Federal Court of Appeal | Cour d'appel fédérale

Date: 20160705

Dockets: A-311-15
A-187-12

Citation: 2016 FCA 194

CORAM: **DAWSON J.A.**
STRATAS J.A.
GLEASON J.A.

BETWEEN:

ASTRAZENECA CANADA INC.

Appellant

and

APOTEX INC.

Respondent

Heard at Toronto, Ontario, on May 18, 2016.

Judgment delivered at Ottawa, Ontario, on July 5, 2016.

REASONS FOR JUDGMENT BY: DAWSON J.A.

CONCURRED IN BY: STRATAS J.A.
GLEASON J.A.

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REASONS FOR JUDGMENT

DAWSON J.A.

[1] Rule 399(2)(*a*) of the *Federal Courts Rules*, SOR/98-106, allows a court to set aside or vary an order or judgment by reason of a matter that arises or is discovered after the order is made.

[2] AstraZeneca Canada Inc., the appellant in Court File A-311-15, sought variation of the

judgment of the Federal Court rendered by Justice Hughes on May 11, 2012, in Court File T-2300-05. For reasons cited as 2015 FC 799, Justice Hughes dismissed the motion with costs. AstraZeneca now appeals from this order of the Federal Court.

[3] The relevant facts are not contested and are not complex.

[4] In January 2004, Apotex Inc. entered the market with its generic version of omeprazole, Apo-Omeprazole. In consequence, AstraZeneca sued Apotex for patent infringement.

[5] Apotex then sued AstraZeneca in Court File T-2300-05 pursuant to section 8 of the *Patented Medicine (Notice of Compliance) Regulations*, SOR/93-133 (Regulations) seeking damages arising from its delayed entry into the market for omeprazole. In this proceeding, one defence raised by AstraZeneca was a plea that Apotex was not entitled to damages because any sales of Apo-Omeprazole made during the relevant period would infringe another AstraZeneca patent (the '693 Patent). AstraZeneca also argued that such infringement was a relevant factor to consider pursuant to subsection 8(5) of the Regulations so as to reduce or eliminate any compensation payable to Apotex.

[6] On May 12, 2012, for reasons cited as 2012 FC 559, Justice Hughes rendered his judgment in Court File T-2300-05. Justice Hughes rejected AstraZeneca's defence at paragraphs 140 to 150 and 175 to 181 of his reasons. Of particular relevance to the appeal before us is Justice Hughes' conclusion at paragraph 148 that:

> … A Court hearing the pending infringement action, if it concludes that the patent is valid and has been infringed by Apotex in making the omeprazole drug that is

> the subject of these proceedings, can at that time craft a remedy that is appropriate, having in mind any compensation awarded in these proceedings.

[7] In material part the judgment provided that Apotex was entitled to be compensated under subsection 8(1) of the Regulations for the loss it suffered during the period from January 3, 2002 to December 30, 2003 as a result of a prohibition proceeding commenced by AstraZeneca. The judgment further provided that there was no basis for an exercise of judicial discretion under subsection 8(5) of the Regulations to reduce or refuse compensation to Apotex. Finally, the judgment directed a reference into the amount of compensation owed to Apotex by AstraZeneca.

[8] AstraZeneca appealed from the judgment of the Federal Court to this Court; the appeal was dismissed with costs (2013 FCA 77).

[9] One of the errors asserted on appeal by AstraZeneca was that Justice Hughes had erred in finding the pending infringement action to be irrelevant to the claim for damages under section 8 of the Regulations. This Court rejected AstraZeneca's argument, expressly affirming the correctness of the passage quoted above at paragraph 6 and characterizing the passage to have been the fundamental reason for Justice Hughes' decision. The Court went on to state that "[i]t will be for the judge trying the infringement action to ensure that overall, taking both proceedings together, a party is compensated for its provable loss, if any, on proper principles, no more and no less".

[10] It is in this context that AstraZeneca moved for variation of the May 11, 2012 judgment. The basis for its motion was a finding by Justice Barnes of the Federal Court in an action for

patent infringement that Apotex had infringed certain claims of the '693 Patent (2015 FC 322 and 2015 FC 671). This finding was said by AstraZeneca to be a new matter that arose after the judgment of Justice Hughes in the section 8 proceeding.

[11] Two variations to the judgment were sought by AstraZeneca on the motion. The first variation sought to add a provision that when determining Apotex' entitlement to damages, the reference Judge may have regard to the judgment of Justice Barnes. The second variation would have reversed Justice Hughes' conclusion that there was no basis for an exercise of discretion under subsection 8(5) of the Regulations to reduce or refuse compensation to Apotex. Instead, the judgment would provide that the reference Judge might have regard to the judgment of Justice Barnes when exercising discretion under subsection 8(5) of the Regulations.

[12] As noted above, Justice Hughes dismissed the motion for variation. He gave a number of reasons for his decision, only two of which need be dealt with on this appeal.

[13] Justice Hughes' principal reason for dismissing the motion was that in his original decision he had expressly considered the scenario where Apotex might later be found to have infringed another patent. Further, this Court had agreed with his conclusion that it would be for the Judge in the infringement action to ensure a party is neither over nor under compensated for its loss. Thus, Justice Hughes wrote the "only thing that has now happened is that the 'might happen' scenario considered by me and the Court of Appeal has become a reality. That makes no difference. The 'reality' has already been considered and a determination made. Nothing changes."

[14] I agree with Justice Hughes for the reason that he gave. Justice Barnes' finding of infringement of the '693 Patent is not a matter that arose or was discovered after Justice Hughes' judgment in the section 8 proceeding within the contemplation of Rule 399(2)(*a*). This finding is dispositive of the appeal.

[15] The Judge's second reason for dismissing the motion was his view, relying upon the decision of this Court in *Grenier v. Canada*, 2008 FCA 63, [2008] F.C.J. No. 256, that because this Court had affirmed the judgment of the Federal Court, it would be for this Court to vary the judgment of the Federal Court as affirmed.

[16] AstraZeneca argues that the Judge erred in law on this point. Out of an abundance of caution it has, however, moved in this Court for the same variation of the judgment requested in the Federal Court. Again, AstraZeneca relies on Rule 399(2)(*a*). This is the subject matter of Court File A-187-12.

[17] I respectfully disagree with the Judge that the motion to vary the judgment ought to have been brought in this Court. I reach this conclusion for the following reasons.

[18] First, the passage in *Grenier* relied upon by the Judge was to the effect that a trial court cannot correct a judgment it has rendered if the judgment has been the subject of a judgment by this Court. I believe this is so because the original judgment has been superseded and is thus not subject to correction. In *Grenier*, this Court was not required to consider the proper forum in which to bring a motion under Rule 399 and the Court did not decide this issue.

[19] Second, when this Court dismisses an appeal, this Court has concluded that the judgment below is not vitiated by an error of law or a palpable and overriding error of fact or mixed fact and law. This determination is a qualitatively different decision than a decision about whether the judgment ought to be set aside or varied, not because of any error, but because the judgment has been shown to be flawed based on matters discovered after the judgment was made.

[20] The person best placed to decide whether the newly discovered matters would have affected the original judgment is the original decision-maker.

[21] Finally, Rule 59.06(2) of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, permits a Court to set aside or vary an order "on the ground … of facts arising or discovered after it was made." This Rule has been similarly construed by the Courts of Ontario to require that motions to vary be brought before the Court that pronounced the judgment in issue (see, for example, *Mehedi v. 2057161 Ontario Inc. (Job Success)*, 2014 ONCA 604, 123 O.R. (3d) 73; *Aristocrat v. Aristocrat* (2004), 73 O.R. (3d) 275, 190 O.A.C. 327).

[22] This conclusion is also consistent with *Royal Trust Company v. E.M. Jones*, [1962] S.C.R. 132, 31 D.L.R. (2D) 292. There, the Supreme Court held that when a judgment has been affirmed by an intermediate court of appeal, any subsequent proceeding to set aside the judgment is properly brought in the trial court. In my view, this determination has equal application to a motion to vary a judgment.

[23] It follows that the motion for variation was properly brought in the Federal Court and the motion for variation in this Court should be dismissed on that basis.

[24] A final note. This appeal and motion highlight the difficulties that ensue when inconsistent findings are made in parallel infringement and section 8 proceedings. I can only repeat Justice Sharlow's admonition on the prior appeal to the effect that it will be for the Judge hearing "the infringement action to ensure that overall, taking both proceedings together, a party is compensated for its provable loss, if any, on proper principles, no more and no less."

Conclusion

[25] For these reasons I would dismiss the appeal from the order of the Federal Court with costs and dismiss the motion for variation of the judgment of this Court with costs.

[26] A copy of these reasons shall be put on Court Files A-187-12 and A-311-15.

"Eleanor R. Dawson"

J.A.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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