Federal Court of Appeal

Cour d'appel fédérale

Date: 20191204

Docket: A-136-19

Citation: 2019 FCA 301

CORAM: **NADON J.A.**
BOIVIN J.A.
LOCKE J.A.

BETWEEN:

THERMOLEC LTÉE

Appellant

and

STELPRO DESIGN INC.

Respondent

Heard at Montréal, Quebec, on December 4, 2019.
Judgment delivered from the Bench at Montréal, Quebec, on December 4, 2019.

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

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REASONS FOR JUDGMENT OF THE COURT
(Delivered from the Bench at Montréal, Quebec, on December 4, 2019).

LOCKE J.A.

[1] For the reasons set out below, this appeal will be allowed on the basis that the Federal Court erred in refusing to order a stay.

[2] On the issue of mootness, we agree with the Federal Court that there remains a live controversy between the parties on the issue of the validity of Canadian Patent No. 2,242,829

(the 829 Patent) despite its expiration. The Federal Court properly distinguished decisions of this Court stating that an impeachment action involving an expired patent is moot. Though this principle is generally applicable, there can be exceptions. Here, the outcome of the Federal Court action could have an effect on the parallel Quebec proceeding in that the Quebec proceeding would end in the event that the 829 Patent is impeached. This remains the case at least as long as the Quebec proceeding has not been decided.

[3] On the issue of the stay, we have concluded that there is a palpable and overriding error in the Federal Court's analysis of issues of judicial economy. The Federal Court indicated that it did not have enough evidence to reach a conclusion on judicial economy. But the Federal Court failed to take into account that the parties, the patent and the legal issues in the action were the same as those in the parallel Quebec proceeding, and much of the work in the two proceedings would have to be duplicated. Moreover, the appellant has undertaken, in the event of a final judgment in the Quebec proceeding on the validity or invalidity of the patent in issue, to consent to a judgment with the same conclusions in the Federal Court action [the Undertaking]. This could eliminate the need for a separate trial in the Federal Court action.

[4] The Federal Court also appears to have erred when, at paragraph 47, it distinguished the decision in *Safilo Canada Inc. v. Contour Optik Inc.*, 2005 FC 278, affirmed 2005 FCA 434 [*Safilo*] in part on the basis that the proceedings on the merits in the present case were still at an early stage in both courts. This statement is difficult to understand and appears to contradict the evidence.

[5] The record indicates, and the Federal Court itself acknowledged earlier in its decision, that the Quebec proceeding had gone through interlocutory injunction proceedings, and could be ready for trial in the fall of 2019, some eight months later. Other uncontradicted evidence included the fact that discovery on infringement and validity issues was complete, as were most of the expert reports on those issues. The Federal Court action, on the other hand, remained at the pleading stage. By comparison to the situation in *Safilo* (in which a stay was granted), the Quebec Court there had indeed dealt with interlocutory injunction proceedings, but the parties had not progressed as far since then; they had not completed discovery on infringement and validity issues, and were still preparing their evidence on those issues. Moreover, unlike in the present case, the two actions in *Safilo* had commenced at roughly the same time. The impeachment action in the present case was commenced almost a year after the Quebec proceeding.

[6] In our view, if the Federal Court had properly considered all of the relevant facts, it would have granted the requested stay, the most important considerations being:

1. The advanced state of the Quebec proceeding relative to the Federal Court action;

2. The fact that the patent in issue, the issue of the validity thereof, and the parties are common to the two proceedings;

3. The duplication of efforts and the inefficient use of resources, both private and public, if both proceedings were allowed to proceed; and

4. In the event that the Quebec Superior Court determines that the patent in issue is invalid and the Undertaking is exercised, third parties (including the respondent) would be assured that they would not have to defend themselves from allegations of infringement in any other Canadian jurisdiction.

[7] Therefore, the appeal will be allowed in part, the judgment of the Federal Court set aside and the requested stay of the Federal Court action will be granted.

"George R. Locke"

J.A.

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

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