

## Pharma in brief - Canada

### Federal Court refuses to invalidate issued patent based on deficient fee payment made during prosecution

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**Case:** *Apotex Inc. v Pfizer Canada Inc. et al.*, 2016 FC 136 (Court File Nos. T-1064-13 and T-393-14)  
**Drug:** XALATAN<sup>®</sup> (latanoprost)  
**Nature of case:** Motion for summary judgment to impeach a patent  
**Successful party:** Pfizer Canada Inc.  
**Date of decision:** February 4, 2016

#### Summary

The Federal Court found that failure to pay the correct “final fee” owing prior to patent grant was not a basis to invalidate a subsequently issued patent. Applying the Federal Court of Appeal’s decision in *Corlac Inc. v. Weatherford Canada Inc.*, 2011 FCA 228 (**Weatherford**), the Court distinguished between a patent application and an issued patent such that administrative defects during the patent application stage are not a basis to invalidate a patent post-issuance.

Pfizer Canada Inc. (**Pfizer**) was represented by Norton Rose Fulbright Canada LLP.

#### Background

Pfizer markets latanoprost ophthalmic solution under the name XALATAN<sup>®</sup> for treatment of glaucoma and ocular hypertension. Apotex Inc. (**Apotex**) sells a generic version of latanoprost. Apotex brought an action pursuant to section 8 of the *Patented Medicines (Notice of Compliance) Regulations*, SOR/93-133, seeking to recover damages following a successful appeal of a prohibition order. Pfizer counterclaimed alleging that Apotex’s Apo-latanoprost product infringed Canadian Patent No. 1,339,132 (the **132 Patent**). Apotex brought a separate action for impeachment of the 132 Patent. Apotex then moved for summary judgment seeking to invalidate the patent on the grounds that the “final fee”, a payment owing during the application phase prior to patent issuance, was not paid in full.

Apotex argued that failure to pay the correct final fee resulted in the underlying patent application being “forfeited” pursuant to section 73(1) of the *Patent Act* and that no valid patent could issue on a forfeited patent application.

#### 132 Patent remains valid

Apotex relied principally on the *Dutch Industries Ltd. v. Canada (Dutch Industries)* line of cases which found that the Commissioner of Patents (**Commissioner**) had no discretion to accept top-up payments for deficient fees. The result in *Dutch Industries* was that a patent application was deemed to be permanently abandoned.

The Court rejected Apotex's argument. It found that the *Patent Act* distinguished between patent applications and issued patents and that *Dutch Industries*, and the cases that followed it, only applied in respect of patent applications. The Court relied on a "long line of cases" culminating in the *Weatherford* case, which supported the proposition that non-compliance with the *Patent Act* during the prosecution of a patent application does not invalidate a patent if subsequently issued.

The Court noted that, to the extent that *Dutch Industries* is inconsistent with *Weatherford*, it should not be followed.

### **No basis to distinguish *Weatherford***

The Federal Court of Appeal in *Weatherford* found that non-compliance with paragraph 73(1)(a) of the *Patent Act* during the prosecution of a patent application does not invalidate a subsequently issued patent.

Apotex argued that *Weatherford* had no application because: (1) the 132 Patent was governed by an older version of the *Patent Act* which provided that failure to pay the final fee led to the patent application being "forfeited" rather than "deemed to be abandoned" as provided by the newer subsection 73(1) considered in *Weatherford*; (2) *Weatherford* only specifically considered paragraph 73(1)(a) and its comments were not intended to apply more broadly; and (3) any non-compliance with the *Patent Act* is a basis to invalidate an issued patent.

The Court rejected Apotex's arguments finding that: (1) there is no meaningful distinction between "forfeiture" under the old *Patent Act* and "deemed abandonment" under the new *Patent Act*; (2) the Court of Appeal's comments in *Weatherford* applied equally to all subparagraphs of subsection 73(1), including 73(1)(f) which provides for deemed abandonment for failure to pay the final fee and that its comments are not limited to paragraph 73(1)(a); and (3) subsection 73(1) relates to administrative and procedural issues in respect of patent applications and is not a basis to invalidate an issued patent.

The Court distinguished between administrative non-compliance with subsection 73(1), and substantive non-compliance with other sections of the *Patent Act* which go to the heart of the patent bargain. Administrative non-compliance ought not to invalidate issued patents absent express statutory wording. On the other hand, substantive non-compliance that strikes at the heart of the bargain between the patentee and the public can properly invalidate an issued patent. There is no compelling policy reason why failure to pay the full final fee on a patent application should invalidate a subsequently issued patent.

### **Summary judgment can be granted in favour of a defendant without a cross-motion**

Apotex argued that the Court could not grant summary judgment in Pfizer's favour absent a cross-motion for summary judgment. The Court found that the summary judgment motion was resolved on the basis of a legal question that would not benefit from a full trial on the same issue. As such, the Court held that summary judgment could be granted in favour of either party, including in the absence of a cross-motion.

David Yi

### **Link to decision:**

[Apotex Inc. v Pfizer Canada Inc et al., 2016 FC 136](#)

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