that his air travel was in the evening, allowing him to bill for an entire day of work without including his travel time. Therefore, the amounts claimed for Dr. Bartlett's travel will not be reduced and are allowed as claimed.

Dr. Wentland

[216] At the hearing of the assessment, counsel for the Defendant argued that Dr. Wentland made three trips to Toronto from Albany and claimed for his time for each trip. More specifically, counsel submitted that on September 24, 2006 Dr. Wentland claimed 4.3 hours for travel alone.

[217] Concerning Dr. Wentland, at the hearing of the assessment, counsel for Janssen submitted that the 4.3 hours for travel from Albany to Toronto is travel time that may be removed from the Bill of Costs but that this does not mean that all other time when he was actually working should be reduced.

[218] Having reviewed the invoices of Dr. Wentland found at tab 70 of Janssen's Cost Submissions, I note that on August 24, 2006 Dr. Wentland charged 9.8 hours for travel to Toronto and meetings with the Janssen legal team. Upon reviewing his ticket, it was confirmed that he

arrived at 12:35 PM. Although possible, I find it highly unlikely that Dr. Wentland met with counsel for almost 10 hours if the meeting did not start until after 12:00 noon. Further, on September 4, 2006 Dr. Wentland charged 13.3 hours for travel and meetings. Although his flight arrived in Toronto at 8:35 AM leaving him the entire day to meet with counsel, I have great reservations that he met with counsel for over 13 hours. Counsel for Janssen having suggested that the 4.3 hours for travel on September 24, 2006 should be removed from the Bill of Costs, I will reduce Janssen's claim for hours billed for the preparation of Dr. Wentland to 115.2 to account for the travel time claimed.

Dr. Rodricks

[219] Concerning Dr. Rodricks, although the Defendant did not dispute his charges for travel, at paragraph 83 of their Responding Submissions, counsel for the Defendant submits:

Janssen also claims for fees paid to people assisting Dr. Rodricks, described in the invoices as Sr. Science Advisor 10 (45 Hours), Support (25.2 hours) and Sr. Associate 6B (60.1 hours). Justice Hughes' Costs Judgment states that only the fees and disbursements of the named individuals may be recovered. These additional amounts cannot be recovered.

[220] Then, at the hearing of the assessment, counsel for the defendant submitted that Janssen is claiming 229.5 hours for the work of Dr. Rodricks. Counsel argued that if one adds up Dr. Rodricks' time, it comes to 98.5 hours while the time spent by his science advisors and assistants is calculated at about 131 hours.

[221] At paragraph 85 of their Rebuttal Submissions, counsel for Janssen argue:

Amounts charged by Dr. Rodricks for support services are part of the total professional services provided by Dr. Rodricks, which were allowed by Justice Hughes.

[222] Then, at the hearing of the assessment, Janssen contended that Dr. Rodricks report was extensive and his assistants contributed to saving time. Rather than Dr. Rodricks doing the background work, counsel submitted that his junior associates did the work under his supervision. Counsel argued that it is semantics whether Dr. Rodricks did the work or whether his staff did the work as he relies on all of the work as the basis for his report.

[223] Having reviewed the invoices for Dr. Rodricks found at tab 76 of Janssen's Costs Submissions, it has been confirmed that Dr. Rodricks portion of the work claimed amounted to 98.5 hours.

[224] At paragraph 44 of the Costs Judgment, the Court states that only the fees and expenses of the following expert witnesses called by the Plaintiffs at trial will be allowed. Then at paragraph 46, the Court states "the fees and disbursements not mentioned above shall not be allowed".

[225] The Costs Judgment clearly provides for the time spent by Dr. Rodricks. On the other hand, there is nothing in the Costs Judgment which would permit me to allow the time spent by others assisting Dr. Rodrick. In *Abbott Laboratories LTD v. Canada (Minister of Health)*, 2009 FC 399, at paragraphs 31 and 32, and in *Imperial Oil Resources Ltd. v. Canada (Attorney General)*, 2011 FC 652, at paragraphs 42 and 43, it has been decided that the expenses incurred for people to assist the expert in preparing their report may not be allowed. I find that the decisions disallowing the time of

those who assist expert witnesses in their research is in keeping with the provisions of the Costs Judgment which specifies that only the fees and expenses of the experts will be allowed. Therefore, a total of 98.5 hours is allowed for Dr. Rodricks for preparation and attendance at the trial.

[226] I find all other fees and disbursements for expert witnesses claimed by Janssen to be reasonable and necessary in the circumstances of this particular file.

[227] For the above reasons, the amounts allowed for expert witnesses are:

Dr. Wentland - \$49,363.44
Dr. Myerson - \$29,199.73
Dr. Klibanov - \$49,481.35
Dr. Bartlett - \$51,959.54
Dr. Partridge - \$35,807.72
Dr. Rodricks - \$38,057.81
Dr. Zhanel - \$36,051.92
Dr. Hooper - \$19,657.29

Interest

[228] Concerning interest, the Defendant submits that it does not dispute that Janssen is entitled to interest at the rate of 5 percent, not compounded in accordance with paragraph 26 of the Costs Judgment. Counsel submits however that they have a concern about the fact that Janssen waited three and one half years before providing the Defendant with a draft Bill of Costs.

[229] Counsel for the Defendant refers to *Urbandale Realty Corp. v Canada*, 2008 FCA 167, *Fournier Pharma Inc v. Canada (Minister of Health)*, 2007 FC 433 and *White v. Chaumont* [2008] O.J. No. 1051 in support of the argument that the assessment officer should take into consideration

that Janssen delayed the assessment. Counsel concludes by submitting that Janssen should be limited to 2 years of interest, not 5 years as sought.

[230] In rebuttal counsel for Janssen submits that the Costs Judgment states that "... (i)f the Defendant wishes to minimize its exposure in this regard, it should promptly move to have costs assessed". Counsel continued by submitting that the Defendants made no effort to move the assessment along. Counsel further noted that the jurisprudence referred to by the Defendant could be distinguished as *Urbandale (supra)* was not addressing interest and *White (supra)* involved an 11 year delay where the Defendant had attempted to move the assessment along.

Assessment

[231] Paragraph 26 of the Costs Judgment is clear and unequivocal.

Costs bear interest from the date of the Reasons and Judgment (*CCH Canadian v. Law Society* (2004), 37 C.P.R. (4th) 323). The rate of interest is five percent (5%) not compounded, as established by the *Interest Act*, R.S. 1985, c. I-15, s.4;2001, c.4 s.91. If the Defendant wishes to minimize its exposure in this regard, it should promptly move to have costs assessed.

[232] With the exception of *Urbandale*, which did not address interest, the jurisprudence referred to by the Defendant was rendered by the Court. As I am not a member of the Court I do not have the same discretion when it comes to awards of costs and interest. As the Court's award of interest speaks for itself, I am without jurisdiction to limit the timeframe for which interest allowed. Therefore the Defendant's request that post judgment interest be limited to 2 years in not allowed.

G.S.T.

[233] The Defendant submits that Janssen has claimed for G.S.T. when G.S.T. has already been included in the amount claimed for given disbursements. At paragraph 125 of their Responding Submissions, the Defendant argues:

As Janssen bears the burden of establishing its right to recover G.S.T., its entitlement to recover G.S.T. should be assessed conservatively. In *Astrazeneca AB v. Apotex Inc.*, the Court awarded only approximately one third of the amount claimed for G.S.T. as a result of inadequate evidence and improper claims. A similar reduction is appropriate in this case. Janssen should be limited to G.S.T. on only one third of its taxed costs.

[234] By way of rebuttal Janssen submits that a 10 percent reduction in the amount of G.S.T. claimed is appropriate.

[235] Having reviewed the evidence of disbursements provided in the Affidavit of Mira Rinnie, I find that a 10 percent reduction in G.S.T. is not sufficient as several claims included G.S.T. and to allow a second claim would be duplicitous. On the other hand, a reduction of 66 percent, as suggested by the Defendant, is too severe. Therefore, under the circumstances of this file, in order to account for the G.S.T. already included in disbursements claimed, the G.S.T. claimed will be reduced by 25 percent on the taxed disbursements claimed by Janssen.

[236] For the above reasons, the Bill of Costs presented at \$852,423.52 is assessed and allowed for a total amount of \$619,158.30 plus post judgment interest from the date of Judgment. A Certificate of Assessment will be issued.

“Bruce Preston”

Assessment Officer

Toronto, Ontario
January 12, 2011

FEDERAL COURT

SOLICITORS OF RECORD

DOCKET: T-2175-04

STYLE OF CAUSE: *JASSEN INC. and DAIICHI SANKYO COMPANY, LIMITED*
v. TEVA CANADA LIMITED

ASSESSMENT OF COSTS WITH PERSONAL APPEARANCE OF THE PARTIES

PLACE OF ASSESSMENT: TORONTO, ONTARIO

REASONS FOR ASSESSMENT OF COSTS: BRUCE PRESTON

DATED: JANUARY 12, 2012

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