

Federal Court



Cour fédérale

Date: 20150924

Docket: T-575-15

Toronto, Ontario, September 24, 2015

PRESENT: Madam Prothonotary Martha Milczynski

BETWEEN:

**ALCON CANADA INC., ALCON
LABORATORIES, INC., ALCON
PHARMACEUTICALS LTD., AND ALCON
RESEARCH, LTD.**

Plaintiffs

and

ACTAVIS PHARMA COMPANY

Defendant

ORDER

UPON MOTION dated the 10th day of August, 2015, on behalf of the Plaintiffs for:

1. An order striking out the allegations in the Statement of Defence and Counterclaim at paragraphs 114 and 80 through 85 inclusive under the heading “Anti-competitive behaviour/*Ex Turpi Causa*” (the “Inequitable Conduct Pleadings”);

2. An order extending the time for filing a Reply and Defence to Counterclaim until fifteen (15) days after the expiry of the time (if any) granted to Actavis to serve and file an Amended Statement of Defence and Counterclaim, or other final disposition of this motion;
3. An order granting Alcon the costs of this motion; and
4. Such further and other relief as this Honourable Court may deem just.

AND UPON reviewing the motion records filed on behalf of the parties and hearing submissions of counsel at the hearing of the motion on August 17, 2015;

The Plaintiffs seek to strike the Inequitable Conduct Pleadings from the Statement of Defence and Counterclaim on the grounds that such defence is only available in a patent infringement action if the improper conduct alleged “casts a shadow” on the Plaintiff’s title or rights in the patent itself, or on the question of whether or not infringement has occurred. The Plaintiffs submit it is settled law that there must be this direct relationship between the subject matter of the alleged improper conduct and the relief being sought and that otherwise, such defence is unavailable and doomed to fail (*Sanofi-Aventis Canada Inc. v. Apotex Inc.*, 2008 FCA 175).

The within action is for infringement of Canadian Patent No. 2,447,924 (the 924 Patent), entitled “Olopatadine Formulations for Topical Administration”. The Plaintiffs state the 924 Patent relates to stable topically administrable solutions containing approximately 0.17% to 0.62% (w/v) of olopatadine, the methods for their preparation and their use for treating allergic or inflammatory diseases of the eye and nose. Alcon employs the invention claimed in the 924

Patent through its manufacture and sale of a 0.2% olopatadine solution in Canada under the brand name "PATADAY".

Alcon has alleged that Actavis is infringing the 924 Patent by making and selling a generic 0.2% olopatadine ophthalmic solution. Actavis has filed its defences of non-infringement and invalidity, and has also asserted the Inequitable Conduct Pleadings.

These Inequitable Conduct Pleadings relate to a different product, "PATANOL", a 0.1% olopatadine product. The Defendants allege that the Plaintiffs sold this product until losing an NOC proceeding, orchestrating a retraction of that decision and then moving the Canadian market away from the 0.1% product to the 0.2% olopatadine product (PATADAY). The Defendants allege that the Plaintiffs deliberately suspended their supply of the 0.1% product, with the consequence that physicians changed their prescriptions to the only other olopatadine product, namely the 0.2% product. The Competition Bureau commenced an investigation following this action, which then, the Defendants state, prompted the Plaintiffs to resume sale of the 0.1% PATANOL product. At paras. 23-24 of their written representations, the Defendants further include in the Inequitable Conduct Pleadings, as follows:

After having improperly skewed the market to the 0.2% product, the Plaintiffs then asserted CA 2,447,924...in proceedings under the *NOC Regulations* against Actavis thereby further inflating sales of its 0.2% product during the statutory stay imposed by the *NOC Regulations*.

The Plaintiffs' anti-competitive and inequitable conduct altered the financial landscape of the market as it related to the 0.2% product which is directly tied to the relief it seeks in their patent infringement action against Actavis.

The Plaintiffs state that the alleged inequitable conduct complained of is irrelevant to the proper determination of the issues in the within action and does not relate to either Alcon's title or rights in the patent or whether the patent has been infringed.

At this juncture, while the Defendants may have a steep hill to climb, I am not satisfied that they should be denied the opportunity to advance their defence as drafted or that it is plain and obvious that they are doomed to fail. It is a unique set of facts that the Defendants seek to prove to advance the argument that the availability of a remedy to the Plaintiffs should be considered in light of the Plaintiffs' alleged inequitable conduct concerning their olopatadine products and is or should be tied to infringement. The issue may remain whether, to the extent they improperly moved the market to the 0.2% olopatadine product the Plaintiffs ought to be denied a remedy or have any damages that might be awarded reduced. Accordingly, the motion will be dismissed. However, in light of the novel argument being proposed, I cannot conclude that the motion was improperly brought. Each party shall bear their own costs of the motion.

THIS COURT ORDERS that:

1. The motion be and is hereby dismissed, without costs.
2. The Plaintiffs shall serve and file their Reply and Defence to Counterclaim within fifteen (15) days of the date of this Order, with subsequent timelines to be governed by the *Federal Courts Rules*.

I HEREBY CERTIFY that the above document is a true copy of the original issued out of / filed in the Court on the _____

day of SEP 24 2015 A.D. 20____

Dated this _____ day of SEP 24 2015 20____

SHIRLEY ACIRO
REGISTRY OFFICER
AGENT DU GREFFE

"Martha Mileczynski"

Prothonotary