PATENTS

INFRINGEMENT

Appeal from Federal Court (F.C.) decision (2014 FC 1254, [2015] 4 F.C.R. 604) wherein F.C. ordering appellant to pay respondents $31,234,000.00 in damages pursuant to *Patent Act*, R.S.C., 1985, c. P-4, s. 55(1), awarding $75,040,649.00 to respondents in prejudgment interest as damages for time value of money lost in 17 years before reference trial on damages taking place — Facts of this case unusual, unwise to use them as backdrop for stating general principles of law — Four cefaclor process patents at issue, including respondents' Shionogi process —Litigation between parties over cefaclor process patents beginning in 1993 when appellant filing notice of compliance (NOC) submission for its own generic version of cefaclor — Respondents later seeking order prohibiting appellant from selling its cefaclor product in Canada — F.C. dismissing respondents' application — Appellant obtaining NOC in 1997 — Respondents commencing infringement action — Appellant receiving batches of cefaclor form manufacturers Kyong Bo, Lupin — Also obtaining cefaclor from confidential process (Lupin 2 cefaclor) — F.C. finding Kyong Bo cefaclor, Lupin 1 cefaclor infringing — F.C. concluding, *inter alia*, that defence of "non-infringing alternative" (NIA) raised by appellant not available in Canada — F.C. also determining when appellant would have entered market in "but-for" world — Finding, *inter alia*, that appellant would not have been in cefaclor market prior to April 2000, when last of Shionogi patents expired — Rejecting appellant's expert evidence which was based on assumption that NIA available to appellant when initial infringement occurring —Main issues whether F.C. erring in finding that no NIA defence available, in holding that respondents entitled to interest as damages — F.C. not having benefit of most recent case law on issue of NIA defence before releasing its decision — F.C. erring when concluding that NIA defence not available in Canada — However, this error not determinative because, on evidentiary record before it, F.C. could not but conclude that defence unavailable in this case — Objective of NIA "defence" to help ascertain real value of inventions for which patentees such as respondents granted monopoly — Never argued at liability phase that Lupin 2 process infringing patents in suit — Economic viability not something assessed solely from subjective perspective of infringer such as appellant — Real value of patented inventions cannot be assessed on purely subjective basis — Court must be satisfied that NIA invoking *objectively* economically viable substitute at relevant time — Contradictory evidence before F.C. as to what appellant could have "expected" in terms of profitability at various dates — Court not satisfied herein sufficient evidence for F.C. to conclude that Lupin 2 cefaclor objectively commercially viable substitute — Follows that F.C. would not have been justified in considering its effects in context of NIA defence — F.C. ultimately correct to conclude that NIA defence not available to appellant in this case — F.C. not making extricable error by reversing, elevating burden of proof by seeking persuasive evidence from appellant when burden should have rested on respondents — F.C. correctly setting out its task as identifying loss suffered by patentee by reason of infringement — Presumed to be fully cognizant of legal principles applicable to assessment of damages in patent infringement actions — In patent cases, foreseeability, remoteness, rarely an issue —Thus, remoteness should be raised as soon as possible when an issue — Circumstances of this case quite singular — Unwise to attempt to draw line in the sand, define policy more precise than that already developed by Supreme Court — Not possible to conclude that F.C. erring by granting damages too remote to be compensable — However, Federal Court incorrectly deciding issue relating to granting of interest as a head of damages — In particular, Federal Court erred by relying on presumption relieving respondents from proving its loss regarding compound interest *per se* — Loss of interest having to be proven in the same way as any

other form of loss or damage — Appeal allowed in part.

APOTEX INC. V. ELI LILLY AND COMPANY (A-64-15, 2018 FCA 217, Gauthier J.A., judgment dated November 23, 2018, 61 pp.)