Financial institutions
Energy
Infrastructure, mining and commodities
Transport
Technology and innovation
Life sciences and healthcare

NORTON ROSE FULBRIGHT

Pharma in brief – Canada: Federal Court allows the election between damages or an accounting of profits

The Federal Court dismisses defendant's attempt to elect remedy for plaintiff

Case:	*Bayer Inc v Cobalt Pharmaceuticals Company*, 2016 FC 1192 (Court Files No. T-1379-13, T-1468-13 and T-1368-14)
Drug:	By Bayer Inc.: YAZ (3.0 mg drospirenone and 0.020 mg ethinylstradiol tablets) and YASMIN (3.0 mg drospirenone and 0.030 mg ethinylstradiol tablets)
	By Apotex Inc. (**Apotex**): MYA (3.0 mg drospirenone and 0.020 mg ethinyl estradiol tablets) and ZAMINE 21 & ZAMINE 28 (3.0 mg drospirenone and 0.030 mg ethinyl estradiol tablets)
	By Cobalt Pharmaceuticals Company (**Cobalt**): ZARAH 21 & ZARAH 28 (3.0 mg drospirenone and 0.030 mg ethinyl estradiol tablets)
Nature of case:	Entitlement to elect the remedy during the infringement quantification phase of a patent infringement action
Successful party:	Bayer Inc. and Bayer Pharma Aktiengesllschaft (collectively **Bayer**)
Date of decision:	October 27, 2016

Summary

As we reported, the Federal Court found that Apotex and Cobalt's generic versions of Bayer's combination oral contraceptives marketed in Canada as YAZ and YASMIN (both containing drospirenone and ethinyl estradiol) infringe Bayer's Canadian Patent No. 2,382,426 (the **'426 Patent**).

Following the court's decision on infringement and validity, the parties provided submissions addressing Bayer's entitlement to elect between damages and an accounting of profits. The court dismissed Apotex's argument that Apotex, rather than Bayer, should be entitled to make the election between damages and an accounting of profits, and ordered that Bayer may, "after due inquiry and reasonable discovery" make the election.

Background

Bayer brought actions against Apotex and Cobalt for infringement of the '426 Patent. Apotex and Cobalt counterclaimed for a declaration of invalidity. The actions were consolidated and the liability and quantification phases were bifurcated.

The court found that the '426 Patent was valid and infringed by both Apotex and Cobalt. As none of the parties addressed Bayer's entitlement to elect between damages and an accounting of profits, Justice Fothergill asked for written submissions on the issue.

Defendant cannot choose the remedy on behalf of the plaintiff

Apotex argued that it should be entitled to elect between damages and an accounting of profits for Bayer, and sought to restrict Bayer to an accounting of profits. Apotex's argument was based on previous proceedings between the parties under the *Patented Medicines (Notice of Compliance) Regulations* and the finding in those proceedings that Apotex's products did not infringe Bayer's patent.

The court rejected Apotex's argument that a defendant can select the remedy on behalf of the plaintiff.

Justice Fothergill held that damages are a statutory remedy that a judge has no discretion to deny. He rejected Apotex and Cobalt's attempt to deprive Bayer of its statutory entitlement to damages, and stated that an unsuccessful defendant cannot invoke the court's equitable jurisdiction to shield itself from an award of damages.

He reiterated that the common practice in patent cases of allowing a plaintiff to elect between damages and an accounting of profits does not establish a right to an accounting of profits, as it is an equitable remedy awarded at the court's discretion. However, in this case Apotex and Cobalt did not claim any recognized considerations that would militate against the grant of an equitable remedy. Justice Fothergill therefore ordered that Bayer may elect an accounting of profits or all damages, and stated that, "The fact that a defendant has taken a business risk and has obtained authority to market an infringing product pursuant to the *NOC Regulations* will not deprive a successful plaintiff of an election between damages and profits."

Election can be made after due inquiry

In the alternative, Apotex asked that Bayer be required to make the election quickly following discovery. Justice Fothergill ordered that Bayer make its election "after due inquiry and reasonable discovery."

Link:

Bayer Inc v Cobalt Pharmaceuticals Company, 2016 FC 1192

For more information, please contact your IP/Life sciences or healthcare practice professional at Norton Rose Fulbright Canada LLP.

For a complete list of our IP team, click here. For a complete list of our Life sciences and healthcare team, click here.