

IP monitor

Once in a blue moon: Quebec Superior Court issues an injunction in a patent infringement case

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The Quebec Superior Court recently granted an interlocutory injunction in a patent infringement case, even when confronted with contradictory evidence on the construction of the allegedly infringing patent claims and in the absence of expert evidence on the allegation of irreparable harm.

In *Thermolec Itée v Stelpro Design inc.*, (published in French), the plaintiff Thermolec Itée prevailed in obtaining an interlocutory injunction preventing its competitor Stelpro Design inc. from manufacturing and selling, until trial, its electric heating coils that are alleged to infringe certain claims of Canadian Patent No. 2,242,829 (the 829 Patent) pertaining to an air heating system.

The Quebec Superior Court adopts a less stringent application of “irreparable harm”

The conjunctive three-part test for an interim or interlocutory injunction was settled almost 25 years ago by the Supreme Court of Canada in *RJR - MacDonald Inc. v Canada* and requires that a moving party establishes (a) a serious issue to be tried; (b) it will suffer irreparable harm if the injunction is not granted; and (c) the balance of convenience favours granting an injunction.

These criteria have been codified in Quebec law under Section 511 of the *Code of Civil Procedure*, which allows the Quebec Superior Court to issue an interlocutory injunction if an applicant demonstrates the entitlement to a right (*apparence de droit*) and a “serious or irreparable prejudice” if the injunction is not granted. The balance of convenience is also considered.

The first prong pertaining to demonstrating a serious issue to be tried or the existence of a right is typically the part of the test most easily satisfied. In *Thermolec*, the court considered that the existence of a patent that is presumed valid under the *Patent Act* constitutes a sufficient basis to ensure this ground is met. The court stated that at this interlocutory stage, where evidence is to be presented on a *prima facie* basis, the defendant Stelpro did not rebut the twin presumptions of patent validity and copying (*présomption de copie*) established in Quebec jurisprudence on interlocutory injunctions in the patent infringement context.

The second prong requiring the demonstration of “irreparable harm” has typically been the core of the court’s focus and the hardest element of the test to satisfy, particularly in the Federal Court, where a body of jurisprudence has

established that a monetary prejudice attributable to the alleged infringement such as loss of sales or market share that can be quantified (even without absolute precision) cannot be deemed “irreparable” at the interlocutory stage.

In *Thermolec*, the Superior Court agreed the plaintiff would suffer irreparable harm if the requested injunction were denied on the basis that its patent would possibly be infringed and assumed Thermolec would thus lose goodwill, sales and business opportunities in the period leading up to trial. This determination was made in the absence of expert evidence on the alleged loss of market share and the extent of the alleged monetary prejudice.

The Superior Court’s succinct analysis of this issue is different than the much more stringent approach taken by the Federal Court, which has in recent years required parties seeking an interlocutory injunction to provide extensive evidence of irreparable harm that is clear and non-speculative, often in the form of complex intellectual property valuation and economic market analysis expert reports. Even with such evidence, in the vast majority of cases, the Federal Court would conclude that no irreparable harm could be found, on the basis that potential damages or profits could be calculated with a sufficient degree of certainty using sophisticated economic projections and quantification models and were therefore not unquantifiable as required to meet the threshold.

The Superior Court follows a different path than the Federal Court

Contrary to the Federal Court, the Quebec Superior Court seems prepared to rely heavily on the presumption of patent validity to find that *prima facie* evidence of infringement affects “the value of the invention” as well as loss of goodwill in a non-calculable way, without engaging in a complex debate on the “irreparable” nature of the economic prejudice alleged by a patentee seeking a declaration of infringement.

Fueled by a growing body of case law in recent years, the Quebec Superior Court has once again confirmed in the *Thermolec* decision that it has taken a different path than the Federal Court of Canada on a remedy for which both courts share concurrent jurisdiction.

This opens the door for patentees seeking the far-reaching benefits of an interlocutory injunction to engage in potential forum shopping and, if appropriately tied to Quebec, choose the court that will most easily grant them this remedy. However, other considerations should also be taken into account, such as the fact a Federal Court order would have a pan-Canadian effect whereas a Quebec Superior Court order would have to be homologated in other provinces.

Furthermore, litigants seeking to obtain an interlocutory injunction in Quebec should also be aware of the recent decision in *R. v Canadian Broadcasting Corp.*, where the Supreme Court emphasized that in light of the potentially severe consequences for a defendant, an amended and more stringent version for the first part of the test developed in the *RJR-Macdonald* must be applied by carrying out a more extensive review of the merits of the case at the interlocutory stage. More specifically, the court must be convinced a strong likelihood exists that, at trial, the applicant will be ultimately successful in proving the allegations set out in its pleadings. The Superior Court in *Thermolec* did not account for this decision in its analysis.

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