

# JANSSEN AWARDED DAMAGES ALMOST 10 YEARS AFTER TEVA FOUND TO HAVE INFRINGED LEVAQUIN® PATENT

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In a recent decision of the Federal Court (*Janssen Inc. v. Teva Canada Limited*, 2016 FC 593), Justice Hughes awarded approximately \$18 million in damages (inclusive of prejudgment interest) to two Janssen entities in compensation for Teva Canada Limited's ("Teva's") (then Novopharm Limited) infringement of Canadian Patent No. 1,304,080 ("080 Patent"). The 080 Patent relates to the compound levofloxacin, marketed in Canada under the brand name LEVAQUIN®.

While the findings of Justice Hughes were generally fact-specific, this decision is noteworthy for both its comments on the ability of a party to "claim under" a patentee and for the ability of a plaintiff to claim damages during the period post-expiry of a patent.

## Background

Teva commenced selling Novo-levofloxacin in Canada in December 2004, following a dismissal of Janssen's application for a prohibition order under the Patented Medicines (Notice of Compliance) Regulations. Shortly thereafter, an infringement action was commenced against Teva by Janssen Inc. ("Janssen Canada") and the owner of the 080 Patent (Daiichi Sankyo Company ("Daiichi")).

In a decision dated October 17, 2006, Justice Hughes held that the 080 Patent was valid and infringed, and awarded Janssen Canada and Daiichi their damages to be determined at a later trial.<sup>[1]</sup>

In 2011, the plaintiffs brought a motion seeking to add three more Janssen entities as plaintiffs for the purpose of claiming damages under the patentee. That motion was dismissed by Justice Hughes.<sup>[2]</sup> As a result, a separate action was commenced wherein other Janssen entities, including Janssen Pharmaceuticals Inc. ("Janssen US"), sought damages for Teva's infringement of the 080 Patent.

The trial for damages in both the 2004 and 2011 actions were heard together by Justice Hughes in April 2016, which gave rise to the decision discussed herein.

## **Janssen US's standing to "claim under" the patentee**

The first issue addressed by Justice Hughes was whether Janssen US had standing to "claim under" the patentee pursuant to section 55(1) of the Patent Act. After an extensive review of prior jurisprudence, Justice Hughes found that for the Court to conclude that a party is a person "claiming under" the patentee pursuant to section 55(1):

- The person must be one who, as a user, an assignee, a licensee or lessee, has a title or a right that can be traced back to the patentee;
- It does not matter whether a licensee is exclusive or non-exclusive;
- The license must be proved but it need not exist in writing;
- The claim must be one in respect of a use in Canada and not elsewhere in the corporate chain.

In this case, the 080 Patent was licensed by Daiichi to Johnson & Johnson. Janssen US alleged it was a sub-licensee under that licence, although no written sub-licence existed. On the evidence presented at trial, Justice Hughes found Janssen US to indeed have a sub-licence to which Daiichi had consented or acquiesced.

Teva also argued that Janssen US could not claim damages under the patentee as it did not sell the patented invention in Canada. Justice Hughes concluded that it was immaterial whether Janssen US had title to the tablets in Canada. Further, he noted that the Patent Act permits recovery of damages in respect of activity outside Canada. As Janssen US was part of the chain of supply of LEVAQUIN® tablets in Canada, Janssen US was therefore awarded damages for Teva's infringement of the 080 patent.

## **Quantifying damages**

The second issue addressed by Justice Hughes was the actual quantification of damages, which is generally a fact-specific inquiry. However, it is worth noting that Justice Hughes reaffirmed that a claimant is entitled to claim damages sustained after a patent has expired in respect of losses incurred as a result of an infringer's activity while the patent was in force.

The Court further held that damages can be awarded for price suppression where the patentee or person claiming under the patentee was forced to reduce its price because of the infringer offering the product at a lower price.

## Footnotes

[1] Janssen-Ortho Inc. v. Novopharm Limited, 2006 FC 1234.

[2] Janssen Inc. v. Teva Canada Limited, 2011 FC 1480.

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