

# Canadian IP litigation 2024: a year in review.

**Speakers:** Matthew Burt, Daniel Davies, Jean-Sébastien Dupont

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## Our speakers

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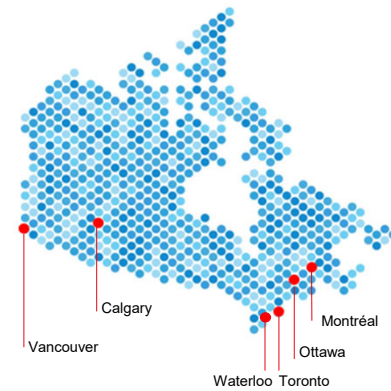
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## Who we are

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**technology and business law**

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- 130+ years serving clients
- 180+ lawyers, agents and technical consultants
- 10,000+ patents & trademarks filed annually
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## 1. Injunctive relief

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## Permanent injunctions confirmed as default

- Permanent injunction: prohibits infringing activity for remaining patent term
- Historically: granted routinely to successful patentees
- Recent cases raising uncertainty:
  - *AbbVie v JAMP* (2023 FC 1520)
  - *Rovi v Bell* (2022 FC 1388)

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## *AbbVie v JAMP* (2023 FC 1520)

- Federal Court denied AbbVie's request for an injunction, despite finding infringement of its patent on Humira
- Only decision apart from *Unilever* (1993) 47 CPR(3d) 479 (FCTD) to entirely refuse a permanent injunction
  - This case brought into question the routine granting of injunctions for patent infringement, especially in the context of public interest

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## ***AbbVie v JAMP (2023 FC 1520) cont'd***

- Unique circumstances?
  - **“This is one of those rare cases where I will not grant a permanent injunction given the public interest factor”**
  - Other adalimumab biosimilars: lower concentration, higher volume; some contained citrate
  - Increased injection site pain for some patients
  - Possible nocebo effect

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## ***Rovi v Bell (2022 FC 1388)***



The Federal Court would have ruled against Rovi's request for an injunction

- Non-practicing entity (NPE)
- Delayed enforcement



Question: injunctions no longer matter of course?

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## FCA confirms presumption: *Rovi v Telus* (2024 FCA 126)

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- Key clarification: absent 'inequitable circumstances,' injunctions are generally granted for valid, infringed patents
- Important points confirmed by FCA:
  - Presumption applies even near patent expiry
  - Presumption applies even if patentee licenses, does not practice
  - U.S. 'Irreparable Harm' test NOT applicable in Canada

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## Trademark context: pre-trial injunctions

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- Pre-trial injunctions granted:
  - *Amer Sports v Adidas*, 2024 BCSC 3
  - *9162-5327 Québec v 9422-5075 Québec*, 2024 QCCS 81
- Courts appear willing to grant interlocutory relief to protect trademark rights
- Reasoning: prevent loss of distinctiveness and avoid consumer confusion

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## ***Arc'teryx v Adidas (2024 BCSC 3)***

- Issue:
  - Adidas' TERREX store near ARC'TERYX store
  - "Performance Bars" logo creating appearance of "A TERREX"



## ***Arc'teryx v Adidas: court's reasoning in granting injunction***

- Serious question to be tried:
  - Low threshold
  - Likelihood of confusion: similarity immediately apparent
- Irreparable harm:
  - Continued use of "TERREX" could lead to a loss of distinctiveness, which is virtually impossible to regain
  - "[M]oney may be a poor substitute for the uniqueness or distinctiveness of an original art form, even if the latter was created for commercial purposes"

## ***Arc'teryx v Adidas*: court's reasoning in granting injunction**

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- Balance of convenience:
  - Public interest in protecting registered trademarks outweighed any potential harm to Adidas
- Conditions:
  - Geographical limitation: injunction limited to the specific Adidas store on West 4th Avenue in Vancouver
  - Trial date to be secured immediately
  - Injunction would expire if adidas secured a registration for TERREX

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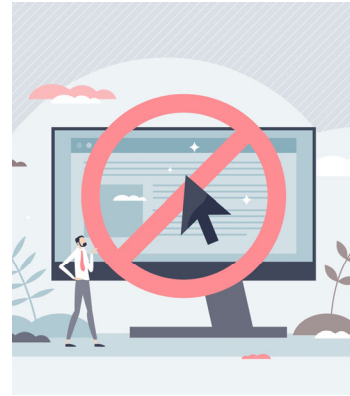
## **2. Evolution of site-blocking orders**

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## Site-blocking orders

- What are site-blocking orders?
  - Canadian ISPs ordered to block access to infringing content
- First granted in 2019
- Purpose:
  - Combat online piracy where direct enforcement is difficult
- Evolving to address new piracy tactics



## Evolution to address live content piracy: *Rogers Media v John Doe (2024 FC 1082)*

- Live NHL, NBA, and other sports content in the same order
- Real-time blocking of pirated streams as identified
- Future content
- 2-year duration



## 3. Ambiguity

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### ***Tekna v AP&C, 2024 FC 871 (McHaffie J)***

- Central issue: patent claim ambiguity
- S. 27(4) of the *Patent Act* – “...distinctly and in explicit terms...”
- Serves a public notice function – what is claimed and what is not
- The ultimate question: is it “impossible for the skilled person to know in advance whether or not something would be within the claims”?

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## ***Tekna v AP&C, 2024 FC 871 (McHaffie J)***

- “Depletion layer”
- Coined term, not defined in the patents
- No “objective anchor”
- AP&C’s own experts proposed different opinions on where the “depletion layer” starts and ends.

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## ***Tekna v AP&C, 2024 FC 871 (McHaffie J)***

### **Key takeaways:**

- Coined terms need to be clearly defined
- Importance of consistency in expert evidence

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## 4. Parent company liability

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### ***Munchkin, Inc v Angelcare Canada Inc,*** **2024 FCA 156 (Locke JA)**

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- US parent company (Munchkin US) held jointly and severally liable for patent infringement with its Canadian subsidiary (Munchkin Canada)
- Locke JA: “a person cannot avoid liability for infringement by setting itself up outside Canada, and then making arrangements from there that result in infringement of a patent in Canada.”

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## *Munchkin, Inc v Angelcare Canada Inc,* 2024 FCA 156 (Locke JA)

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(1) Did the infringing activities take place in Canada? **YES**

(2) Did the foreign entity have “common cause” with a Canadian actor or was it otherwise a party to the infringement? **YES**

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## *Munchkin, Inc v Angelcare Canada Inc,* 2024 FCA 156 (Locke JA)

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### Evidence of Munchkin US’ involvement:



- Munchkin Canada never had any designers
- All products distributed in Canada were designed by Munchkin US
- Munchkin Canada only had 7 employees, whose roles were limited to sales, marketing and warehousing
- Munchkin US made no distinction between decisions undertaken for the US market and the Canadian market

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## ***Munchkin, Inc v Angelcare Canada Inc,*** **2024 FCA 156 (Locke JA)**

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### **Key takeaways:**

- Generally, affiliated companies are treated as separate legal entities
- To be found liable for patent infringement in Canada, a foreign affiliated company must have completed the infringing act itself or been so involved to be considered as having “common cause”

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## **5. Methods of medical treatment to be addressed by SCC**

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## Brief history of prohibition against patenting methods of medical treatment

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- *Tennessee Eastman Co v Canada* (Commissioner of Patents), [1974] SCR 111:
  - The Supreme Court of Canada ruled that methods of medical treatment are not patentable, as they are not contemplated in the definition of “invention”
- *Shell Oil Co v Commissioner of Patents*, [1982] 2 S.C.R. 536:
  - The Supreme Court reaffirmed that methods of medical treatment are not considered “inventions” under the *Patent Act*, as they pertain to professional skills rather than economic activities

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## Methods of medical treatment history cont'd

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- *Apotex Inc v Wellcome Foundation Ltd*, [2002] 4 SCR 153:
  - The Supreme Court of Canada confirmed the prohibition on patenting methods of medical treatment, but distinguished between claims relating to areas of “professional skill and judgment” vs “commercial offerings”
- *Pharmascience Inc v Janssen Inc*, 2024 FCA 23:
  - Addressed methods of medical treatment prohibition in relation to claimed dosage regimes
  - To be heard by Supreme Court

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## FCA clarification (pre-SCC appeal): *Pharmascience v Janssen* (2024 FCA 23)

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- Previous approach to dosage claims (generally):
  - Fixed dosage claims = patentable
  - Variable dosage (ranges) = unpatentable
- FCA:
  - Rejected 'bright-line' approach
  - Focuses on whether the claim requires skill and judgment
  - "Whether" vs "how"

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## 6. New risk for summary trial?

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## Summary trial – new risk?

Culture shift towards  
more efficient  
judicial processes

- *Hryniak v Mauldin*, 2014 SCC 7

Summary  
trials/judgments:

- Faster, cost-efficient dispute resolution
- Need suitable issue(s)

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## Unusual outcome: *Mud Engineering v Secure Energy* (2024 FCA 131)

- Patent ownership dispute
- Federal Court decision (2022 FC 943):
  - Dismissed motion, counterclaim, and main action
  - Insufficient evidence to find that Secure Energy was true owner
  - Also insufficient evidence to find that Mud is the true owner
  - **Result: infringement action dismissed**
  - Patent effectively 'ownerless' as between parties

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## ***Mud Engineering v Secure Energy*** **(2024 FCA 131) cont'd**

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- Section 43(2) = weak presumption??

### **Validity of patent**

(2) After the patent is issued, it shall, in the absence of any evidence to the contrary, be valid and avail the patentee and the legal representatives of the patentee for the term mentioned in [section 44](#) or [45](#), whichever is applicable.

R.S., 1985, c. P-4, s. 43; R.S., 1985, c. 33 (3rd Supp.), s. 16; 1993, c. 15, s. 42.

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## ***Mud Engineering v Secure Energy*** **(2024 FCA 131) cont'd**

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- Majority:
  - Upheld dismissal even though ownership not disproven
  - Issue unique to summary trial?
- Dissent: Federal Court did not properly consider whether the defendant's failure to establish that it was the rightful owner should have ended their ownership challenge

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# 7. AI tools

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“AI hallucinations” 36

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## B.C. lawyer reprimanded for citing fake cases invented by ChatGPT

 [Jason Proctor](#) · CBC News · Posted: Feb 26, 2024 11:01 PM EST | Last Updated: February 26, 2024

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## “AI hallucinations”

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- Two reported 2024 TMOB decisions where a party cited cases that did not exist

***Industria de Diseño Textil, S.A. v Sara Ghassai, 2024 TMOB 150***

“[6] Whether accidental or deliberate, reliance on false citations is a serious matter...”

***Monster Energy Company v Pacific Smoke International Inc, 2024 TMOB 211***

“[16] The Applicant relies on a case inaccurately identified as “*Hennes & Mauritz AB v M & S Meat Shops Inc*, 2012 TMOB 7” in support of its position that this ground of opposition has not been sufficiently pleaded. There is no such case. This citation appears to be an AI “hallucination,”...”

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## Federal Court Practice Notice (Updated May 7, 2024)

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- Materials prepared for litigation and submitted to the Court must include a Declaration if they contain content **created or generated** directly by AI
- Does not apply to AI that only follows pre-set instructions, including programs used for document editing (to correct spelling/grammar)

### Sample Declaration

Artificial intelligence (AI) was used to generate content in this document at paragraphs 20-30.

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## 8. Update on costs

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### Cost regime



#### Loser pays:

- Portion of winner's legal fees
- 100% of reasonable disbursements



#### Tariff vs. Lump-sum

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## Cost regime

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- Lump sum award often adopted in IP cases
  - Starting point is ~25-37%
  - Moved up or down in discretion of the court: outcome, complexity, conduct of parties, amounts claimed.

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## Rule 420: doubling effect

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- Rule 420 offers can result in a doubling of the costs award from the date of the offer (does not apply to disbursements)
- Requirements:
  - Terms of offer more favorable than those obtained at trial
  - Made 14 days prior to trial and not withdrawn before start of trial
  - Clear and unequivocal + brings litigation to an end
  - “Element of compromise”

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## ***Tekna v AP&C, 2024 FC 1954 (McHaffie J)***

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- Tekna was awarded a 2x costs award (33% to 66%) from the date of its written offer to settle
- Key issue: was there an “element of compromise”?
- Tekna’s offer: each party discontinue its claims and counterclaims, without costs

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## ***Tekna v AP&C, 2024 FC 1954 (McHaffie J)***

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### **Two elements of compromise:**

- Agreement not to pursue a costs award (which the parties knew could be significant)
- The withdrawal of Tekna’s invalidity claim

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## Costs

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### Key takeaways:

- Rule 420 offers should be considered part of any litigation strategy
- The “element of compromise” requirement can be met without offering any financial compensation
- The doubling effect of Rule 420 applies to BOTH costs determined under Tariff B and on a lump sum percentage

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## Q&A

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# Thank you!

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