Date: 20080304

Docket: A-328-07

Citation: 2008 FCA 88

CORAM: **LINDEN J.A.**
SEXTON J.A.
RYER J.A.

BETWEEN:

AKTIEBOLAGET HÄSSLE

Appellant

and

APOTEX INC.

Respondent

Heard at Toronto, Ontario, on March 4, 2008.

Judgment delivered from the Bench at Toronto, Ontario, on March 4, 2008.

REASONS FOR JUDGMENT OF THE COURT BY: SEXTON J.A.

Date: 20080304

Docket: A-328-07

Citation: 2008 FCA 88

CORAM: **LINDEN J.A.**
SEXTON J.A.
RYER J.A.

BETWEEN:

AKTIEBOLAGET HÄSSLE

Appellant

and

APOTEX INC.

Respondent

REASONS FOR JUDGMENT OF THE COURT
(Delivered from the Bench at Toronto, Ontario, on March 4, 2008)

SEXTON J.A.

[1] This is an appeal by Aktiebolaget Hässle (the "appellant") from the order of the Federal Court (the "Motions Judge") who concluded that it was not plain and obvious that the invalidity action launched by Apotex Inc. (the "respondent") was moot due to the expiry of the patent in question.

[2] The motion in this appeal arises within the context of an invalidity action involving Canadian Letters Patent No. 1,264,751 (the "'751 patent") owned by the appellant. The patent claims novel salts of the compound omeprazole, which is useful as a gastric acid secretion inhibiting agent. The respondent wished to market its generic version of omeprazole.

[3] In September 2001, the respondent delivered a notice of allegation ("NOA") that the '751 patent was invalid. On October 24, 2001, the appellant and AstraZeneca Canada Inc. commenced a proceeding pursuant to the *Patented Medicines (Notice of Compliance) Regulations* (SOR/93-133) (the "NOC Regulations") seeking an order prohibiting the Minister of Health (the "Minister") from issuing a notice of compliance to the respondent for omeprazole magnesium tablets until after the expiry of the '751 patent. On June 20, 2003, Justice Campbell granted the requested prohibition order (2003 FCT 771).

[4] The respondent commenced an impeachment action against the appellant on November 17, 2003. The respondent's Statement of Claim, amended on October 29, 2004 and November 22, 2005, requested "A declaration that each of the claims of Canadian Letters Patent No. 1,264,751 is invalid, void and of no force or effect".

[5] This Court upheld the prohibition order of Justice Campbell on November 1, 2004 (2004 FCA 369) and the Supreme Court of Canada denied leave on April 21, 2005 (File No.: 30716).

[6] The invalidity action has been set down for a ten-day trial commencing in February 2009. The ‘751 patent expired on January 23, 2007. On March 8, 2007, the appellant filed a notice of motion seeking an order dismissing the action in its entirety.

[7] Madam Prothonotary Tabib refused to grant the appellant’s motion for an order dismissing the action in its entirety for mootness, finding that she could not conclude that it was plain and obvious that the determination of the proceeding could have no legal effect or consequences on the parties. For similar reasons, she found that it was not plain and obvious that the respondent no longer had standing to pursue the action.

[8] The Motions Judge exercised his discretion *de novo*, pursuant to the principle that where an order is discretionary, it must be reviewed *de novo* if the questions raised in the motion are vital to the final outcome, or if the decision is based upon a wrong principle of law or upon a misapprehension of the facts (*Merck & Co., Inc. v. Apotex Inc.* 2003 FCA 488, [2004] 2 F.C.R. 459). After reviewing the case law on point in this appeal, he agreed with Prothonotary Tabib that it was not plain and obvious that the action was moot, and thus dismissed the appeal.

[9] There are two issues in this appeal:

- Should the action be dismissed because the action is moot?
- Should the action be dismissed because the respondent lacks standing?

[10] When the lower court judge has made a discretionary decision, it will usually be afforded deference by the appellate court. In an interlocutory matter of this kind, a Court of Appeal will not interfere with the discretion exercised by a judge of first instance unless it is shown that the motions judge proceeded on an erroneous principle of law, or some misapprehension of the facts or that the decision resulted in some injustice to the appellant: *Citipage Ltd. v. Barrigar & Oyen* (1993), 49 C.P.R. (3d) 1 (F.C.A.) at 3.

[11] The choice of the appropriate test to apply in deciding whether or not a matter is moot is a question of law. The decision of whether to hear a moot action is discretionary: *Borowski*, *infra*, at paragraphs 15 & 16.

[12] This matter seems to have been confused by the fact that, in their Notice of Motion, the appellant relied on – but was not limited to – Rule 221, which is the rule to strike pleadings. However, the appellant's Notice of Motion specifically asked for "an Order dismissing the action in its entirety." We would comment that it makes no sense to rely on the rule to strike pleadings when aiming to dismiss an action in its entirety on the ground of mootness. The jurisdiction to strike a proceeding for mootness arises from the inherent jurisdiction of a court to control its own process. As a result, the reliance on Rule 221 was misconceived (in the decisions below and by the appellant) since this was a request for an order to dismiss the proceeding *in toto* on the ground of mootness.

[13] However, the Motions Judge did recognize at paragraph 5 of his reasons for order that courts have the power to dismiss an action for mootness by way of their inherent power to control their own process (and independently of Rule 221). Unfortunately, the Motions Judge erred in law by attempting to subsume the "plain and obvious" test in Rule 221 to the question of mootness at paragraph 15 of his reasons: "Notwithstanding that the Court's right to dismiss an action on the grounds that it is moot is not limited to the circumstances set out in Rule 221, that rule serves as a useful guide." He then relied on a statement by Prothonotary Hargrave in *British Columbia Native Women's Society v. Canada*, [2000] F.C.J. No. 588 (QL) at paragraph 6 where the Prothonotary noted, "A proceeding may be struck out for mootness… such a moot claim will plainly and obviously not succeed, in the sense that it will not produce a practical result…" There is nothing in Prothonotary Hargrave's statement that suggests that the legal question to employ is whether an action is "plainly and obviously" moot. The correct approach for this Court to employ is to simply decide whether or not the action is moot. It is helpful to point out that the leading Supreme Court jurisprudence dealing with mootness makes no reference to a "plain and obvious" test when addressing the issues of mootness: *Borowski, infra*, and *Doucet, infra*. The "plain and obvious" test comes from the Supreme Court of Canada case of *Hunt v. Carey* [1990] 2 S.C.R. 959, which remains the leading case on the test for a motion to strike a pleading as disclosing no cause of action.

[14] The Supreme Court of Canada has established the criteria for determining whether a matter is moot in *Borowski v. Canada (Attorney General)* ["*Borowski*"], [1989] 1 S.C.R. 342, 57 D.L.R. (4th) 231, [1989] S.C.J. No. 14 (QL) at paragraph 15. There is no question that the invalidity action

involving an expired patent is moot: the thing that the respondent seeks to be declared invalid no longer exists: see *Bayer v. Apotex* (2004) 32 C.P.R. (4th) 449 (F.C.A.). The real question at bar is whether this Court should exercise its discretion to hear the moot dispute. The Motions Judge, given that he found the action was not moot, did not have to deal with the issue of discretion as to whether the action should proceed. It is therefore necessary for this Court to consider the question of discretion.

[15] The Supreme Court of Canada in *Doucet-Boudreau v. Nova Scotia (Minister of Education)* 2003 SCC 62, [2003] 3 S.C.R. 3, 232 D.L.R. (4th) 577 ("*Doucet*") confirmed the three *Borowski* factors to consider when deciding whether to exercise the discretion to hear a moot appeal (at paragraph 18):

(1) the presence of an adversarial context;

(2) the concern for judicial economy; and

(3) the need for the Court to be sensitive to its role as the adjudicative branch in our political framework.

These factors are not to be employed in a mechanistic manner: *Borowski*, *supra*, at paragraph 42.

[16] In this appeal, we are not concerned about the need for the Court to be sensitive to its role as the adjudicative branch in our political framework given that this action merely concerns the validity of a patent.

[17] The existence of an adversarial context in the present case depends on the respondent at some future date commencing an action for damages pursuant to section 8 of the NOC Regulations. The respondent claims that the section 8 action will commence pending success in this action, success in another action involving Canadian Patent No. 1,292,693 (which also relates to omeprazole), and overturning the corresponding prohibition orders *ab initio*. We would point out that at the moment there are no other live proceedings which would be impacted by the Court allowing this action to proceed. This Court in *Sanofi Aventis v. Apotex* (2006) 53 C.P.R. (4th) 447 held that a potential claim under section 8 of the NOC Regulations was too speculative to warrant a Court hearing an appeal relating to an expired patent. While we therefore have some doubt regarding the existence of an adversarial context in this case, we need not base our decision on this issue in light of the reasons to dismiss the proceeding on the grounds of judicial economy.

[18] The concern for judicial economy strongly militates against allowing this action to proceed. Factors under this heading to consider include whether a resolution of this case would be in the public interest (*Borowski* paragraph 37), whether anything in the action raises important issues that may be evasive of review (*Doucet* at paragraph 20; *Borowski* at paragraph 36), and whether the case will be of "brief duration" (*Borowski* at paragraph 36). In the present case, all of these considerations warrant dismissing the action. In terms of a whether a resolution of this case is in the public interest, it should be pointed out that the Statement of Claim of the respondent simply asks for "a declaration that each of the claims of the '751 Patent is invalid, void and of no force and effect." Given that this case is only about a claim for the invalidity of an expired patent and nothing else, the interests in this case do not extend beyond the parties. Moreover, there is nothing about this

action that suggests that there are important issues raised that are evasive of review. The grounds of invalidity alleged – anticipation, obviousness, double patenting, and inutility – are all legal issues that are often dealt with in other proceedings. Nor would this be a case of brief duration: even ignoring the possibility of appeals, the action is scheduled to take ten days alone. Essentially, the respondent has provided no compelling reason to justify the unacceptable drain of judicial resources that would result if this action were allowed to proceed. Indeed, it could be argued that if this case were as pressing as the respondent suggests, one might have expected a trial to have already taken place given that this action was commenced in 2003.

[19] For these reasons, this Court will decline to exercise its discretion to allow the moot action to continue. Since we have concluded that the matter is moot and should be dismissed in this regard, there is no reason to address the issue of standing.

[20] Given the foregoing, we would allow the appeal. The action should be dismissed in its entirety for mootness. We would disallow costs because it appears that the appellant created the confusion in the decisions below by referring to Rule 221 in its Notice of Motion and arguing, in addition to the law of mootness, the law with regard to striking out pleadings when it should not have been applicable.

[21] The Court further orders that there be no costs in the action which will be dismissed.

"J. Edgar Sexton"

J.A.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET:	A-328-07
(APPEAL FROM THE ORDER OF THE HON. JUSTICE HARRINGTON DATED JUNE 27, 2007 DENYING THE APPEAL FROM THE ORDER OF Mme. PROTHONOTARY TABIB, DATED MARCH 30, 2007) DOCKET NO. (T-2146-03)).	
STYLE OF CAUSE:	*AKTIEBOLAGET HÄSSLE v. APOTEX INC.*
PLACE OF HEARING:	Toronto, Ontario
DATE OF HEARING:	March 4, 2008
REASONS FOR JUDGMENT OF THE COURT BY:	(LINDEN, SEXTON, RYER JJ.A.)
DELIVERED FROM THE BENCH BY:	SEXTON J.A.

APPEARANCES:

Gunars Gaikis Mark Biernacki Joe Fraresso	FOR THE APPELLANT
Andrew Brodkin John Simpson	FOR THE RESPONDENT

SOLICITORS OF RECORD:

Smart & Biggar Toronto, Ontario	FOR THE APPELLANT
Goodmans LLP Toronto, Ontario	FOR THE RESPONDENT