

Federal Court



Cour fédérale

Date: 20170206

**Dockets: T-1056-16
T-998-16**

Citation: 2017 FC 139

Ottawa, Ontario, February 6, 2017

PRESENT: The Honourable Madam Justice Strickland

Docket: T-1056-16

BETWEEN:

APOTEX INC.

Plaintiff

and

**SHIRE LLC AND SHIRE PHARMA CANADA
ULC**

Defendants

Docket: T-998-16

AND BETWEEN:

SHIRE PHARMA CANADA ULC

Applicant

and

**APOTEX INC. AND THE MINISTER OF
HEALTH**

Respondents

and

SHIRE LLC

Respondent Patentee

ORDER AND REASONS

[1] This is an appeal of an order of Prothonotary Mireille Tabib (“Prothonotary”), dated October 3, 2016, which partially consolidated the proceedings in Court File Numbers T-1056-16 and T-998-16 (“Order”). The appeal is brought by Apotex Inc (“Apotex”) pursuant to Rule 51 of the *Federal Courts Rules*, SOR/98-106 (“Rules”).

[2] For the reasons that follow, the appeal is dismissed.

Background

[3] Shire LLC is the owner of Canadian Patent No 2,547,646 (“646 Patent”), titled “Abuse Resistant Amphetamine Compounds”, and said to cover Shire Pharma Canada ULC’s lisdexamfetamine dimesylate capsules marketed under the name VYVANSETM (Shire LLC and Shire Pharma Canada ULC shall be collectively referred to as “Shire” in these reasons).

[4] Apotex wishes to market and sell in Canada a generic version of Vyvanse. In that regard, on February 11, 2016, it filed an abbreviated new drug submission with Health Canada seeking its own Notice of Compliance (“NOC”).

[5] On May 13, 2016, Apotex served Shire with a Notice of Allegation (“NOA”), in accordance with s 5(3) of the *Patented Medicines (Notice of Compliance) Regulations*, SOR 93-133 (“PM(NOC) Regulations”), promulgated under the *Patent Act*, RSC 1985, c P-4 (“Patent Act”), alleging that the 646 Patent is invalid and, in any event, that Apotex’s proposed generic product would not infringe the 646 Patent. In response to the NOA, and pursuant to s 6(1) of the PM(NOC) Regulations, on June 24, 2016, Shire filed an application seeking an order prohibiting the Minister of Health from granting a NOC to Apotex in relation to the production of a generic product until the expiry of the 646 Patent (Court File Number T-998-16, the “Prohibition Application”).

[6] Ten days later, on July 4, 2016, Apotex commenced an action against Shire, pursuant to s 60 of the Patent Act, seeking a declaration that the 646 Patent is invalid, and, that Apotex’s proposed generic product would not infringe any valid claim of the 646 Patent (Court File Number T-1056-16, the “Impeachment Action”).

[7] Before the Prothonotary, Shire grounded its motion for partial consolidation on the need for a just, most expeditious and least expensive determination of both proceedings on their merits, seeking that they be heard at a common hearing by the same judge, on common *viva voce*

evidence, but subject to the parties' ability to argue the admissibility or relevance of the evidence to one or the other proceedings. Apotex opposed the motion.

[8] The Prothonotary ordered that the Prohibition Application and Impeachment Action shall be heard simultaneously by the same judge. Further, the issue of whether the allegations contained in the NOA are justified will be decided on the basis of the evidence led at the trial of the Impeachment Action, subject to the evidence's relevance for the purpose of the Prohibition Application. And, evidence regarding Shire's assertion, in the Prohibition Application, that the NOA is not a valid NOA, would be adduced at the trial of the Impeachment Action.

Decision of the Prothonotary

[9] The Prothonotary concluded that Apotex's arguments as to procedural or tactical prejudice were unsubstantiated and that the consolidation would lead to the most expeditious and least expensive determination of both proceedings. Further, Apotex had not argued that the consolidation would prejudicially affect any of its substantive rights. The Prothonotary was satisfied that all of Apotex's rights would be protected.

[10] In reaching her decision, the Prothonotary noted that the grounds for invalidity and non-infringement cited by Apotex in its NOA and in the Impeachment Action are the same and, as such, there is substantial commonality between the facts in both of the proceedings. However, that there are significant differences between the two proceedings in terms of the causes of action, their effect, the burden of proof and the applicable procedural rules. The Prothonotary

summarised in detail the differences between these two proceedings at paragraphs 6 to 8 of her reasons.

[11] The Prothonotary also noted that while the Prohibition Application is meant to be a summary proceeding conducted pursuant to the regime set out in the PM(NOC) Regulations and as an application governed by the Rules, in reality, it requires significant time and expense. Substantial evidence from the inventors and numerous experts on both sides is typically marshalled, set out in lengthy and voluminous affidavits and tested by cross-examination. The application records often consist of thousands of pages and the oral argument routinely requires three to five days of hearing.

[12] The Prothonotary also pointed out that conducting a prohibition application in parallel with an impeachment action that involves the same patent and the same product represents a significant challenge for both parties. And, whether the parties choose to use the same counsel or experts or not, the evidence established that there are nine inventors listed on the 646 Patent, none of whom are currently employed by Shire. This would require coordinating their attendance and availabilities across two separate but parallel proceedings. Additionally, issues of duplication and coordination arising from the parallel proceedings also affect the Court.

[13] The Prothonotary acknowledged that Apotex did not disagree that running two proceedings is costly, onerous and duplicative for the parties and the Court, but that its position was that Shire's proposal did not strike the right balance between preserving all of the parties' procedural and strategic rights and avoiding waste. However, the Prothonotary noted that

Shire's proposed consolidation procedure was adopted in *Novartis Pharmaceuticals Canada Inc v Apotex Inc*, 2013 FC 142 ("*Gleevec*"), which she described. The Prothonotary stated that in the case before her, it was very clear that proceeding in the same manner would significantly reduce duplications between the two proceedings. The evidence would be adduced only once, *viva voce*, before the Court which would entirely eliminate the need for the parties to prepare separate affidavits and to conduct cross-examinations for the purpose of the Prohibition Application. It would also eliminate a significant source of potential delay as the attendance of the inventors would only have to be secured twice, once for discovery and once for trial. The Prothonotary acknowledged that the proposed manner of proceeding added a layer of complexity but found that the difficulty and time required to address this paled in comparison with the efficiencies and savings gained from eliminating the parallel written record (*Gleevec* at para 33).

[14] The Prothonotary acknowledged Apotex's arguments as to prejudice arising from the proposed arrangement and addressed each of these in turn.

[15] With respect to the burden of proof, the Prothonotary had previously noted that in the Prohibition Application the burden of proof would rest with Shire, while in the Impeachment Action the burden of proving that the 646 Patent is invalid or would not be infringed would be borne by Apotex. The Prothonotary did not accept Apotex's argument that where the Court is tasked with determining, on a common evidentiary record, the respective rights of each party pursuant to two distinct legal processes subject to different evidentiary burdens, it might be unwilling or unable to properly apply the burden of proof or, where the evidentiary burden requires it, to reach a result which is not uniform but is nevertheless

appropriate to each process. The Prothonotary noted that Apotex had provided no authority to support its argument and that the case it did rely upon, *Biovail Corporation v Canada (Health)*, 2010 FC 46 (“*Biovail*”), did not assist it.

[16] With respect to the order of the evidence, the Prothonotary acknowledged that typically, but not always, Shire’s evidence would be served first in the Prohibition Application while, in the Impeachment Action, Apotex, as plaintiff, would typically lead its evidence first. Apotex submitted that it would be prejudiced by the requested consolidation order as it would result in a *de facto* reversal of the order of presentation of the evidence. The Prothonotary noted that the Court has held, in the context of motions to reverse the order of evidence in PM(NOC) proceedings, that the legitimate tactical advantage enjoyed by the party that files its evidence first (she likely meant second) is neither substantive nor procedural. Accordingly, the loss of this tactical advantage is not prejudicial or unjust and is not a sufficient reason to defeat the order of reversal where the Court was otherwise satisfied that the reversal would likely lead to the most expeditious and least expensive determination of the issues (*Purdue Pharma v Pharmascience Inc*, 2007 FC 1196 at para 19 (“*Purdue*”); *Eli Lilly Canada Inc v Novopharm Limited*, 2008 FC 875 at para 13 (“*Eli Lilly Canada*”); *Lundbeck Canada Inc v Ratiopharm Inc*, 2008 FC 579 at para 20 (“*Lundbeck*”)).

[17] With respect to Apotex’s submission that determining the Prohibition Application on the basis of *viva voce* evidence, rather than a paper record, would remove the tactical and strategic elements inherent to the usual way of proceeding, the Prothonotary conceded that the strategies and tactics are different when evidence is constituted orally versus in paper form but found that

any disadvantage would apply equally to both parties and Apotex had not shown how it would be disadvantaged in these circumstances.

[18] Finally, as it had not been established that a joint evidentiary hearing would lead the Court to disregard the burden of proof, the Prothonotary found that the proposed consolidation would not deprive Apotex of any potential rights available to it pursuant to s 8 of the PM(NOC) Regulations.

[19] The Prothonotary also made three additional observations, the first of which was that it was Apotex's own decision to trigger both proceedings at the same time. This made the litigation particularly taxing but also made the proposed consolidation possible and necessary to alleviate the burden. She stated that Apotex could not impose its own schedule on Shire and the Court and, at the same time, resist reasonable and just means to make the most efficient use of scarce judicial resources, all for the sake of preserving its own perceived tactical advantage.

Issues

[20] Apotex submits that the issue is whether the Prothonotary erred in law by granting the Order. In particular, whether she erred by permitting concerns about expediency to override procedural and substantive rights and the need to ensure that the parties are treated fairly.

[21] Shire submits that the issue is whether the Prothonotary made a palpable and overriding error in finding that the procedure adopted to govern the proceedings was just and whether it was an error for a Court to impose a procedure to which all parties do not agree.

[22] In my view, this appeal raises just one issue, that is, whether the Prothonotary erred by ordering a partial consolidation of the two proceedings.

Standard of Review

[23] Apotex submits that discretionary orders of prothonotaries are subject to judicial review based on the standard set out in *Housen v Nikolaisen*, [2002] 2 SCR 235 (“*Housen*”). Factual conclusions may only be reviewed if there is an identifiable and overriding error. Conversely, legal errors are reviewable on a correctness standard (*Housen*; *Hospira Healthcare Corporation v Kennedy Institute of Rheumatology*, 2016 FCA 215 at paras 66 and 79, application for leave to appeal to the Supreme Court of Canada filed on December 9, 2016 (“*Hospira*”). Apotex submits that insofar as the Order “eviscerates” its procedural and substantive rights and causes it prejudice, the Prothonotary erred in law and the standard of correctness applies. Further, that none of the Prothonotary’s reasons for rejecting Apotex’s concerns are cogent.

[24] Shire submits that the standard of review for discretionary orders of prothonotaries is palpable and overriding error and that only where there is a question of law, or of mixed fact and law where the issue pertains to an extricable question of law, is the correctness standard applicable (*Hospira* at para 65; *Housen* at paras 19-37). Shire submits that the issue of whether the Order was unjust is not a question of law. It also points out that Apotex has not argued that the Prothonotary committed any palpable and overriding error. Shire submits that, regardless of which standard of review the Court applies, the Prothonotary’s decision is defensible.

[25] Both parties correctly submit that the standard of review previously applied to discretionary orders of prothonotaries has been recently revisited by the Federal Court of Appeal in *Hospira*. In that decision the Federal Court of Appeal determined that the prior standard should be abandoned and adopted the standard of review enunciated by the Supreme Court of Canada in *Housen*. Pursuant to *Housen*, the standard of review that applies to questions of law and to questions of mixed fact and law where the legal principle can be extricated is that of correctness and the standard of review that otherwise applies to questions of mixed fact and law, as well as to questions of fact, and inferences of fact, is that of palpable and overriding error (*Housen* at paras 8-37; *Hospira* at paras 66 and 79).

[26] In my view, this appeal raises a question of mixed fact and law as it pertains to the Prothonotary's application of the Rules and applicable legal principles governing the consolidation of proceedings to the facts before her (*Housen* at para 27; also see *Teva Canada Limited v Gilead Sciences Inc*, 2016 FCA 176 at para 24 ("*Teva Canada Limited*"); *Ledcor Construction Ltd v Northbridge Indemnity Insurance Co*, 2016 SCC 37 at para 33) and reaching factual circumstances in that regard (*Housen* at paras 36-37). As such, the Order should not be overturned absent a palpable and overriding error.

[27] While the Prothonotary's decision does not explicitly identify the applicable provisions from the Rules, it is apparent that she was considering Rule 105(a), which permits consolidation of proceedings, and Rule 3, which requires that the Rules be interpreted and applied so as to secure the just, most expeditious and least expensive determination of every proceeding on its

merits and the evidence before her as to whether a consolidation was appropriate in the circumstances before her.

[28] A palpable and overriding error has been described as one that is “both obvious and determinative in the sense that it undermines the outcome reached below” (*Teva Canada Limited* at para 24). Further, that “...when arguing palpable and overriding error, it is not enough to pull at leaves and branches and leave the tree standing. The entire tree must fall” (*Keay v Canada*, 2016 FCA 281 at para 6). In other words, this is a highly deferential standard of review.

Argument

Applicant’s Position

[29] Apotex submits that actions are incompatible for consolidation where they engage different issues, conflicting burdens of proof and different standards of conduct at issue (*Canadian Pacific Railway v “Sheena M” (The)*, [2000] 4 FC 159 (FC) (“*Canadian Pacific*”). As such, this is not a case where consolidation was appropriate. Further, that the loss of procedural or tactical advantages have been held to constitute the kind of prejudice that militates against the granting of a consolidation motion (*Eli Lilly and Co v Novopharm Ltd*, [1994] FCJ No 680 (FCTD) at para 8 (“*Eli Lilly*”); similar reasons in *Eli Lilly and Co v Apotex Inc*, [1994] FCJ No 681 (FCTD)). Apotex also submits that this idea is a variant of the broader principle that underlies the Rules, being that justice is not be subordinated to expedition (*Merck and Co v Apotex Inc*, 2003 FCA 438 at para 13 (“*Merck*”).

[30] Apotex asserts that the Prothonotary erred in law by failing to recognize that the differences in the nature of the proceedings make it impossible to have them heard together without altering the nature of the Prohibition Application, and, by rendering a decision that prejudiced Apotex.

[31] Apotex submits that the jurisprudence establishes that proceedings that involve different legal issues, legal burdens and principles generally ought not be reconciled. The Prothonotary failed to appreciate that, notwithstanding that the same technical and scientific arguments are at issue, the Prohibition Application and the Impeachment Action are fundamentally different in character and cannot be consolidated without fundamentally altering their nature. Further, that the Order effectively and improperly supplants a procedure legislated by the PM(NOC) Regulations with a different procedure which has different benefits and burdens.

[32] Apotex accepts that in *Gleevec* a similar consolidation order was granted. However, it submits that this was on the consent of both parties which is an important distinction. Further, that its experience in *Gleevec* provides an explanation for its unwillingness to consent to the same procedure again. In particular, a review of the closing submissions on that matter illustrates that there was an ongoing debate as to which allegations were specific to the action and which were specific to the application and the extent to which a different result should thereby follow in each proceeding.

[33] As to prejudice, Apotex submits that the consolidation has the effect of removing the difference in the burden of proof in each proceeding. If the Infringement Action is denied then

Apotex will effectively be precluded from entering the market in any event, even if it ultimately proves successful in the Prohibition Application. A more likely result is that the Court will devote less attention to the differing burdens and instead rely upon the standard that governs the Impeachment Action. And, even if the presiding judge is able to balance the differing burdens, Apotex will have been prejudiced from fashioning its evidence in recognition of the applicable burden in each case.

[34] With respect to the order of the evidence, the Prohibition Application would require Shire to adduce its evidence first and Apotex to respond. This affords Apotex the procedural advantage of knowing the case it has to meet. The consolidation effectively reverses this order and thereby explicitly removes an important procedural advantage. Further, the Prothonotary improperly diminished this loss as merely tactical in nature or as insignificant (*Eli Lilly; Merck*).

[35] Apotex also submits that the Prohibition Application would generally be decided on the basis of a paper record and cross-examinations conducted out of Court. This allows the parties to make strategic decisions about the way they lead evidence and conduct cross-examination which differ from that which is done in an action, which would utilize *viva voce* evidence, and the Order exorcises this tactical element from the Prohibition Application. As to the Prothonotary's finding that removal of this tactical advantage would equally prejudice Shire, this is of no moment. A prejudice is a prejudice and Shire's willingness to accept a prejudice does not mean that Apotex must too.

[36] While not clearly articulated, Apotex also submits that, to the extent that it does not succeed on the Prohibition Application because of the prejudice arising from the consolidation, the result is that it will also have been unfairly deprived of damages under s 8 of the PM(NOC) Regulations and that this is another reason why this consolidation is not appropriate.

Respondent's Position

[37] Shire submits that no error of law arises from the partial consolidation of the two proceedings. The Court has inherent jurisdiction to order that proceedings, whether of the same type or not, insofar as they concern the same issues, be arranged so as to avoid multiplicity of proceedings and promote the expeditious and most inexpensive determination of proceedings and that full or partial consolidation is one such means (*Montana Band v Canada*, [1999] FCJ No 1631 (FC), aff'd 2000 CarswellNat 2646 (FCA) ("*Montana Band*"); *Global Restaurant Operations of Ireland Ltd v Boston Pizza Royalties Ltd Partnership*, 2005 FC 317 ("*Boston Pizza*"); *Gleevec*; *Sanofi-Aventis Inc v Novopharm Limited*, 2009 FC 1285 at paras 36-37 ("*Sanofi-Aventis*"); Rules 3 and 105(a)). The key question is whether the partial consolidation meets the Rule 3 criteria.

[38] Apotex's submission that it was improper for the Court to impose an alternative procedure that was not consented to ignores the fact that the Court, and not the litigants, has control over its own processes and procedures. Further, the Court routinely grants motions without consent. Moreover, there is no procedure for prohibition proceedings set out in the PM(NOC) Regulations, rather, it is the Rules that govern procedures and timelines. In any event, as found by the Prothonotary, it is far more expeditious and less expensive to hear the

Prohibition Application based on common evidence, as set out in the Order, than to have an entirely separate and parallel written record and a separate hearing for the Prohibition Application. As to Apotex's concerns based on *Gleevec*, the lack of *ad idem* of the parties is not unique to the consolidated procedure utilized in that matter and, in that case, the debate was actually quite limited (*Apotex Inc v Pfizer Canada Inc*, 2014 FCA 250 at paras 90-92, leave to appeal to the Supreme Court of Canada refused in 2015 CarswellNat 1120; *Alcon Canada Inc v Apotex Inc*, 2014 FC 791 at paras 72-97; *AB Hassle v Canada (Minister of National Health and Welfare)*, [2000] FCJ No 855 (FCA) at paras 21-25).

[39] Shire submits that the alterations made to the normal procedure in the Prohibition Application is not prejudicial and will actually result in a more just proceeding. *Viva voce* evidence is preferred to a written record as it allows credibility to be assessed (*Amgen Canada Inc v Apotex Inc*, 2015 FC 1261 at para 15 (“*Amgen*”); *Gleevec* at para 33). Thus, the procedure implemented by the Order does not constitute an error of law simply because the nature of the Prohibition Application may have been altered.

[40] Shire also submits that the Prothonotary made no palpable and overriding error. As to Apotex's contention that the consolidation is prejudicial because it effectively removes the difference in the burden of proof in each proceeding, Shire submits that there is no evidence to support this allegation.

[41] As to the order of evidence, there is no right to proceed via a certain order of evidence in an application under the PM(NOC) Regulations. The Court's Practice Direction regarding Case

Management Guidelines for NOC Applications specifically contemplates “whether the application will make a request for the reversal of evidence” and this is routinely ordered (see for example *Biovail* at para 1). Further, there is no evidence that Apotex will be prejudiced by the reversal of the order of evidence and any concern of prejudice is further mitigated by the fact that the evidence is being led *viva voce*, thereby giving the presiding judge the opportunity to ask questions and seek clarifications (*Lundbeck*).

[42] Shire also submits that the possibility that Apotex may have to change its tactical approach does not amount to prejudice. There was no evidence that Apotex would be prejudiced by the use of *viva voce* evidence rather than affidavits and out of court cross-examinations. Rule 3 requires only that the proceeding be just. If a prejudice exists and occurs equally for both parties, then neither can complain that the procedure was unjust as it was disadvantaged.

[43] Shire also submits that the trial date has already been set to April 2018 and reverting to parallel proceedings at this stage would be undeniably wasteful and more expensive. The Order also provides for the most just result as applications under the PM(NOC) Regulations utilize a procedure that is far from ideal for the Court (*Gleevec* at para 33; *Eli Lilly Canada Inc v Novopharm Ltd*, 2007 FC 596 at paras 46-50; *Amgen* at para 15) and the Order remedies many of these deficiencies. Further, this better option arises from Apotex’s strategy of serving its Statement of Claim shortly after the Prohibition Application was commenced.

[44] Shire also takes issue with Apotex’s submission that a legal principle that “justice is not to be subordinated to expedition” underlies the Rules and the litigation process more broadly.

Shire submits that Rule 3 is the proper legal principle underlying the Rules and that *Merck* is distinguishable. *Merck* stands for the proposition that Rule 385 does not authorize a prothonotary to override a legal right explicitly provided by the Rules. However, in this matter Apotex has not demonstrated that it has lost a specific right provided by the Rules, or a legal right, as a result of the Order. As recognized by the Prothonotary, Apotex did not even argue that its substantive rights were prejudiced and concluded that Apotex would not be deprived of any potential s 8 rights pursuant to the PM(NOC) Regulations.

[45] Shire also makes a number of other written submissions as to why proceeding separately would be unjust which I need not address for the purposes of this appeal.

Analysis

[46] In my view, the Prothonotary did not commit a palpable and overriding error in ordering the partial consolidation of the Prohibition Application and the Impeachment Action given the factual circumstances before her.

[47] Rule 105(a) states that the Court may order, in respect of two or more proceedings, that they may be consolidated, heard together or heard one immediately after the other. In addition, Rule 3 states that the Rules shall be interpreted and applied so as to secure the just, most expeditious and least expensive determination of every proceeding on its merit. This Court has also determined that avoiding a multiplicity of proceedings and the promotion of the expeditious and inexpensive determination of those proceedings are the guiding principles and policy considerations on a motion for consolidation (*Halifax (Municipality) v Canada*, 2008 FC 1159 at

para 10; *Boston Pizza* at para 11; *Sanofi-Aventis* at para 8) and has ordered the consolidation of proceedings in a variety of circumstances, including partial consolidation of proceedings of a different nature and on its own initiative (*Boston Pizza*; *Gleevec*; *Sanofi-Aventis*; *Janssen-Ortho Inc v Apotex*, 2009 FC 866; *Montana Band*).

[48] In *Sanofi-Aventis*, Justice Snider summarized the principles arising from the jurisprudence concerning a motion under Rule 105, including that the burden is on the moving party to prove that the responding party will not suffer any “appreciable prejudice or injustice” (citing *Eli Lilly* at para 6) as a result of the consolidation:

8 A consolidation order under Rule 105 of the *Federal Courts Rules* is based on a number of policy objectives: “the avoidance of a multiplicity of proceedings and the promotion of expeditious and inexpensive determination of those proceedings” (*Global Restaurant Operations of Ireland Ltd. v. Boston Pizza Royalties Ltd. Partnership*, 2005 FC 317, 38 C.P.R. (4th) 551 (F.C.) (*Boston Pizza*), at para. 11; *John E. Canning Ltd. v. Tripap Inc.* (1999), 167 F.T.R. 93, 88 A.C.W.S. (3d) 543 (Fed. T.D.) at para. 27 (*Canning*)). For a patent trial, this eliminates the duplication of pre-trial preparations, including document production, examination of witnesses, and the length of the trial itself (*Apotex Inc. v. Wellcome Foundation Ltd.* (1993), 69 F.T.R. 178, 51 C.P.R. (3d) 480 (Fed. T.D.), at para. 7 (*Apotex-Wellcome*)). According to Justice Lemieux in *John E. Canning*, these objectives further “the general interest of justice, its proper administration and the true interests of the parties” (above, at para. 26).

9 A number of relevant factors have been identified in the jurisprudence that may be taken into account in deciding whether the Court should exercise its discretion under Rule 105 (see *Boston Pizza*, above, at para. 11; *John E. Canning*, above, at para. 27; *Knappett Construction Ltd. v. Canada (Minister of Labour)*, 87 A.C.W.S. (3d) 30, [1999] F.C.J. No. 308 (Fed. T.D.) at para. 18 (*Knappett*); *Sivamoorthy v. Canada (Minister of Citizenship & Immigration)*, 2003 FCT 307, 121 A.C.W.S. (3d) 1125 (Fed. T.D.) (*Sivamoorthy*); *Montana Band v. Canada* (1999), 182 F.T.R. 161, 93 A.C.W.S. (3d) 44 (Fed. T.D.) (*Montana Band*)). These factors

include such matters as: commonality of parties, issues, facts and remedies; and, prejudice.

10 Under the notion of common facts and legal issues, Prothonotary Hargrave in *Fibreco Pulp Inc. v. Star Shipping A/S* (1998), 145 F.T.R. 125, 78 A.C.W.S. (3d) 437 (Fed. T.D.) (*Fibreco*), held that the rule for consolidation “does not require the separate causes of action to have completely common questions of fact or law, but only some commonality” (at para. 42).

11 With respect to prejudice, if the Court finds that one of the parties would suffer injustice or prejudice, this finding works against consolidation (*Boston Pizza*, above, at para. 11). Justice Rothstein (as he was then) held that the burden is on the party seeking consolidation to prove that the responding parties would not suffer appreciable prejudice or injustice (see *Eli Lilly & Co. v. Apotex Inc.* (1994), 55 C.P.R. (3d) 429, 48 A.C.W.S. (3d) 31 (Fed. T.D.) at para. 6 (*Eli Lilly*)). In *Apotex Inc. v. Wellcome Foundation Ltd.*, Justice Mackay agreed with the jurisprudence that the onus also rests on the moving party (often the defendant) to prove that continuing the actions separately would be an abuse of process or would prejudice the moving party (above, at para. 15; see *Mon-Oil Ltd. v. R.* (1989), 27 F.T.R. 50, 26 C.P.R. (3d) 379 (Fed. T.D.) (*Mon-Oil*); *Fruit of the Loom Inc. v. Chateau Lingerie Manufacturing Co.* (1984), 79 C.P.R. (2d) 274 (Fed. T.D.)). The moving party must prove a prejudice rather than a mere inconvenience (*Apotex Inc. v. Wellcome Foundation Ltd.*, above, at para. 15).

[49] In this matter Apotex and Shire do not dispute that the Prohibition Application and the Impeachment Action bear commonalities which would normally suggest that consolidation is an appropriate option, including that they concern the same patent, the same parties, and the same substantial allegations of invalidity and non-infringement. However, Apotex submits that the Prothonotary erred in granting the consolidation as she failed to recognize that, because of the differences in the nature of the proceedings, the nature of the Prohibition Application will necessarily be altered by consolidation, and as a result, Apotex will be prejudiced.

[50] In my view, and as noted above, this matter does not raise any question of law. Further, the Prothonotary did not err in identifying and applying the law pertaining to consolidations set out above. In particular, she explicitly considered Apotex's arguments as to prejudice and granted the consolidation on the basis that they were unsubstantiated. Further, she found that the consolidation did not violate any procedural rights which are contemplated by the PM(NOC) Regulations or the Rules and which cannot be altered at the discretion of the Court.

[51] In my view, the Prothonotary's reasons also make it clear that she recognized and appreciated the different natures of the Prohibition Application and the Impeachment Action. The Prothonotary described and contrasted each procedure in paragraphs 6 to 8 of her reasons.

[52] The Prothonotary also recognised that by partially consolidating the two proceedings, the usual procedural format followed in a prohibition application would be altered, primarily by the use of *viva voce* evidence rather than affidavits and transcripts of out of Court cross-examinations of the deponents on those affidavits, and, by the order of the submission of evidence. She also explicitly recognised that the partial consolidation added a level of complexity which could give rise to debate as to whether parts of the evidence adduced at trial falls outside of the four corners of the NOA and must accordingly be ignored in the determination of the Prohibition Application. The Prothonotary weighed these changes in procedure against the achievement of a just, most expeditious and least expensive determination of the two proceedings, and exercised her discretion to effect the consolidation. In my view, Apotex essentially disagrees with the Prothonotary's assessment in this regard. This does not

give rise to an error of law nor has Apotex identified a palpable and overriding error in the assessment.

[53] Apotex cites *Canadian Pacific* for the proposition that actions are not compatible for consolidation where they engage different issues, conflicting burdens of proof and different standards of conduct. I would first again point out that the substantive allegations in the Prohibition Application and the Impeachment Action are the same. In any event, *Canadian Pacific* is distinguishable. There, the plaintiff sought to consolidate a limitation action, by which the shipowner sought to limit its liability pursuant to the *1976 Convention on Limitation of Liability for Maritime Claims*, and an action for damages. The request was denied on the basis that the actions raised different issues; had conflicting burdens of proof; and, different standards of conduct. The Court held that the limitation action should resemble a summary procedure while the damages action would be a complex piece of litigation, and consolidation would save little in cost and could indeed result in substantial extra cost. Further, the limitation action was substantially ahead of the damages action and ought not to be delayed. This was not similar to the factual circumstances before the Prothonotary.

[54] Apotex also submits that the principle that “justice is not to be subordinated to expedition” (*Merck* at para 13) underlies the Rules and the litigation process more broadly. In my view, the Prothonotary did not subordinate justice to expediency. Rule 3 required her to consider the proposed consolidation in the context of securing the just, most expeditious and least expensive determination of the proceedings. That is what she did. Further, the referenced quote in *Merck* was made in the context of a denial of a specific right to have questions answered

on examination for discovery under Rule 240. The Federal Court of Appeal stated that that right was not merely theoretical and that it could not be overridden by the general words of Rule 385(1)(a) or of Rule 3. It was in that context that the Federal Court of Appeal observed that the word “just”, which appeared in both of those Rules, confirmed that justice is not to be subordinated to expedition. Here, Apotex is not alleging that it has lost any substantive rights and the Prothonotary had the discretion to grant the consolidation (*Lundbeck* at para 18).

[55] As to Apotex’s submission that the consolidation effectively and improperly supplants a procedure legislated by the PM(NOC) Regulations with a different procedure with different burdens and benefits, while the PM(NOC) Regulations specify that upon being served with a NOA a generic may apply to the Court for a prohibition order (s 6(1)) and the timelines pertaining to that process, as the Prothonotary identified, the remaining procedure is effected pursuant to the Rules. As the Rules permit consolidation, a legislated procedure is not being supplanted. And, as addressed below, the Prothonotary also dealt with Apotex’s allegations of prejudice. No error arises in this regard.

[56] Apotex also submits that its experience in *Gleevec* provides an example of why this type of consolidation should not be permitted. Specifically, that in that case there was significant debate as to which allegations should form part of which proceeding. However, the Prothonotary specifically considered and rejected this argument and noted that there will be two evidentiary records constituted on which two different burdens of proof must be applied which will lead to potentially complex arguments but held that this complexity “pales in comparison with the efficiencies and savings gained from eliminating the parallel, written record” (at para 15). As to

Apotex's apparent suggestion that, unlike *Gleevec* where a similar consolidation was consented to, the Prothonotary erred in imposing consolidation in this matter, this is of no merit. The Prothonotary rendered a detailed decision on a contested motion. She considered the submissions, applied the Rules and applicable legal considerations to the facts before her and rendered her decision. It was her role to do so. Consent was not required.

[57] The real question in this matter is whether the Prothonotary made a palpable and overriding error in concluding that the consolidation was just and expeditious. This turns on the question of prejudice.

[58] In support of its proposition that the loss of a tactical advantage in this case amounts to a prejudice, Apotex exclusively relies on the following paragraph from this Court's 1994 decision in *Eli Lilly*:

8 Further, I have some concern that consolidation or an order that the matters proceed at the same time, may result in a tactical advantage to one party or the other. Counsel for Apotex says that consolidation will allow Eli Lilly to cross-examine Novopharm on the issue of the Apotex-Novopharm agreement. This would likely not be possible without such an order. I do not think that a consolidation order or an order that matters proceed together, were intended to result in an upsetting of the procedural equilibrium in proceedings to give one party or the other a tactical advantage. At this point, I am not satisfied this will not occur.

[59] In my view, *Eli Lilly* is factually distinguishable. In that case, Justice Rothstein (as he then was) had before him a motion by the patent holder, Eli Lilly, for an order that two actions for patent infringement, against two separate parties, Novopharm Ltd and Apotex Inc, be heard together. Eli Lilly's application for consolidation was based on an agreement between

Novopharm Ltd and Apotex Inc with respect to a compulsory license that was granted to Novopharm Ltd which agreement, in Eli Lilly's view, linked the two actions together such that they should be consolidated. The concerns as to tactical advantage were raised in the context of Eli Lilly being able to cross-examine witnesses from Novopharm Ltd on the Apotex-Novopharm agreement if the matters were consolidated, which would otherwise likely not be possible.

Justice Rothstein also noted that the consolidation was not being sought on the basis that the proceedings were similar, but based on the fact of the existence of the Novopharm-Apotex agreement, which in his view should not justify the matters proceeding together. Further, that consolidation normally applies where the causes of action are the same and the evidence is parallel and the outcome of one case would most likely resolve the other. In addition, Justice Rothstein noted that counsel for the applicant indicated during argument that consolidation was not the appropriate remedy.

[60] I am also not persuaded that *Eli Lilly* stands for the proposition that any loss of any tactical advantage is necessarily prejudicial and thereby precludes consolidation. Nor does it suggest that tactical considerations alone are sufficient to grant the refusal of a request for consolidation where the underlying policy considerations of resolving proceedings in an expeditious and least expensive way strongly militate towards some form of consolidation. In that regard, Justice Rothstein also stated that "...As to whether the matters may proceed at the same time, either together or sequentially, I think this should be left open for the moment. I am not prepared to say that some efficiency advantage may not be attained if this can be done" (at para 9).

[61] Before the Prothonotary, Apotex argued that if the matters were consolidated, the Court might be unwilling or unable to properly apply the differing burdens of proof or, where the evidentiary burden required it, to reach a result that was not uniform but nevertheless appropriate to each process. The Prothonotary rejected that argument for the reasons she set out. Before me, Apotex argues that even if the Court were able to manage balancing different burdens, it would be prejudiced by “being precluded from fashioning its evidence in recognition of the applicable burden in the case”. It offered one example of this being that, in the Prohibition Application, Apotex may elect to rely on Shire’s failure to address certain arguments it raises regarding utility. In the consolidated proceeding, Apotex says it could be deprived of proceeding in that fashion because it would need to meet the burden applicable to the Impeachment Action, which burden favours Shire. However, Shire submits that in the Prohibition Application, Apotex must still provide at least some evidence in support of each of its allegations before the burden flips to Shire. Therefore, Apotex is incorrect if it is suggesting that it can simply rely on the burden, and not evidence on its own, in the Prohibition Application in support of any allegations that Shire does not address (*Pharmascience Inc v Canada (Health)*, 2014 FCA 133 at para 36). Further, as the evidence applies to both the Impeachment Action and the Prohibition Application it is unclear how Apotex would be prejudiced by fashioning additional evidence to meet its burden in the Impeachment Action.

[62] In my view, Apotex’s position in this regard is simply another reiteration of loss of tactical advantage pertaining to reversal of the burden of proof which was dealt with by the Prothonotary as discussed below.

[63] With respect to reversal of the order of the evidence, the Prothonotary referred to *Lundbeck*, which considered a request in a PM(NOC) Regulations prohibition proceeding that the order in which the evidence was to be submitted be inverted. There it was held that the Court must be satisfied of the efficiency of the proposal without, however, affecting “the substantial rights of the parties and the fairness of their procedural rights” (at para 19 referencing *Purdue* at para 8). As to whether the generic would lose its “right” under Rule 307 to serve its evidence in response, the Court in *Lundbeck* held that the rule confers a procedural rather than a substantive right, subject always to the discretion of the Court to dispense with compliance with the rule. Further, that the inversion of the order of evidence also does not work a procedural inequity where the respondent shows that it requires a right to reply and has an opportunity to do so. The Prothonotary also referenced *Purdue* at para 19 and *Eli Lilly Canada* at para 13.

[64] Accordingly, contrary to Apotex’s submission, the Prothonotary properly recognized that a reversal of the order of evidence was not a substantive right. Further, to the extent that the order of the evidence may in appropriate circumstances be varied, nor is it a procedural “right”. It is, as Apotex describes it, a procedural advantage. On that basis, it is also a tactical advantage, which is the manner in which it was described by the Prothonotary. The Prothonotary considered the factual circumstances but concluded that the loss of this advantage was not sufficiently prejudicial to overcome the benefits of consolidation.

[65] Apotex also submits that the consolidation removes the tactical advantages associated with pursuing the Prohibition Application by way of a written record rather than *viva voce* evidence. The Prothonotary found that any prejudice arising from this fact would apply equally

to both parties. Apotex says that Shire's willingness to accept a prejudice does not mean that it must as well. I would first point out that Apotex has not shown that it would suffer any actual disadvantage, tactical or otherwise, from this evidence being rendered *viva voce*. Second, in my view, the fact that any prejudice would apply equally to both parties strongly undermines the argument that there is actual appreciable prejudice to be suffered by one party in the context of a consolidation. Moreover, what Apotex asserts is a perceived tactical advantage in the order of the presentation of the evidence. Ultimately, however, the evidence speaks for itself and its purpose is to support the achieving of a fair and just decision.

[66] In any event, the Prothonotary considered that the consolidation would result in the evidence being adduced only once, *viva voce*, before the Court and found that this would eliminate the need for the preparation and submission of affidavits and the conducting of cross-examinations and would also eliminate a potential source of delay. She was not convinced that any prejudice arising from the use of only *viva voce* evidence resulted in an unjust determination nor that it outweighed the benefits of a more expeditious and less expensive determination.

[67] I am also not persuaded that Apotex faces any prejudice in the context of its potential right to damages under s 8 of the PM(NOC) Regulations as a result of the consolidation. If I understand Apotex's argument correctly, it accepts that the consolidation is not in any way depriving it of its procedural right to s 8 damages. Rather, that to the extent that a loss on the Prohibition Application can be attributed to the consolidation and, more specifically, the tactical disadvantages it has created for Apotex, the consolidation has the domino effect of depriving

Apotex of an otherwise justified s 8 remedy. I see no error in the Prothonotary's conclusion that, given that any tactical disadvantage is unsubstantiated, there is no merit to this argument.

[68] In essence, before me Apotex simply reasserts its position as put before the Prothonotary, which boils down to its claim that it will be prejudiced by being deprived of tactical advantages. As stated by the Federal Court of Appeal in *Hospira*, "...it is always relevant for motions judges, on a Rule 51 appeal, to bear in mind that the case managing prothonotary is very familiar with the particular circumstances and issues of a case and that, as a result, intervention should not come lightly" (at para 103). I am satisfied that the Prothonotary understood and considered the PM(NOC) Regulations, the Rules, the jurisprudence and principles governing consolidation motions and all of the relevant facts and that she did not commit a palpable and overriding error in her factual findings or otherwise.

ORDER

THIS COURT ORDERS that

1. This appeal is dismissed.
2. The Respondent shall have its costs.

“Cecily Y. Strickland”

Judge

FEDERAL COURT
SOLICITORS OF RECORD

DOCKET: T-1056-16

STYLE OF CAUSE: APOTEX INC. v SHIRE LLC AND SHIRE PHARMA
CANADA ULC

AND DOCKET: T-998-16

STYLE OF CAUSE: SHIRE PHARMA CANADA ULC v APOTEX INC. AND
THE MINISTER OF HEALTH AND SHIRE LLC

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: DECEMBER 20, 2016

ORDER AND REASONS: STRICKLAND J.

DATED: FEBRUARY 6, 2017

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