Date:20051221

Docket: T-1714-03

Citation:2005 FC 1733

Toronto, Ontario, December 21, 2005

Present: THE HONOURABLE MR. JUSTICE VON FINCKENSTEIN

BETWEEN:

CIBA SPECIALTY CHEMICALS CANADA INC.

Plaintiff

and

BUCKMAN LABORATORIES OF CANADA, LTD. and BUCKMAN LABORATORIES INC.

Defendants

and

BUCKMAN LABORATORIES OF CANADA, LTD.

Plaintiff by Counterclaim

and

CIBA SPECIALTY CHEMICALS CANADA INC, and CIBA SPECIALTY CHEMICALS CORP.

Defendants by Counterclaim

REASONS FOR ORDER AND ORDER

[1] Ciba Specialty Chemicals Canada Inc (ACIBA@) brought an action for patent infringement against Buckman Laboratories Canada Ltd. and its parent company (collectively called ABuckman@).

[2] The original Statement of claim was filed September 18, 2003. CIBA is now moving to amend its statement of claim so as to allege knowing and willful infringement (through the actions of an ex employee of CIBA=s now employed by Buckman) and to ask for aggravated punitive and exemplary damages.

[3] Buckman opposes any amendment or in the alternative asks for more particulars regarding the alleged knowing and willful infringement. In particular Buckman alleges:

(a) Leave to Amend the Statement of Claim to add a claim for punitive damages should not be granted as the Plaintiff has not pleaded sufficient material facts to support such cause of action.

(b) Buckman would be prejudiced by the Amendment as it would not facilitate the Court’s considerations of the true substance of the dispute and it would lead to an unnecessary waste of resources on behalf of the parties and the Court.

(c) In the alternative, if leave is granted to the Plaintiff to amend its claim, particulars of the allegations in proposed paragraphs 26.1 ought to be provided.

[4] The classic statement regarding motions to amend is found in *Canderel Ltd v. Canada* [1994]1 F.C. 3 at paragraph 9

> &9 ... that while it is impossible to enumerate all the factors that a judge must take into consideration in determining whether it is just, in a given case, to authorize an amendment, the general rule is that an amendment should be allowed at any stage of an action for the purpose of determining the real questions in controversy between the parties, provided, notably, that the allowance would not result in an injustice to the other party not capable of being compensated by an award of costs and that it would serve the interests of justice....
>
> &10 As regards injustice to the other party, I cannot but adopt, as Mahoney J.A. has done in Meyer, the following statement by Lord Esher, M.R. in Steward v. North Metropolitan Tramways Company (1886), 16 Q.B.D. 556 (C.A.), at page 558:
>
> There is no injustice if the other side can be compensated by costs: but, if the amendment will put them into such a position that they must be injured, it ought not to be made.

and the statement immediately following:

> And the same principle was expressed, I think perhaps somewhat more clearly, by Bowen, L.J., who says that an amendment is to be allowed "whenever you can put the parties in the same position for the purposes of justice that they were in at the time when the slip was made." [notes deleted]

[5] In this case a first round of discoveries has been held and a second round is scheduled four months from now. Thus there is no prejudice in terms of time.

[6] Buckman also argues that allowing the amendment would prejudice it as it would lead to an unnecessary waste of resources by the parties and prejudice it from getting a just most expeditious and least expensive determination of the proceedings on the merits. I see no merit in these allegations as it in effect asks the court to prejudge the allegation of knowing and willing infringement, which it obviously is in no position to do without having heard any evidence.

[7] Buckman also argues on the basis of *Whiten v. Pilot Insurance Co.* [2002]1 S.C.R. 595 that a claim for punitive damages has to be specially pleaded with some particularity and cannot be buried in a claim for general damages. Ironically that is exactly what CIBA is trying to do in the instance case. Thus I do not see how this is a valid reason for refusing the amendment to the pleadings.

[8] Buckman in the alternative argues that it needs further particulars. It asks for the following particulars.

(1) What facts the Plaintiff alleges as a basis for stating that Buckman's conduct was harsh, vindictive, reprehensible and malicious and departs to a marked degree from the ordinary standards of decent behavior.

(2) What is the ordinary standard of decent behavior of large international corporations competing within the same industry.

(3) How damages are allegedly an inadequate remedy to punish the alleged conduct of Buckman.

(4) Who the alleged employee(s) is/are as referred to in paragraph 26.1.

(5) What is the name of the related/predecessor company to the Plaintiff that the alleged employee(s) worked for.

(6) When was such alleged “knowledge of the process” acquired from the related/predecessor company.

(7) From whom such “knowledge of the process” was acquired.

(8) What alleged “knowledge” was obtained.

(9) How did such alleged “knowledge” differ from what was known in the public domain given the publication of the application for the 153 patent.

(10) What unlawful activities and/or actions were taken by the employee(s) in respect of the alleged “knowledge of the process” and when.

[9] CIBA during oral argument agreed to plead points 4, 5, 6, 7 and 8.

[10] The court notes that Point 9 is irrelevant as there are no allegation of misuse of information in this case and point 10 is already covered by the pleadings.

[11] When determining what facts should be pleaded it is useful to go back to basics. Williston and Rolls in *AThe law of Civil Procedure@, Butterworths, 1970 Volume 2* state at page 647:

> It is an elementary rule in pleading that when a sate of fact is relied on, it is enough to allege it simply without setting forth the subordinate facts which are the means of proving it or the evidence to sustain the allegation. While generally any fact which

> may be given in evidence may be pleaded, the pleading of a fact which is only relevant insofar as it tends to prove a material allegation is in the nature of pleading evidence and will be struck out. *Odgers on Pleading* states:
>
> > "Facts should be alleged as facts. It is not necessary to state in the pleadings circumstances which merely tend to prove the truth of the facts already alleged.
> >
> > The fact in issue between the parties is the *factum probandum*, the fact to be proved, and therefore the fact to be alleged. It is unnecessary to tell the other side how it is proposed to prove that fact; such matters are merely evidence, *facta probantia*, facts by means of which one proves the fact in issue. Such facts will be relevant at the trial, but they are not *material facts* for pleading purposes."

[12] Applying that dictum in the instant case leads to the following conclusion:

a) point one clearly relates to facts that will have to be proven, but need not be pleaded

b) point two puts me in a bit of a quandary. It seems to refer to facts that CIBA has to prove. First CIBA has to establish whether Buckman knowingly and willfully infringed the patent. Then it has to establish (in the words of *Whiten* supra as paraphrased by Buckman) the standard of decent behaviour of large international corporations competing in the same industry and the fact that Buckman has violated that standard thus resulting in the requirement to award examplary and punitive damages. While these are facts to be proven I am also mindful of the requirement in *Whiten supra* at paragraph 87 *that* A the facts said to justify punitive damages should be pleaded with some particularity. Accordingly I will err on the side of caution and ask CIBA to plead the matters raised in point 2.

c) point 3 falls into the same category as point 1. It refers to matters that CIBA will have to establish at trial. It is not necessary that CIBA pleads how it means to establish these facts.

[13] Accordingly CIBA=s motion to amend its pleadings is allowed subject however to the amended statement of claim also setting out CIB=s pleadings in respect to points 2, 4, 5, 6, 7 and 8 as set out in paragraph 8.

ORDER

THIS COURT ORDERS that

1. This motion is allowed.

2. The plaintiff may amend its pleadings in the matter set out in the attached Appendix A provided the pleadings are further augmented to address the issues raised in points 2, 4, 5, 6, 7 and 8 of Paragraph 8 of the reasons above.

3. Plaintiff to submit a revised Statement of Claim to the case managing Prothonotary for approval prior to filing.

4. Costs in this motion to follow the cause.

"K. von Finckenstein"

JUDGE

FEDERAL COURT

NAME OF COUNSEL AND SOLICITORS OF RECORD

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APPEARANCES:	John Morrissey Lynn Ing FOR PLAINTIFF William Regan FOR DEFENDANTS
SOLICITORS OF RECORD:	Smart & Biggar Barristers & Solicitors Toronto, Ontario FOR PLAINTIFF Ridout & Maybee LLP Barristers & Solicitors Toronto, Ontario FOR DEFENDANTS