

## 2023's Procedural Developments in IP Litigation

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2023 saw several important developments in Canadian intellectual property litigation, including limits on patent summary proceedings, clarification of the rule in *Browne v. Dunn*, the use of AI-generated content, counsel's involvement in drafting expert reports, and others.

### 1. Heavier Weather Encountered in Summary Proceedings in Patent Cases

2023 brought mixed outcomes in summary proceedings, with the Federal Court questioning the availability of summary proceedings in two patent cases, but not in two trademark and copyright cases.

In *Meridian Manufacturing v. Concept Industries*<sup>1</sup>— a proceeding claiming patent infringement and counterclaiming invalidity — both parties sought summary judgment. The Federal Court concluded that the infringement question could not be determined without a trial as, in part, there was a fundamental disagreement between the parties on the essential elements of the claim. Moreover, the Court saw the differences on both infringement and invalidity between the parties' witnesses, and the credibility of those witnesses, as better explored at trial.

In *Noco v. Guangzhou Unique Electronics*,<sup>2</sup> a summary trial seeking judgment that the patent was not infringed was dismissed. The Federal Court found that the moving party had not met its burden of demonstrating that the Court should decide the issues summarily. The issues raised by the moving party were regarded as not suitable for summary trial, and the Court was not satisfied that summary disposition would assist with the efficient resolution of the action. The Court found that there was insufficient evidence for adjudication of the issues raised, and, accordingly, that it would be unjust to decide the issues summarily. The Court recognized that reserving multiple days for a summary trial in patent cases to allow the Court to hear *viva voce* evidence from experts could, in some cases, result in delay and expense that would not be in keeping with the objectives of Rule 3 — that interpretation of the Court's procedural rules be applied so as to secure the just, most expeditious, and least expensive determination — and in keeping with the principles of proportionality.

In *Dermaspark v. Patel*,<sup>3</sup> the Defendants sought, by summary trial, an order dismissing the counterfeit trademark and copyright claims advanced. The Federal Court found that summary trial was appropriate and determined the infringement claims on their merits. The Defendants' motion was dismissed, and judgment was granted in favour of the Plaintiffs. In doing so, the

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<sup>1</sup> *Meridian Manufacturing Inc. v. Concept Industries Ltd.*, 2023 FC 20.

<sup>2</sup> *Noco Company, Inc. v. Guangzhou Unique Electronics Co., Ltd.*, 2023 FC 208.

<sup>3</sup> *Dermaspark Products Inc. v. Patel*, 2023 FC 388.

Court observed that conflicting evidence and credibility issues do not preclude summary trial unless it would be unjust to decide the issues without trial.

In *Techno-Pieux v. Techno Piles*,<sup>4</sup> earlier summary judgment motions in relation to infringements of the Plaintiff's trademark rights and copyright had been brought by both parties, and, in respect of the applicable factors to be considered on trademark confusion, the Federal Court had found on most, but not all of the factors, seeing the unresolved factors as appropriate for summary trial. The parties thereafter agreed that a summary trial was the appropriate manner in which to resolve the Plaintiff's claims.

## 2. Rule in *Browne v. Dunn* Confirmed and Clarified

In *TUI UK Ltd. v. Griffiths*<sup>5</sup> the UK Supreme Court clarified the rule in *Browne v. Dunn*,<sup>6</sup> which rule has longstanding application in Canada. The rule precludes a party from relying on evidence that is contradictory to a witness' testimony, without first putting that contradiction to the witness to permit the witness to explain the contradiction. The Court made clear that the evidentiary rule, which is rooted in procedural fairness, applies to both factual and expert evidence. It also applies to attacks on the sufficiency of a witness' evidence regardless of whether there is contradictory evidence from the opposing party.

After becoming ill on an all-inclusive vacation, the plaintiff Griffiths sued the tour operator TUI. Griffiths led expert evidence to establish TUI's liability. TUI did not lead any expert evidence in response and did not cross-examine Griffiths' expert. Instead, in closing argument TUI argued that the expert report was deficient, as failing to provide a complete explanation for the cause of the sickness and to consider other potential causes, and, therefore, Griffiths had not met his burden of proof. The trial judge agreed. The Court of Appeal affirmed the trial decision.

The Supreme Court allowed Griffiths' appeal, holding that the rule in *Browne v. Dunn* applies not only to matters of credibility, but is a wider rule based on procedural fairness. The Court was concerned about the fairness of TUI raising the sufficiency of Griffiths' expert opinion only in closing argument, without cross-examining the expert and permitting him to explain or address the criticisms. The Court held that the "general rule" in civil cases is that a party is required to challenge by cross-examination the evidence of any witness of the opposing party on a material point which he or she wishes to submit to the court should not be accepted.<sup>7</sup> It is not limited to circumstances where the opposing party adduced competing evidence. The Court noted that as the rule is based in procedural fairness, it is not inflexible. It mentioned several exceptions when cross-examination should not be required: for example, it may be

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<sup>4</sup> *Techno-Pieux Inc. v. Techno Piles Inc.*, 2023 FC 581.

<sup>5</sup> *TUI UK Ltd. v. Griffiths* [2023] UKSC 48.

<sup>6</sup> *Browne v. Dunn* (1893) 6 R. 67 (H.L.).

<sup>7</sup> *TUI UK Ltd. v. Griffiths* [2023] UKSC 48 at para. 70.

disproportionate and unrealistic to expect that every reason for disbelieving a witness be put to the witness, particularly with respect to collateral or insignificant matters; if the witness' evidence is manifestly incredible; an opinion that lacks any support; or an obvious absurdity or mistake.<sup>8</sup> The trial judge was wrong to not consider the effect on the fairness of the trial of TUI's failure to cross-examine Griffiths' expert, which left his evidence uncontroverted. In view of the trial judge's factual findings, and the expert report, Griffiths had established his case.

This case highlights the potential danger of a litigant simply putting the opposing party to its burden of proof, and then arguing that its evidence is deficient.

### 3. Permanent Injunction Refused

Although an injunction is an equitable remedy, patentees have come to expect that the remedy will be awarded if they are successful in an infringement action. Indeed, prior to 2023, it had been three decades since the Federal Court had denied a successful patentee injunctive relief where an infringing product was being sold in Canada,<sup>9</sup> and it has noted that it should refuse to grant a permanent injunction where there is a finding of infringement only in very rare circumstances.<sup>10</sup>

In *Abbvie v. Jamp*,<sup>11</sup> the Federal Court considered that it was one of those rare circumstances that warranted refusal of a permanent injunction based on the public interest. Notwithstanding that it found Abbvie's patent in issue was valid and infringed, the Court nevertheless refused to issue a permanent injunction restraining Jamp from marketing and selling its SIMLANDI biosimilar product. Jamp already held notices of compliance for, and marketed, 40 mg/0.4mL and 80 mg/0.8mL high-concentration, citrate-free, doses of SIMLANDI. These were the only higher concentration, lower volume, citrate-free biosimilar products in the Canadian market, and Abbvie did not market an 80 mg/0.8mL dose in Canada. The Court found that it was not in the public interest to force patients to switch to another biosimilar given that it was the only 80 mg/0.8mL formulation available in Canada. Given that Abbvie did not market the same product in Canada, if SIMLANDI was removed from the market, patients would switch to a higher volume, lower concentration biosimilar possibly including citrate, which may cause increased injection site pain. The Court held that a reasonable running royalty would compensate Abbvie for any loss.

On the other hand, in *Angelcare Canada v. Munchkin*<sup>12</sup> the Federal Court granted a permanent injunction even though the defendant had removed the product from the Canadian market. The

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<sup>8</sup> *TUI UK Ltd. v. Griffiths* [2023] UKSC 48 at para. 70.

<sup>9</sup> See *Unilever PLC v. Procter & Gamble Inc.* (1993) 47 CPR (3d) 479 at para. 568-572; affirmed (1995) 61 CPR (3d) 499 (FCA).

<sup>10</sup> *Valence Technology Inc. v Phostech Lithium Inc.* 2011 FC 174 at paras 239-240.

<sup>11</sup> *Abbvie Corporation et al. v. Jamp Pharma Corporation*, 2023 FC 1520 (F.C.).

<sup>12</sup> *Angelcare Canada Inc. v Munchkin Inc.* 2023 FC 1111

Court held a permanent injunction constitutes the natural remedy against infringement going forward. The fact that the patent in issue did not expire for five years militated in favour of granting a permanent injunction.

#### 4. Use of AI-Generated Content Before the Federal Court

In December 2023, the Federal Court issued a Notice to the Parties and the Profession regarding the use of artificial intelligence in court proceedings.<sup>13</sup> In line with several other provincial jurisdictions, the Notice requires parties to inform the Court, and the other parties, if they have used artificial intelligence to create or generate new content in preparing a document that is filed with the Court. If any such content has been included in a document, the first paragraph of the text in that document must disclose that AI has been used to create or generate that content. The Notice also sets out principles to guide the use of AI in court documents, including the exercise of caution and use of only well-recognized and reliable sources when referring to legal authority or analysis, and for counsel and the parties to verify any AI-related content.

#### 5. Counsel's Involvement in Expert Report Preparation

In *dTechs EPM v. British Columbia Hydro and Power Authority*,<sup>14</sup> the Federal Court of Appeal affirmed the important role that counsel can play in the preparation of expert reports in patent cases. The Court discussed how this applies not only to technical issues *per se*, but also to the complex questions that need to be answered by the expert. The Court noted that it is rare that technical experts will know how to present a claim analysis or be familiar with legal principles such as claim construction, anticipation or obviousness. Thus, it is a well-known and necessary practice in this particular field that counsel are intimately involved in the extensive process to prepare expert reports. But care must be taken to ensure that the ultimate report is objective, and reflects the actual opinion of the expert. Any overstep of these limits would normally be revealed during cross-examination at trial. As such, counsel should be alert to their duty to test whether the expert's opinion is truly their own objective opinion.

#### 6. Novel Rolling Order Issued

In *Burberry v. Ward*,<sup>15</sup> the Federal Court issued an order in a trademark and copyright case to deal with a defendant the Court saw as engaging in the game "whack-a-mole". In 2021 the plaintiffs became aware of an individual importing and selling counterfeit goods. Despite an apparent agreement to stop, the infringing activity continued through a constantly changing and expanding online presence using multiple names and aliases.

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<sup>13</sup> [2023-12-20-notice-use-of-ai-in-court-proceedings.pdf \(fct-cf.gc.ca\)](#)

<sup>14</sup> *dTechs EPM Ltd. v British Columbia Hydro and Power Authority* 2023 FCA 115

<sup>15</sup> *Burberry Limited v Ward* 2023 FC 1257

After finding infringement, the Court issued an injunction, including a so-called rolling order. The Court found that there was a significant risk that the defendant would continue her infringing behaviour in the face of an injunction, with the result that there would be future importations intercepted and detained by the Canadian Border Services Agency. Given the ever-changing names, addresses and intermediaries the defendant might employ, the Court issued a rolling order structured to fold any additional names used by the defendant into the injunction so that the plaintiff would not be required to commence a new action each time it was notified of a detention of counterfeit goods by the CBSA. This appears to be the first time the Federal Court has issued such an order.