

Global Review of the *Federal Courts Rules*

Submission to the
Federal Courts Rules Committee

December 19, 2011



INTELLECTUAL PROPERTY INSTITUTE OF CANADA
INSTITUT DE LA PROPRIÉTÉ INTELLECTUELLE DU CANADA

The Intellectual Property Institute of Canada (IPIC) is the professional association of patent agents, trade-mark agents and lawyers practising in all areas of intellectual property law. Our membership totals over 1,700 individuals, consisting of practitioners in law firms and agencies of all sizes, sole practitioners, in-house corporate intellectual property professionals, government personnel, and academics. Our members' clients include virtually all Canadian businesses, universities and other institutions that have an interest in intellectual property (e.g. patents, trade-marks, copyrights and industrial designs) in Canada or elsewhere, and also foreign companies who hold intellectual property rights in Canada.

IPIC is pleased to respond to the request by the Federal Court Rules Committee for comments on the discussion paper entitled "Global Review of the *Federal Courts Rules*". This submission was prepared by IPIC's Litigation Committee and was reviewed, edited and approved by IPIC's governing Council.

IPIC appreciates that the Discussion Paper is designed to stimulate a reflection on certain directions that might be considered for the Rules in the years ahead, as opposed to tabling specific proposals or amendments.

Issue 1- Court-led Procedure vs Party-led Procedure

***Discussion Points* - Should the Rules reflect a shift in the balance of emphasis from party-led to court-led proceedings in which the role of counsel is to facilitate the progress of proceedings, which are primarily directed by the court, rather than to have primary responsibility for conducting the proceedings? If so, would this reform best be reflected in a general interpretive provision or in specific amendments to the Rules? Should case management in the Federal Courts be further enhanced? If so, should it be incorporated as a general interpretive principle, or by way of a preliminary case planning conference, or by other reforms in the process?**

Comments:

IPIC is generally in favour of shifting the emphasis in the Rules toward court-led proceedings rather than party-led proceedings. As a corollary to this, IPIC is also in favour of enhanced case management for intellectual property cases.

Mechanism to achieve more court-led proceedings

If a shift toward more court-led proceedings were to take place, a general interpretive provision should be provided in the Rules to clearly set out the principle of court-led proceedings and the role of case management. Such provision would not only provide guidance to case managers, but would also empower the court in interlocutory proceedings that are not case managed, and support the court's intervention on its own initiative where required. Specific amendments to the Rules relating to case management would also be required to provide a cohesive implementation of the shift to court-led proceedings.

Enhanced case management

IPIC supports effective case management and notes that the experience with case management in intellectual property cases has been quite positive, with some exceptions.

There is some concern whether the Courts would have the resources needed to provide enhanced case management. The failure to have such resources in place while mandating enhanced case management could significantly impede the objective of more expeditious proceedings and could potentially have the opposite effect, particularly where all interlocutory matters must be dealt with by one case manager.

With enhanced case management, consideration should be given to introducing provisions that ensure that all cases are managed consistently and that the right to appeal is preserved where issues are determined during case management that would otherwise be determined by motion.

Preliminary and mandatory case management

IPIC is generally in favour of a preliminary case planning conference with the court. There were differing views on whether it was necessary to shift to compulsory case management in all cases, as case management is presently available where a party desires it. However, it was generally viewed that case management was beneficial for most intellectual property cases. As such, one alternative suggested was the possibility for mandatory case management for intellectual property cases with the ability for parties to opt-out where appropriate.

Issue 2 - The Court's Authority to Control Abuse

Discussion Point: Should the Federal Courts rules for abuse of process provide more clearly for the Court's authority to act on its own, as do the provisions in articles 54.1ff of the Quebec Code of Civil Procedure?

Comments:

IPIC notes that articles 54.1ff CCP are used frequently in Quebec, though the extent to which they are used at the court's initiative to control abuses is unclear.

IPIC notes that while the issues sought to be addressed by this discussion point may arise in other areas of practice, they arise relatively rarely in intellectual property cases.

To the extent that certain lengthy or complex intellectual property cases might call for intervention at the initiative of the court, it appears that Rule 384 as presently drafted equips the courts to handle such cases.

Issue 3 - Trial vs. Disposition

***Discussion Point:* Should Rule 3 or other aspects of the Rules be amended to reflect the evolving objectives for the just disposition of matters before the Federal Courts?**

Comments:

Rule 3 currently reads: “These Rules shall be interpreted and applied so as to secure the just, most expeditious and least expensive determination of every proceeding on its merits.” IPIC does not consider the phrase “on its merits” to imply that any disposition other than by way of trial constitutes a reduced standard of justice¹ and therefore does not consider an amendment to Rule 3 to be necessary to remove this language.

IPIC’s view is informed by the recent decision of Justice Hughes (*Teva Canada Limited v. Wyeth LLC*, 2011 FC 1169) dealing with the application of Rule 3 in determining whether a matter ought to be determined by way of summary trial. In that decision, Justice Hughes stated the following:

"These [Rule 3] principles are not to be passed over quickly or only given lip service; they are the basic guiding principles behind the interpretation of every Rule of this Court. The Rules provide a variety of “tools” for the determination of a proceeding, including motions to strike, questions of law, determination of an issue, full trial or hearing, and now summary trial and judgment. These are tools to be applied judiciously; each case may require a separate and distinct determination. However, one cannot view the Rules as requiring a full trial unless one fits one of the other categories. The proper approach is to consider that there is provided a number of means or “tools” by which a just, expeditious and least expensive determination can be made in dealing with a matter on the merits with an appropriate selection to be made among them." (para. 31)[emphasis added]

Issue 4 - Introducing the Principle of Proportionality

***Discussion Points:* Considering the reforms directed at proportionality in other jurisdictions and the current practice in the Federal Courts, should further reforms be undertaken to implement the principle of proportionality? To what would the principle apply—the extent of discovery, the length of trials, some other aspect of the process—and how would it be applied? Should such a principle be incorporated as a general concept,**

¹ IPIC is recommending an addition to Rule 3 to address another matter as discussed below in Issue 4.

perhaps in Rule 3; or should it be introduced in the specific areas that could benefit from its application; or should there be some combination of these two approaches?

Comments:

IPIC is in favour of implementing a principle of proportionality in Federal Court practice and in the *Federal Courts Rules*. IPIC recommends that “proportionality” language be added to Rule 3 in a manner similar to Rule 1.04 of the *Ontario Rules of Civil Procedure*. For example, current Rule 3 could become Rule 3(1) and the following language (taken from the *Ontario Rules of Civil Procedure*, Rule 1.04(1.1)) could be added as Rule 3(2): “In applying these rules, the court shall make orders and give directions that are proportionate to the importance and complexity of the issues, and to the amount involved, in the proceeding.”

Though this proposed rule change may have some impact on the conduct of parties, particularly in the context of case managed proceedings, it is unlikely to completely address the issue of excessive procedural requirements, particularly in the area of discovery.

Although the Court currently has the power to place some limits on parties in the discovery process (both through Rule 3 in its present form and through case management more generally), the Court appears to be reluctant to step in. IPIC is therefore of the view that additional Rule changes would be required to effect real change. For example, these changes could take a similar form to those recently implemented by Ontario, which limit discovery in various ways. Alternatively, a system modeled on the US deposition system could be implemented.

IPIC is of the view, however, that such a significant change to the Rules would require its own consultation process and, aside from identifying the issue here, is best addressed outside of this Global Review.

Issue 5 - Making Effective Use of Practice Directions

***Discussion Points:* Is the current balance between Rules and Practice Directions appropriate for the Federal Courts? Should we make more use of Practice Directions? Should the Global Revision of the Rules serve as an occasion to reconsider the many Practice Directions currently in effect in order to determine which should be incorporated into the Rules as formal amendments and which should be rescinded? Should the Global Revision serve as an opportunity to establish a policy of periodic review of Practice Directions for this purpose? Are there other ways of ensuring familiarity with Practice Directions that could be developed to address the concerns that the lack of public awareness might raise?**

Comments:

IPIC is generally in favour of the use of Practice Directions, although it has concerns about the awareness and accessibility of the current Practice Directions.

There are some concerns that Practice Directions are not clearly identified or readily accessible given the manner in which Court communications are currently made available on the Federal Court website. For example, the Practice Direction for NOC Proceedings dated December 7, 2007 is currently available on the Federal Court website on the subpage titled “Notices to the Parties and the Legal Profession” under the heading “Miscellaneous Notices”. Examples of other Notices under the same heading are the November 22, 2010 Notice about Summer Recess and the January 11, 2008 Notice about the National Database of Class Proceedings.

To address such concerns, IPIC recommends a standard naming and formatting for Practice Directions to distinguish Practice Directions from other Notices to the Parties and the Legal Profession. IPIC recommends incorporating either “Practice Direction” or “Notice”, as appropriate, into the title of these documents. This may help to clarify the distinction between each type of Court communication and improve accessibility to Practice Directions for users.

IPIC also recommends making Practice Directions available on a separate webpage on the Federal Court website. In particular, IPIC suggests the communications below, which are currently available on the Federal Court website as Notices to the Parties and the Legal Profession, may be more aptly named Practice Directions and included on a webpage distinct from other Notices to the Parties and the Legal Profession:

Date	Title
November 19, 2010	Common List of Authorities
November 18, 2010	Early Hearing Dates for Applications in the Federal Court
April 30, 2010	Costs in the Federal Court
October 1, 2009	Authorities Cited in Memoranda of Fact and Law
July 21, 2009	Electronic Legal Service and Electronic Filing & Annex
May 1, 2009	Streamlining Complex Litigation
September 3, 2009	Addressing Judicial Officers in Court
December 7, 2007	NOC Proceedings
November 22, 2007	Designation of a Surname/Family Name of a Party in Proceedings before the Court
April 18, 2006	Requests for Consent Orders on Applications for Judicial Review in the Federal Court under the <i>Immigration and Refugee Protection Act</i>
June 26, 2001	Notice of Constitutional Question
September 14, 1998	Gowning

To further increase awareness of Practice Directions, reference to Practice Directions could be made in preamble or commentary sections associated with the rules to which the Directions

pertain. Such references could be made in a similar manner to those used in the *Ontario Civil Practice* publication relating to the *Ontario Rules of Civil Procedure* (see for example the Practice Direction for Civil Applications, Motions and Other Matters in the Toronto Region included in the preamble for Rule 37 in *Ontario Civil Practice*).

Issue 6 - Uniform Procedures vs Specialized Procedures

***Discussion Points:* Could the practice of the Federal Court benefit from the introduction of specialized procedures for particular kinds of disputes? Would it be appropriate to transform practice directions for specific kinds of disputes into subject matter specific rules, and thereby increase the public awareness of these specialized procedures?**

Comments:

Specialized Procedures Would Benefit IP Cases

IPIC agrees that specialized procedures should be implemented for particular types of disputes – in particular IP matters. Patent matters would be particularly suited to special rules. There are several jurisdictions that have developed IP specific rules (for example in the US² – including certain federal judicial districts in California, Texas, New Jersey, and soon New York; and in the UK Patents Court).

Development of Specific Rules Requires Consultation

IPIC strongly recommends input from the IP bar in connection with the creation of special rules. Suggested areas for patent-specific type rules are as follows:

- pleadings and particulars;
- discovery (for example the use of certain provisions from Practice Note No. 17 to simplify this stage – including advance notice of areas of discovery, documents to be requested, and having prothonotaries be available for “real time” adjudication);
- specific simplified procedures; and
- the designation of “patent specific” judges.

Transformation of IP Specific Practice Directions into Specific Rules is Not Recommended

² There is a 10 year pilot program currently implemented in the US regarding specialized patent courts (<http://www.gpo.gov/fdsys/pkg/PLAW-111publ349/pdf/PLAW-111publ349.pdf>).

IPIC does not believe that the intellectual property-related practice directions should be transformed in their entirety into specific rules. For the reasons outlined under Issue 5 above, there are alternative methods to promoting public awareness of IP-specific practice directions. Another option that may promote public awareness is the creation of a specialized online “Patent Litigation” guide, for example as used in the UK (<http://www.justice.gov.uk/downloads/guidance/courts-and-tribunals/courts/patents-court/patents-court-guide.pdf>).

The creation of further IP Specific Practice Directions is recommended, for example the use of a “Common List of Authorities” in patent cases, and “Patent Litigation Practice Guidelines” (similar to Practice Note No. 18 for Aboriginal Litigation).

Issue 7—Making the “Architecture” of the Rules more User-Friendly

***Discussion Points*—Should the manner in which the Rules are presented be made more “user-friendly”, for example, by introducing an index, or by making the presentation format more consistent with the rules of other courts? Should the Rules be presented in a way that would facilitate web-based access? If so, how could these objectives best be achieved without precipitating unintended substantive changes to the practice in the Federal Courts?**

Comments:

IPIC believes that the overall architecture of the *Federal Courts Rules*, and divisions into its various Parts (e.g. Part 4 for applications and Part 5 for actions) follows a logical sequence and that a fundamental reorganization is not required. There may be individual rules that are better placed elsewhere, which can be specifically considered as part of an overall review.

IPIC agrees that the litigation process should be made more accessible both to counsel who do not practice primarily in the Federal Court and to the general public. This can be accomplished through revision to the various aids included within the Rules as well as by providing improvements to the Federal Court's website.

IPIC recommends that a detailed and user-friendly table of contents be included in the Rules. An index and some basic commentary for certain rules would also be helpful.

It is noted that Australia's *Federal Court Rules 2011* includes 'notes' and 'examples' on certain Rules (http://www.comlaw.gov.au/Details/F2011L01551/Html/Text#_Toc297989750).

For example, the rule on calculation of time provides:

(3) If the time fixed includes a day that is not a business day in the place where the act or thing is to be done, and the time fixed is 5 days or less, the day is not to be counted.

Example

The Court orders that a document is to be filed and served within 3 days from Wednesday. Under subrule (3), the document must be served on or before the following Monday (since Saturday and Sunday are not business days).

Note **Business day** is defined in the Dictionary.

Such notes and examples would be a valuable resource, particularly for self-represented litigants. IPIC recommends that similar notes and examples be considered for the *Federal Courts Rules*.

As for web-based guidance, IPIC recommends that the Federal Court's website be expanded to include general outlines and specific user guides for practice areas. These outlines and guides can be much more detailed and flexible than any notes and examples included in the Rules. Examples from other courts include the Patents County Court Guide (<http://www.justice.gov.uk/downloads/guidance/courts-and-tribunals/courts/patents-court/patents-court-guide.pdf>), the Information for Litigants webpage of the Federal Court of Australia (<http://www.fedcourt.gov.au/litigants/litigants.html>) and An Introduction to Civil Cases in the Superior Court of Justice (http://www.attorneygeneral.jus.gov.on.ca/english/courts/civil/suing_and_being_sued_main.asp).

Issue 8 - Other Areas of Possible Reform

Discussion Point— Are there other areas of potential reform that should be considered at this time by the Subcommittee on Global Review of the *Federal Courts Rules*?

Comments:

Another area of possible reform relates to the area of cost awards and the reliance on a tariff (and in particular, Tariff B) when assessing costs. IPIC recommends that the Rules Committee further consider whether the scale used for Tariff B is appropriate any longer and whether Tariff B should be referenced for assessment of costs. The Federal Courts are already moving away from the use of Tariff B with judicial recognition that the assessment process is inefficient. Instead, the use of written cost submissions at or following a hearing and directed to the judge or prothonotary who heard the matter could be the default approach, leaving it open to order an assessment in more complicated cases.

As mentioned above, reform of the Rules to impose limits on examinations for discovery might be considered. However, there are differing views on the effectiveness and efficiency of imposing predetermined time limits on the duration of examinations, including the observation that efforts to extend predetermined time limits may outweigh the value of imposing those limits. This might be addressed by enhanced case management in the context of a case planning order.

Thank you again for the opportunity to comment on the discussion paper entitled “Global Review of the *Federal Courts Rules*”. We would be pleased to review any of these points in more detail with the Federal Court Rules Committee and look forward to future discussions on this initiative.

If we may be of further assistance, please do not hesitate to contact our executive director, Michel Gérin, at 613-234-0516 or mgerin@ipic.ca.