

# Intellectual Property Litigation in Canada: *Patents*



# Introduction

This guide provides an overview of Canadian intellectual property (IP) litigation, with a focus on patent litigation: the types of proceedings that can be brought and the possible venues for those proceedings, the stages of an action, an overview of proceedings under the *Patented Medicines (Notice of Compliance)* (“PM(NOC)”) *Regulations*, and a summary of key differences between Canadian Federal Court practice and US IP litigation.



# Types of Proceedings

In Canada, there are two main types of court proceedings: applications and actions. There are significant differences between them.

## APPLICATIONS

An application (informally known as a “paper trial”) is a streamlined procedure where:

- Parties submit evidence through affidavits (sworn statements);
- No pre-trial documentary or oral discovery is allowed; and
- Cross-examinations of affiants occur outside of court, and the resulting transcripts, along with the affidavits, form the record.

While applications are generally faster and less costly than actions, only certain disputes may be decided in this way, including:

- Judicial review of administrative actions;
- Appeals from a decision of the Registrar of Trademarks;
- Enforcement of foreign judgments; and
- Simple copyright or trademark infringement cases.

## ACTIONS

Actions are brought to address more complex disputes. Patent infringement cases are required to proceed as actions. The stages of an action, which include pleadings, case management, discovery, common pre-trial motions, summary adjudication, trial, final remedies, and appeal are set out in detail in the section [“Stages of an Action.”](#)

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# Venue

Two court systems handle IP matters in Canada: the Federal Court and the provincial superior courts.

## FEDERAL COURT

Most IP disputes are heard by the Federal Court for the following reasons:

- **Exclusive Jurisdiction Over IP Validity** – While the Federal Court and provincial superior courts can decide IP infringement actions, only the Federal Court has the jurisdiction to impeach, invalidate, and expunge IP.
- **National Coverage** – The Federal Court may assess and grant relief that is binding and enforceable across Canada, including national injunctions.
- **Expertise** – Since the Federal Court frequently hears complex IP disputes, many of its judges have developed significant expertise in the area and are members of the Court's specialized IP Chambers.

The Federal Court features a robust case management system, with case management judges assigned at the outset of complex cases to manage all interlocutory and procedural matters (see our [“Case Management”](#) section). Most cases can proceed to trial in two to three years, which is significantly faster than most proceedings in the provincial superior courts.

While the default mode for hearings is in-person, parties may request permission for an alternate hearing mode in special circumstances.

## PROVINCIAL SUPERIOR COURTS

A claimant may bring a proceeding in the superior court of the province where the alleged infringement occurred. However, there are some limitations.

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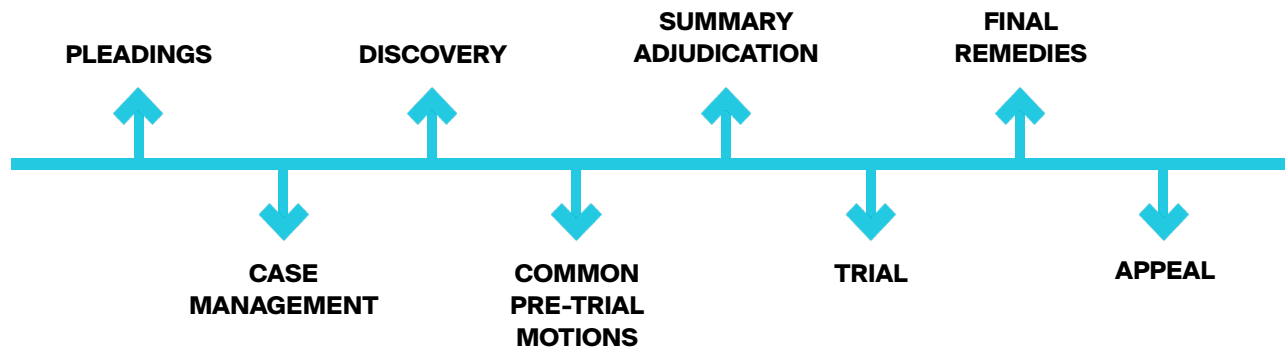
## Limitations

- **Remedies Limited to Province** – Any remedy granted by a provincial court (including an injunction) will be limited to that province.
- **IP Determinations Affect the Litigants Alone** – Provincial superior courts can make determinations regarding IP that affect the parties to the litigation (*in personam* orders). They cannot make orders that affect the IP right itself (*in rem* orders, such as declaring a patent invalid). For example, in a patent infringement action, a provincial court's finding of invalidity is a defence to infringement but does not invalidate the patent.
- **Federal Court Actions May Take Precedence** – Plaintiffs seeking to enforce a patent in a provincial superior court will often face an impeachment action in the Federal Court and a motion to stay the provincial court proceeding.

Despite these limitations, provincial superior courts may be the only option for disputes that are purely contractual or based on tortious activities, such as breach of confidence by a departing employee, breach of non-disclosure or license agreements, or misappropriation of trade secrets.

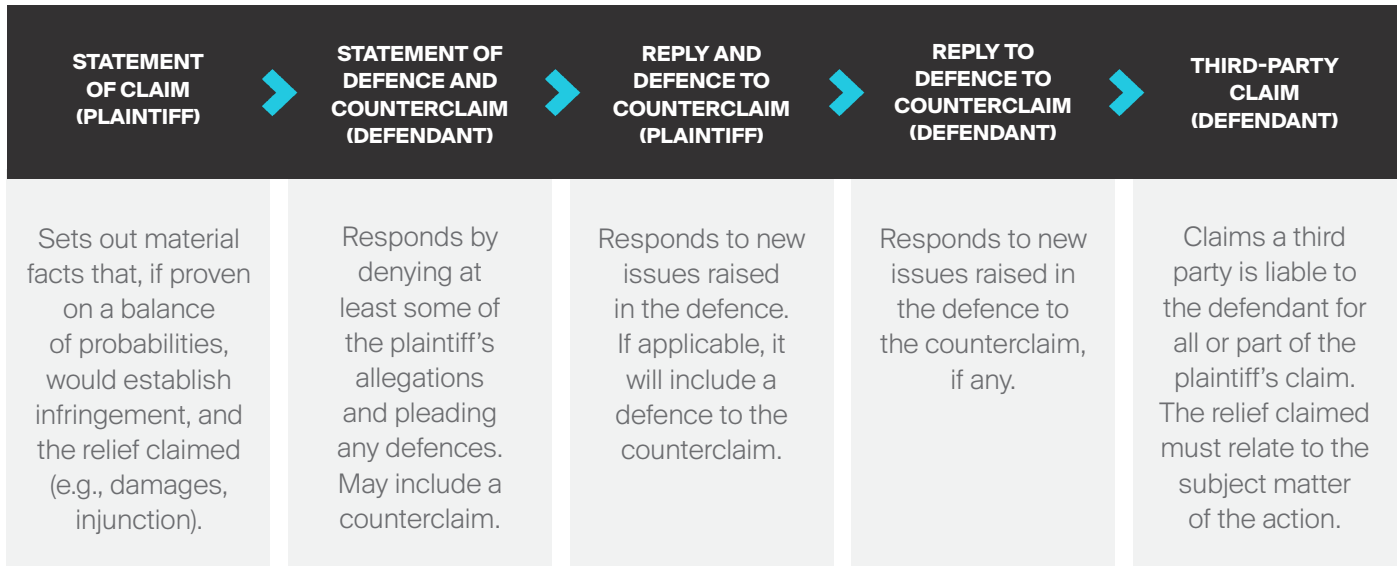
# Stages of an Action

Because IP proceedings are most often brought as actions in the Federal Court, this section along with our overview of the key differences between Canada and the US, will focus on Federal Court procedure.



# Pleadings

Actions start with pleadings, which set out the causes of action and relief sought by the plaintiff(s), as well as the defences and any counterclaims of the defendant(s). Typical pleadings proceed as follows:



## PATENT PLEADINGS

There are two main types of patent actions: infringement actions and impeachment actions. Typically, the same kinds of issues arise in both types.

- **Infringement Action** – The plaintiff (usually the patent owner) seeks a declaration of infringement and remedies in the form of injunctions, damages, delivery up, or an accounting of profits. The defendant (alleged infringer) typically pleads defences of invalidity and non-infringement and often will counterclaim to impeach (invalidate) the patent.
- **Impeachment Action** – The roles are reversed. The plaintiff (potential infringer) seeks a declaration of invalidity in hopes of “clearing the way” for intended activities. The defendant (patent owner) will often counterclaim for infringement.

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# Case Management

The Federal Court has an established and robust case management system to handle complex litigation efficiently. At the start of a case, the Court assigns a case management judge (usually an associate judge of the Court) to deal with issues of scheduling, early dispute resolution, most pre-trial motions, and other procedural matters.

## KEY FEATURES

- **Rapid Assistance** – Case management judges are generally available on short notice to assist the parties by convening a case management conference to discuss issues informally, or to adjudicate a motion on procedural or interlocutory matters.
- **Early Scheduling** – For case-managed proceedings, it is common for all steps in IP proceedings (or at least those through discovery) to be scheduled at the outset of the litigation. Trial is also often scheduled at an early stage. While the schedule leading to trial can be – and often is – modified, the trial date itself is usually very difficult to move.
- **Deference on Appeal** – Appeals from decisions of a case management judge (other than those in *PM(NOC)* proceedings) are brought as of right and heard by a Federal Court judge. A deferential standard of review applies: a discretionary decision of the case manager will be set aside only if the decision is wrong in law or is based on a palpable and overriding error regarding the facts.
- **Regular Guidance** – The Court, in consultation with members of the Bar, regularly publishes guidance to the profession on case management topics such as the conduct of discovery, expert evidence, and pre-trial preparation (e.g., the [Case and Trial Management Guidelines for Complex Proceedings and Proceedings under the \*PM\(NOC\)\* Regulations, and Appeals under Subsection 56\(1\) of the \*Trademarks Act\*](#)).
- **Optional Mediation** – While mandatory mediation is not a feature of case management in the Federal Court, case management judges are available to conduct mediations at the request of the parties.

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# Discovery

## DOCUMENTARY DISCOVERY

Parties to an action have a continuing obligation to identify and disclose all documents that are relevant to any issue in the action. Each party prepares a sworn statement that lists these documents (the affidavit of documents) and provides it to the other side, along with copies (usually digital) of the non-privileged documents.

If documentary production is perceived to be deficient, a motion can be brought to compel further and better productions.

In IP cases, orders and/or agreements to limit the disclosure of produced documents to specific individuals (so as to maintain confidentiality) are common. These orders are discussed in more detail in our [“Common Pre-trial Motions”](#) section under Protective Orders & Confidentiality Orders.

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## EXAMINATIONS FOR DISCOVERY

After documentary discovery, parties proceed to oral discoveries. During this stage:

- Each party may examine the adverse party.
- If a party is a corporation, partnership, or unincorporated association, it must select a representative to be examined on its behalf.
- The representative has an obligation to inform themselves about the matters in issue before the examination.

The representative’s discovery evidence binds the party and the transcript is admissible at trial as a “read-in” against that party.

### Examinations of Inventors

In patent cases, the defendant may examine named inventors. These examinations are narrower than party examinations both in terms of the permissible topics of questioning and because the examination is limited to the inventor’s personal knowledge. Although the defendant has the right to examine every named inventor, a plaintiff has limited obligations to produce non-employee inventors. As a result, parties often agree that only a key subset of inventors will be examined.

### Examinations of Non-Parties

A party may bring a motion for leave to examine non-parties (other than inventors) who might have information on a question in issue that cannot be obtained from the party opposite. These examinations are not common, and if permitted, their scope is usually limited. Non-party discovery is difficult to obtain. Obtaining it is even harder if the person to be examined is outside of Canada.

# Common Pre-trial Motions

## INTERLOCUTORY INJUNCTIONS

Interlocutory injunctions (also known as preliminary injunctions) may be obtained after court proceedings have started and prior to trial. They are rarely granted in IP disputes. The party seeking an interlocutory injunction (“moving party”) must bring a motion or application and satisfy a three-stage test.

### 1. Strong *Prima Facie* Case or Serious Issue to Be Tried

The first stage depends on the type of injunction being sought:

- **Mandatory Interlocutory Injunction** – Where the moving party seeks to compel the party opposite to undertake a positive course of action prior to trial, the court will conduct “an extensive review of the merits” at this stage to determine whether the moving party’s case has a strong likelihood of success at trial (i.e., “a strong *prima facie* case”).
- **Prohibitive Interlocutory Injunction** – Where, as is more common, the moving party seeks to stay the other party’s hand until trial, the court will conduct an “extremely limited review of the case” and move to the next stage of the test unless the claim is “vexatious or frivolous” (i.e., the moving party need only establish that there is a “serious question to be tried,” a low threshold).

The judge will examine the practical consequences of the proposed injunction and determine whether, in substance, the overall effect on the defendant would be to “do something” (mandatory) or to “refrain from doing something” (prohibitive).

### 2. Irreparable Harm

The moving party must demonstrate that irreparable harm will result if the injunction is not granted. Irreparable refers to the nature of the harm suffered rather than its magnitude – it is harm which “either cannot be quantified in monetary terms or which cannot be cured.”

Canadian courts take varying approaches to the evidence required to prove irreparable harm. In some provincial superior courts, clear proof of irreparable

harm is not required and doubt as to the adequacy of damages may suffice.

The Federal Court takes a stringent view, requiring clear and non-speculative evidence that demonstrates irreparable harm and how such harm will occur if the relief is not granted. Irreparable harm that is merely likely to occur will not suffice.

Timing is also an important factor. If the plaintiff does not act quickly to seek an injunction once it becomes aware of a defendant’s activity, the court may infer that any harm caused by that activity is not irreparable.

For patent infringement cases, the key takeaway is that interlocutory injunctions are difficult to obtain in the Federal Court. Given the high threshold for establishing irreparable harm, motions for interlocutory injunctions tend to fail at this stage. Accordingly, if infringement is taking place in a single province, it is worth considering whether that province’s superior court could be a better venue in which to bring the action and seek an injunction.

### 3. Balance Of Convenience

The moving party must show that the balance of convenience favours granting the injunction. The court will assess which of the parties will suffer greater harm from granting or refusing the interlocutory injunction, pending a decision on the merits of the case at trial.

The court will also consider whether the moving party has acted equitably (has “clean hands”), acted without delay, and given an undertaking as to damages (i.e., agreed to compensate the resisting party for loss caused by the injunction if the moving party is unsuccessful at trial). The court may also consider the impact of the interlocutory injunction on third parties.

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“In the patent infringement cases, interlocutory injunctions are difficult to obtain in the Federal Court.”

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## PROTECTIVE ORDERS & CONFIDENTIALITY ORDERS

In Canada, documents and information exchanged during discovery are received subject to an implied undertaking that they will not be used for any purpose other than the proceeding in which they are disclosed. Formal protective orders, confidentiality orders, and hybrids of the two are also available to protect a litigant's information.

- **Protective Orders** – Protective orders govern the way in which parties may designate information as confidential and the handling of each other's sensitive information during the pre-trial disclosure phase of an action. If the court will not issue a protective order, the parties may enter into a protective agreement instead.
- **Confidentiality Orders** – Confidentiality orders allow parties to file confidential information under seal with the court. The Federal Court has acknowledged the sensitive nature of the issues that are often at the core of IP trials, and commonly grants these orders on consent.

Absent agreement from all parties, both types of orders may be difficult to obtain.

### Protective Order Test

Before issuing a protective order, the court must be satisfied that "the moving party believes that its proprietary, commercial and scientific interests would be seriously harmed by producing information upon which those interests are based." In practice, this requires the moving party to advance fact evidence and potentially submit to cross-examination.

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### Confidentiality Order Test

To grant a confidentiality order, the court must be satisfied that:

- The order is "necessary to prevent a serious risk to an important interest, including a commercial interest, in the context of litigation because reasonable alternative measures will not prevent the risk"; and
- The order's beneficial effects, including effects on the right of civil litigants to a fair trial, outweigh its negative effects, "including the effects on the right to free expression, which in this context includes the public interest in open and accessible court proceedings."

The two elements are difficult to satisfy. For example, in the context of the first element:

- The court will require the risk to be "real and substantial," in that the risk is well-grounded in the evidence and poses a serious threat to the commercial interest in question.
- The "important commercial interest" must be capable of expression in terms of a public interest in confidentiality. A commercial interest specific to the requesting party will not suffice.
- The court must also assess whether reasonable alternatives to a confidentiality order are available, and restrict the order as much as reasonably possible while preserving the commercial interest in question.

The test for obtaining a contested confidentiality order is stringent because such orders conflict with the Canadian open-courts principle that members of the public have the right to attend court hearings and access court records. Accordingly, a party seeking an order shielding information from public view must overcome the strong presumption in favour of open access by demonstrating compelling reasons supported by specific factual findings.

### MOTION FOR PARTICULARS / MOTION TO STRIKE

A pleading must clearly and precisely define the questions and controversy between the litigants. Every pleading must contain particulars of the allegations and a concise statement of the material facts on which the party relies. Sufficient material facts are the foundation of a proper pleading. Material facts frame the discovery process and allow counsel to advise their clients, prepare their case, and plan a trial strategy.

The party responding to a pleading is entitled to understand the case it must meet in sufficient detail to allow it to deliver a responsive pleading that gives some level of precision to the issues for discovery and trial.

Where a party delivers a bare-bones pleading with limited material facts or that simply denies all allegations, the party pleading in response can serve a demand for particulars or bring a motion to strike.

The threshold to strike a pleading is high – it must be plain and obvious that the pleading discloses no reasonable cause of action or is frivolous, vexatious, or an abuse of process. More often, a court will grant leave to amend a pleading (by adding additional facts) or will strike certain paragraphs rather than the pleading in its entirety.

### MOTION FOR BIFURCATION

In complex IP cases, particularly in patent infringement actions, it is not uncommon for a party to bring a motion to divide (“bifurcate”) the issues into two (or more) phases. Typically, the moving party will request that:

- Issues of liability and entitlement to an injunction be addressed in a first proceeding; and
- Issues of the quantum of monetary remedies be addressed in a second proceeding.

The party requesting bifurcation must establish that it is more likely than not to result in the just, expeditious, and least expensive determination of the proceeding on its merits. However, the court will usually order bifurcation on consent.

### Benefits & Drawbacks

Parties may consent to bifurcation to avoid producing commercially sensitive documents that have no bearing on liability but which might be relevant to the quantification of remedies. Similarly, bifurcation may reduce costs, in that settlement often follows the court’s decision on liability.

The case law is divided on the advantages and disadvantages of bifurcation, such that there is room to argue the merits of bifurcation in any given case. A party favouring bifurcation will leverage case law that notes the savings of time or resources (e.g., fewer issues being tried, less discovery, fewer experts or less expert evidence, and a shorter trial). A party resisting bifurcation will point to case law acknowledging that bifurcation carries with it inherent and significant duplications and delay.

### MOTION FOR SECURITY FOR COSTS

Unlike other jurisdictions, successful litigants in Canada can expect to recover some portion of their legal fees and disbursements (known as costs) from the unsuccessful party. A defendant can ask the court to order a plaintiff (including a plaintiff seeking to impeach a patent and a corporate plaintiff with minimal Canadian assets) to deposit money as “security” for the costs that would be payable if its action is unsuccessful.

A motion for security for costs can be brought any time after the delivery of a statement of defence. A successful motion puts the action on hold until the plaintiff pays the ordered security into court.

# Summary Adjudication

The below discussion focuses on summary adjudication in the Federal Court. All provincial superior courts have summary adjudication procedures, but the rules and procedural details vary.

Prior to a trial date being fixed, a party may bring a motion for summary judgment or summary trial as of right. Once a trial date is set, leave of the court is required. It is common for these motions to take at least six months to get to a hearing, so a moving party should consider the impact of such a motion on the overall schedule in the action to address potential concerns about delay.

## SUMMARY JUDGMENT

Summary judgment allows the court to summarily dispose of cases which should not proceed to trial because there is no genuine issue to be tried. A summary judgment motion involves the exchange of affidavit evidence, out-of-court cross-examinations, written argument, and then a hearing on the paper record.

## Court Considerations

A party may seek summary judgment on all or some issues in the case. In practice, the Federal Court is reluctant to hear non-dispositive (i.e., partial summary judgment) motions absent compelling procedural arguments.

Summary adjudication is more common in trademark and copyright infringement cases than in patent infringement actions. However, the Federal Court and Federal Court of Appeal have signaled a willingness to use summary judgment in patent cases in the right circumstances, potentially including where:

- ✦ Neither party relies on expert evidence;
- ✦ The court does not require expert assistance to understand and construe the patent claims in issue; and
- ✦ Any conflicting expert evidence can be easily resolved without the need for live testimony.

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## Practical Considerations

The party responding to a summary judgment motion cannot rely on evidence that might be adduced as evidence at a later stage in the action. Instead, the responding party must set out specific facts and adduce evidence showing there is a genuine issue for trial.

These obligations allow, for example, a party to bring a summary judgment motion on its best evidence before documentary discovery or oral examinations and require the opposing party to respond. The Federal Court of Appeal has confirmed that “a party responding to a motion for summary judgment cannot be faulted for the absence of evidence if that evidence is in the exclusive control of the moving party.” However, the court still expects the responding party to marshal evidence, including expert evidence (if necessary), to respond to the moving party’s case. A plaintiff with limited resources may be unable to marshal such evidence and may abandon their claim in the face of such a motion by a defendant.

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### SUMMARY TRIAL

Summary trial, like summary judgment, can be used to resolve all or part of a claim. However, summary trial differs from summary judgment in two key ways:

- ▶ **Different Record** – For a summary trial, there is a hybrid record consisting of affidavits and live evidence. Although there is considerable flexibility in summary trial procedure, typically the key witnesses will appear for in-court cross-examination at the hearing.
- ▶ **Different Burden** – While summary judgment involves a high burden (no genuine issue requiring a trial), summary trial only requires the moving party to prove their case on a balance of probability, and to demonstrate that there is sufficient evidence for adjudication and it would not be unjust to decide the issue by way of summary trial.

### Court Considerations

Where the parties agree, the Federal Court has readily resolved patent infringement disputes by way of summary trial. The Federal Court may also resolve disputes using a summary trial procedure despite major opposition from one of the parties. Several factors are considered by the court in determining whether a case is suitable for summary trial:

- ▶ The amount of money at stake and the cost of taking the case forward to a conventional trial relative to that amount;
- ▶ The complexity and urgency of the matter, and any prejudice likely to arise by reason of delay;
- ▶ Whether the summary trial involves a substantial risk of wasting time and effort, and producing unnecessary complexity;

- ▶ Whether credibility is a crucial factor; and
- ▶ If only some issues in the case are proposed to be determined by summary trial, whether the result will be litigation “in slices.”

For patent cases, there have been informal discussions among the bench and Bar about the use summary trial for an early determination of claims construction (akin to a *Markman* hearing in the US). Summary trials have not yet been used for that purpose.

### Practical Considerations

Although summary trials have been available in the Federal Court for more than a decade, they are not widely used. As the case law continues to develop, litigants interested in a summary trial should consider:

- ▶ Advancing expert evidence as one would during a trial;
- ▶ Advancing the necessary fact evidence as one would during a trial;
- ▶ Pursuing issues that are unlikely to require duplicative consideration if the summary trial is not determinative (e.g., claims construction and straightforward non-infringement issues, with complex validity issues being left for trial if necessary); and
- ▶ Bringing the motion for summary trial as soon as possible.

### TAKEAWAYS WHILE CASE LAW DEVELOPS

Summary adjudication (both summary judgment and summary trial) is still relatively infrequent in Canadian IP cases because of the burden on the moving party, the time and expense involved, and the potential for a substantial adverse cost award if the motion is unsuccessful. However, the use of summary adjudication, particularly in patent cases, is increasing, and there are examples of it being successfully used to resolve issues (such as obviousness) that have traditionally been considered unsuitable for such procedures. Parties should always consider whether summary adjudication is appropriate for their case, while appreciating that such motions remain an emerging aspect of Federal Court IP practice.



# Trial

A trial in the Federal Court is heard by a single judge, not a jury. The Court aims to schedule trials within about 2.5 years after the statement of claim is issued.

Trials in the Federal Court are generally set down for 10 to 20 days, absent unusual circumstances such as a large number of patents or the need for numerous fact witnesses. Parties provide a joint schedule to the court ahead of trial, setting out when witnesses are going to appear and be cross-examined.

## CONDUCT AT TRIAL

A trial typically proceeds as follows, although the order in which fact and expert witnesses are called can vary depending on the circumstances of the case:

- **Opening Statements** – Each party outlines the theory of their case, the evidence to be relied upon, the witnesses to be called, and what each witness will say. Openings often include slide presentations and/or written outlines. Defendants may open immediately after plaintiffs, or at the beginning of their case.
- **Plaintiff's Witnesses** – Examinations-in-chief and cross-examinations of the plaintiff's witnesses on all issues (both fact and expert witnesses).
- **Defendant's Witnesses** – Examinations-in-chief and cross-examinations of the defendant's witnesses on all issues (both fact and expert witnesses).
- **Closing Arguments** – Delivered either immediately after the close of evidence, or a few days to a few weeks later. Oral closing arguments are usually accompanied by written submissions (not more than 50 pages without leave of the court).

## EXPERT WITNESSES

Expert witnesses play an important role in IP matters and should be retained early in the proceeding. Expert reports (or affidavits, in the case of applications) are often at the core of a case, and cases frequently turn on which expert is preferred by the court.

Experts have a duty to the court to be fair, objective, and non-partisan. Experts may assist the court in understanding complex technology, or in quantifying damages, and may provide opinion evidence within

their area of expertise. For instance, in patent cases experts often educate the court as to the state of the art or common general knowledge at the relevant date, how the inventions work, any similarities and differences between the invention and the allegedly infringing product, and other details of the art.

In actions, expert reports are exchanged before trial and are generally admitted as evidence at trial and taken as read. Despite this manner of proceeding, experts are usually examined in chief before being cross-examined.

When selecting an expert, it is preferable that the witness not be employed by the party retaining them. For patent cases where the validity of a patent is called into question, an expert will need to be able to provide evidence from the perspective of the person of ordinary skill in the art, as of the priority, filing, and/or publication date of the patent. The ability to speak from this perspective is an important consideration in selecting an expert.

In some patent cases, scientific analysis or experimental testing may be required to obtain evidence of infringement or invalidity. If a party wishes to rely on the results of such testing at trial, notice of the time and location of the testing (technically, a notice of “*inter partes* testing”) must be served on the adverse parties no later than two months before delivery of expert reports in chief. The purpose of the notice is to give the adverse parties (and their experts, if desired) the opportunity to attend and observe the testing.

The [Federal Courts Rules](#) and the [Canada Evidence Act](#) limit the number of experts to five per case, while Ontario's [Evidence Act](#) limits that number to three. This limit also applies to bifurcated actions, which are treated as a single “trial” or “proceeding.” The limit can be waived with leave of the court.

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# Final Remedies

In the Federal Court, the remedies available in IP matters typically fall into three categories: compensatory, preventative, and declaratory. Courts have broad discretion to grant appropriate relief.

- **Compensatory** – A successful plaintiff in an infringement action may elect to be compensated in damages or by an accounting of profits. Damages compensate a plaintiff for loss caused by the defendant's infringement, while an accounting of profits requires the defendant to disgorge the profits it earned as a result of the infringement. Pre-judgment and post-judgment interest may also be awarded.
- **Preventative** – A permanent injunction prohibiting further infringing activities is usually awarded to a successful rights-holder in IP trials. An injunction may be accompanied by an order to deliver up or destroy infringing materials. Such orders are discretionary and are typically granted only to the extent necessary to ensure the effectiveness of the injunction.
- **Declaratory** – A successful litigant may obtain a declaration from the court, the terms of which will depend on the subject matter in issue. For example, the court may declare that certain claims of a patent are invalid and that no infringement has occurred, or, conversely, that the claims are valid and have been infringed. As discussed in our section on "[Venue](#)" above, the provincial and federal courts have the power to make binding declarations regarding the rights of the litigants, but only the Federal Court may expunge or vary an entry in Canadian IP registers.

## PUNITIVE DAMAGES

Punitive damages are rarely awarded in IP cases in Canada. These damages are not meant to compensate the rights-holder, but rather to punish, deter, and denounce the actions of the infringing party. These damages are awarded only in cases where a party's misconduct has been so malicious, oppressive, and high-handed that the court's sense of decency is offended.

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## COSTS

Ordinarily, the court orders the losing party to pay a portion of the successful party's legal costs. In the Federal Court, the amount to be awarded is determined in one of two ways.

- **Tariff** – The *Federal Courts Rules* includes a tariff that is used to calculate the amount of recoverable costs at each step in a proceeding. Costs awards based on the tariff tend to be much lower than actual costs.
- **Lump Sum** – Lump-sum costs awards are fixed amounts based on a percentage of actual costs plus reasonable disbursements. Such awards are usually made on a party-party scale in complex IP cases (typically about 25–50% of actual costs).

Certain factors – such as divided success, the conduct of the parties, and offers to settle – may lead the court to award costs (whether lump-sum or under the tariff) on a higher or lower scale. The court has complete discretion to decide whether and how to allocate costs, and in what amount.

# Appeal

An order of a case management judge (other than in a *PM(NOC)* proceeding) may be appealed to a judge of the Federal Court. Final and interlocutory judgments of the Federal Court may be appealed to the Federal Court of Appeal (“FCA”).

Appeals to the FCA start with a notice of appeal that sets out the grounds intended to be argued and a precise statement of the relief sought. The notice of appeal must be filed by the appellant within the time specified by the applicable statute and served on the respondent(s). A respondent who wants to participate in the appeal then serves and files a notice of appearance or a notice of cross-appeal. In the FCA, appeals are usually heard by a panel of three judges.

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## PRACTICAL OUTCOMES

The FCA has the power to:

- Quash the proceedings;
- Dismiss the appeal;
- Overturn the trial judgment and substitute the judgment that should have been rendered;
- Order a new trial; and
- Declare the conclusions the Federal Court should have reached and refer the matter back for continuation of the trial on the issues that remain to be determined in light of that declaration.

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## STANDARD OF REVIEW

The applicable standard of review depends on the issues raised on appeal.

- **Pure Questions of Law** – These are reviewed on the standard of correctness, meaning that the FCA is free to replace the decision of the trial judge with its own.
- **Findings of Fact** – These are accorded a much higher degree of deference and may not be reversed unless the trial judge made a “palpable and overriding error.” “Palpable” means the error is obvious. “Overriding” means the error goes “to the very core of the outcome of the case.”
- **Questions of Mixed Fact & Law** – Questions of mixed fact and law involve applying a legal standard to a set of facts. These are also subject to a standard of palpable and overriding error unless it is clear the trial judge made an extricable error of law, in which case the correctness standard will apply.

For example, the interpretation of a provision in the *Patent Act* is a question of law reviewable on the correctness standard. The assessment of expert evidence as to how particular words would be understood by a person skilled in the art is a question of fact, reviewable on the “palpable and overriding error” standard. That standard also applies to anticipation and obviousness, which are usually considered to be questions of fact or mixed fact and law.

A judgment of the FCA may be appealed to the Supreme Court of Canada (SCC) with leave. In a typical year, the SCC grants leave in about 10% of all leave applications filed. Of those, very few are IP cases.

## *PM(NOC)* Proceedings

The *PM(NOC) Regulations* link the patent protections provided by the *Patent Act* with the regulatory approval process for generic drugs set out in the *Food and Drugs Act* and the *Food and Drug Regulations*. The *PM(NOC) Regulations* are similar to the Hatch-Waxman regime in the United States.



In Canada, the Minister of Health (“Minister”) issues a Notice of Compliance (“NOC”) when a prescription medicine has met regulatory requirements and is approved for market. To obtain an NOC for an innovative drug, the manufacturer files a New Drug Submission (“NDS”). To obtain an NOC for a generic product, the manufacturer files an Abbreviated New Drug Submission (“ANDS”) for a “small molecule” drug, or an NDS for a biosimilar drug.

The Minister maintains a register of patents (“Register”) that relate to approved innovative drugs. A manufacturer who has filed an NDS for an innovative drug (a “first person” under the *PM(NOC) Regulations*) may submit to the Minister a list of patents in respect of the drug. In general, a patent will be eligible for listing on the Register if it contains a claim for the approved medicinal ingredient, dosage form, formulation, or use of the medicinal ingredient.

The *PM(NOC) Regulations* are engaged when:

- A submission makes a direct or indirect comparison to a drug marketed in Canada, regardless of whether the submission is an NDS or ANDS; and
- There are patents listed on the Register in respect of the comparator drug.

In such cases, the generic manufacturer who has filed the submission (a “second person” under the *PM(NOC) Regulations*) generally has two options: await expiry of the listed patent(s) before receiving an NOC for its product, or allege that each patent is invalid, not infringed, and/or improperly listed on the Register. The legal and factual grounds for the allegation(s) must be detailed in a Notice of Allegation (“NOA”), which is served on the first person.

The first person has 45 days after service of the NOA to start an action in the Federal Court seeking a declaration of infringement against the second person. The second person may counterclaim for a declaration that the patent is invalid. If an action is started, a statutory stay is triggered that prohibits the Minister from issuing an NOC to the second person for up to 24 months. The stay is lifted as soon as the action is discontinued or dismissed (so long as the NOA has not been withdrawn); the patent is declared invalid; the second person is found not to infringe; the patent expires; or the first person consents to allow the second person to market the drug. If the Federal Court finds the patent valid and infringed, the

Minister is prohibited from issuing an NOC until patent expiry.

If an action is not started within 45 days, an NOC for the generic medicine can be issued and the product marketed. With limited exceptions, the first person is precluded from ever asserting that patent against the second person.

### **Key Features**

Actions brought under the *PM(NOC) Regulations* are generally similar to case-managed patent actions in the Federal Court, although there are some important differences:

- **More Rigid Scheduling** – A case management judge is appointed immediately after the action commences, and a full schedule through trial is set at an early stage (usually within the first month). Given the 24-month stay, the parties are under greater pressure, compared to ordinary case-managed actions, to adhere to the schedule. In practice, there is limited flexibility to adjust the timing of pre-trial steps and no ability to change the trial date absent extraordinary circumstances.
- **High Threshold for Appeals of Case Management Decisions** – Unlike ordinary case-managed actions, appeals of interlocutory decisions in *PM(NOC)* proceedings are made directly to the Federal Court of Appeal, with leave of that court. As leave is granted on a very stringent standard, there are few appeals of interlocutory matters in *PM(NOC)* proceedings.
- **Early Disclosure of Key Documents** – A second person must deliver relevant portions of its regulatory submission at the same time as serving its NOA, and a first person must deliver key invention documents at the same time as commencing the action. Reasonable confidentiality rules can be imposed. These disclosure requirements are in addition to ordinary documentary and oral discovery.
- **Faster Track to Shorter Trials** – Trials take place within 21 months and are set for no more than 10 days absent unusual circumstances.

The *PM(NOC) Regulations* also prohibit the formal consolidation of actions against different second persons but, in practice, various steps in parallel proceedings may be scheduled jointly.

## Key Differences Between Canadian & US Litigation

Although Canadian practice in IP actions before the Federal Court is similar to US IP litigation practice in many ways, there are a number of key differences as outlined in this section.



## GENERAL

DIFFERENCE IN CANADA	DESCRIPTION
No forum shopping	<ul style="list-style-type: none"> <li>➤ Federal Court judges travel to hear cases so there is no local counsel advantage. As a result, forum shopping is rarely a factor.</li> </ul>
No International Trade Commission (ITC)	<ul style="list-style-type: none"> <li>➤ No equivalent to ITC litigation.</li> </ul>
More detailed pleadings	<ul style="list-style-type: none"> <li>➤ Pleadings tend to be longer and more detailed than in the US.</li> </ul>
More speculative pleadings	<ul style="list-style-type: none"> <li>➤ No requirement to distinguish between allegations based on knowledge versus belief.</li> <li>➤ Although speculative pleadings may be struck (with cost consequences), there is no analogous requirement to the <i>Federal Rules of Civil Procedure</i> Rule 11 sanctions for failure to make diligent inquiries.</li> </ul>
Limited examinations for discovery	<ul style="list-style-type: none"> <li>➤ Discovery is typically limited to a single representative for each party (whose answers bind the corporation).</li> <li>➤ Non-parties can be examined for discovery only with leave of the court, and such examinations are not common.</li> <li>➤ Counsel is permitted to refuse questions during examinations for discovery on the basis that they lack relevance, and not just on privilege grounds. If a question is refused, the witness does not provide an answer in the examination but may be compelled to do so if the court later determines the objection was improper.</li> <li>➤ Discoveries are transcribed but there is no video recording.</li> </ul>
Undertakings	<ul style="list-style-type: none"> <li>➤ If a corporate representative witness does not know the answer to a question at discovery, they may be asked to give an undertaking to make inquiries and provide the answer later in writing.</li> <li>➤ This is similar to US written interrogatories practice but occurs after examinations for discovery rather than before.</li> </ul>
Narrower document productions	<ul style="list-style-type: none"> <li>➤ Documentary discovery is typically more streamlined.</li> <li>➤ There are no written interrogatories exchanged prior to documents being produced.</li> <li>➤ Limited consultation or collaboration between the parties on productions.</li> <li>➤ The relevance standard is higher in the Federal Court: documents are considered relevant if a party intends to rely on the document at trial or the document tends to adversely affect the party's case or support another party's case.</li> </ul>
No expert discovery	<ul style="list-style-type: none"> <li>➤ Expert reports are exchanged ahead of trial, but an expert will be examined for the first time at trial.</li> <li>➤ The ability for experts to testify beyond the contents of their expert reports is limited.</li> </ul>



Cross-examination on affidavits	<ul style="list-style-type: none"> <li>▶ Parties typically cross-examine any witness who provides a substantive affidavit in support of an interlocutory motion (or on an application).</li> <li>▶ Failure to cross-examine can lead to the court accepting an affiant's evidence as unchallenged, even if the responding party has led contrary evidence from its own witness(es).</li> <li>▶ Exposure to cross-examination means that affiants must be selected with care. For example, parties may be hesitant to file affidavits on interlocutory motions from trial experts.</li> </ul>
Longer trials	<ul style="list-style-type: none"> <li>▶ It is not unusual for trials of infringement actions (other than those under the <i>PM(NOC) Regulations</i>) to be heard over several weeks.</li> <li>▶ Live in-chief testimony is still commonplace and experts often testify for several days.</li> <li>▶ The need for experts to address claims construction and the lack of prior expert discovery contribute to the increased length of patent trials in Canada.</li> </ul>
No jury trials	<ul style="list-style-type: none"> <li>▶ IP disputes are heard by a judge alone.</li> </ul>
No treble damages	<ul style="list-style-type: none"> <li>▶ Treble damages are not available, though punitive damages may be awarded in rare cases.</li> </ul>
Loser-pays system	<ul style="list-style-type: none"> <li>▶ Successful litigants are generally entitled to a costs award.</li> </ul>
Accounting of profits	<ul style="list-style-type: none"> <li>▶ An accounting of profits is an equitable remedy that may result in a monetary award greater than would have been obtained in damages, depending on the facts of the case.</li> </ul>

## PATENT LITIGATION

DIFFERENCE IN CANADA	DESCRIPTION
No notice requirement	<ul style="list-style-type: none"> <li>▶ No requirement that a patent owner provide notice to an infringer.</li> <li>▶ Liability for infringement of an issued patent may run from the date the patent application was published (pre-issuance) in the form of reasonable compensation (usually a royalty).</li> </ul>
Fewer patents asserted	<ul style="list-style-type: none"> <li>▶ Few cases involve more than three or four patents.</li> </ul>
Inventor discovery	<ul style="list-style-type: none"> <li>▶ While non-party discovery is unusual, there is an exception – defendants have a right to examine inventors and usually do.</li> </ul>
Limited ability to oppose patent applications	<ul style="list-style-type: none"> <li>▶ There is a limited opportunity to oppose another party's patent or application, but an opposer can file prior art with the Patent Office.</li> </ul>



No <i>inter partes</i> review	<ul style="list-style-type: none"> <li>There is no equivalent of <i>inter partes</i> review.</li> <li>Though a third party (or the patentee) may initiate re-examination of an issued patent, the procedure is rarely used because the scope of re-examination is very narrow. Submissions are limited to filing the initial request for re-examination; there is no right to participate further if re-examination is granted.</li> <li>If the Patent Office determines that re-examination is not necessary, the requesting party has no right of appeal.</li> </ul>
No <i>Markman</i> hearings	<ul style="list-style-type: none"> <li>Except in the context of a summary trial, claims construction is not determined until trial, along with all other issues.</li> <li>This means experts must provide opinions on validity and infringement without the benefit of the court's construction.</li> </ul>
No doctrine of equivalents	<ul style="list-style-type: none"> <li>The court considers the extent to which equivalents fall within the scope of the claims as part of its claims construction – rather than its infringement – analysis.</li> <li>Generally, the court uses the principles of “purposive construction” to understand the claims. On a purposive construction, the elements of a claim are determined to be essential or non-essential and equivalents (variants) are considered as part of that analysis.</li> <li>Since claims construction does not need to be pleaded, parties' positions on construction tend to crystallize later in a proceeding than in the US.</li> </ul>
Common general knowledge	<ul style="list-style-type: none"> <li>Common general knowledge (“CGK”) is similar to “common sense” in the US. Briefly, CGK refers to what is generally known and accepted by the bulk of those engaged in the particular art in question. Information migrates into the CGK only if a skilled person would become aware of it and accept it as a good basis for further action.</li> </ul>
No developed joint or contributory infringement doctrine	<ul style="list-style-type: none"> <li>Case law recognizes direct and indirect (including induced), but not contributory, infringement. There is a developing doctrine of infringement by common design, but the boundaries of that doctrine are still unclear.</li> </ul>

# Lenczner Slaght's IP Litigation Expertise

At Lenczner Slaght, we recognize the vital importance of intellectual property in a complex and fast-moving global marketplace.

Our lawyers have acted on some of Canada's leading patent trials. Our lawyers have also litigated IP cases in the US, and we regularly represent US-based corporations on the Canadian aspects of disputes that span multiple jurisdictions.

We're successful advocates not just because our lawyers have the scientific backgrounds necessary to understand the most complicated innovations. It's also that we know how to simplify those complicated concepts for judges.



# IP Litigation Practice Areas

We have extensive courtroom experience representing clients in all types of intellectual property matters in proceedings before the Federal Court, the Federal Court of Appeal, the Ontario Superior Court, the Ontario Court of Appeal, and the Supreme Court of Canada.

Our clients include national and multinational companies from a wide array of industries and sectors, including pharmaceuticals, biotechnology, information technology and software, communications and the Internet, agriculture and aquaculture, manufacturing, nutraceuticals, fashion and design, music recording/distribution, broadcasting and internet communications, medical devices, and mining.

15

Expert litigators with an intellectual property practice.

30+

Years representing our clients in intellectual property litigation.

Band 3

Chambers Canada 2025, Intellectual Property: Litigation (Nationwide)

“They have demonstrated an ability to work on matters that impact global strategy, with many players, and deal with complex legal issues. They consistently show an ability to consider and reflect on complex questions where no precedent exists.”

*Chambers Canada*

Our success in negotiating favourable commercial outcomes in litigation matters extends to the resolution of technically sophisticated IP disputes on behalf of our clients.

*Litigate.com*

“Lenczner Slaght is building one of the finest litigation practices in the country and has an impressive team of trial lawyers. They have remarkable insight into the nitty-gritty of complex IP litigations.”

*IAM Patent 1000*

# IP Litigation Leaders

Sana co-leads the firm's Intellectual Property Group.

Sana is a powerhouse litigator, recognized for her expertise in managing complex, high-profile and cross-border IP disputes. She has acted for clients in a wide range of industries, including pharmaceutical and biologics, information technology, telecommunications, media, gaming, oil and gas, and heavy industrial. She appears before all levels of the Ontario and Federal courts, including the Supreme Court of Canada, and regularly provides strategic patent and regulatory advice.



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Jordana co-leads the firm's Intellectual Property Group.

Jordana is a formidable advocate, nationally and globally recognized for her deep expertise in all areas of intellectual property law, particularly in the pharmaceutical and life sciences industries. She regularly acts in proceedings under the *Patented Medicines (Notice of Compliance) Regulations*, as well as patent impeachment and infringement actions, judicial review proceedings, and damages actions. Jordana has appeared before the Federal Court of Appeal, Federal Court, Ontario Superior Court of Justice, and specialized tribunals.



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Learn more about our Intellectual Property expertise at [www.litigate.com/intellectual-property](http://www.litigate.com/intellectual-property).

