

Federal Court of Appeal



Cour d'appel fédérale

Date: 20240819

**Docket: A-248-22
A-37-23**

Citation: 2024 FCA 133

**CORAM: WOODS J.A.
LASKIN J.A.
LOCKE J.A.**

BETWEEN:

AGRACITY CROP & NUTRITION LTD.

Appellant

and

**UPL NA INC., ARYSTA LIFESCIENCE NORTH AMERICA, LLC
and UPL AGROSOLUTIONS CANADA INC.**

Respondents

Heard at Toronto, Ontario, on May 13, 2024.

Judgment delivered at Ottawa, Ontario, on August 19, 2024.

REASONS FOR JUDGMENT BY:

LOCKE J.A.

CONCURRED IN BY:

**WOODS J.A.
LASKIN J.A.**

Federal Court of Appeal



Cour d'appel fédérale

Date: 20240819

Docket: A-248-22
A-37-23

Citation: 2024 FCA 133

CORAM: WOODS J.A.
LASKIN J.A.
LOCKE J.A.

BETWEEN:

AGRACITY CROP & NUTRITION LTD.

Appellant

and

UPL NA INC., ARYSTA LIFESCIENCE NORTH AMERICA, LLC
and UPL AGROSOLUTIONS CANADA INC.

Respondents

REASONS FOR JUDGMENT

LOCKE J.A.

I. Overview

[1] Agracity Crop & Nutrition Ltd. (Agracity) appeals from two decisions of the Federal Court. In the first (2022 FC 1422, *per* Justice Mandy Aylen, hereinafter the Liability Decision), the Federal Court ruled that various claims of Canadian Patent No. 2,346,021 (the 021 Patent)

were not invalid for obviousness, anticipation, insufficiency or overbreadth, and were infringed by Agracity. The Liability Decision also ordered disgorgement of Agracity's profits. The second decision under appeal (2023 FC 163, *per* Justice Mandy Ayles, hereinafter the Costs Decision) awarded costs to the respondents.

[2] Agracity limits its arguments on appeal to the issues of anticipation and obviousness of the 021 Patent. Agracity does not take issue before this Court with the Federal Court's findings concerning insufficiency, overbreadth and infringement. Agracity also does not take issue with the Costs Decision, except to argue that it should be set aside if its appeal on either of the issues raised in respect of the Liability Decision is successful.

[3] For the reasons set out below, I would dismiss both appeals.

II. The 021 Patent

[4] The 021 Patent concerns a selective herbicide known as flucarbazone sodium. A herbicide is selective if it kills or reduces weeds with minimal injury to the surrounding crop. Different compounds may be more or less effective as selective herbicides depending on the crop and the targeted weeds.

[5] The disclosure of the 021 Patent acknowledges that flucarbazone sodium was known at the time of filing as a herbicide, having been disclosed in prior publications including U.S. Patent No. 5,534,486 (the 486 Patent) and corresponding Canadian Patent No. 2,064,636 (the 636

Patent). However, the 021 Patent indicates that its properties as a selective herbicide were not known at that time, and were surprising.

[6] The 021 Patent expired in 2019, but the respondents alleged that Agracity jumped the gun by entering the market with its own flucarbazone sodium herbicide product a few months prior to the patent's expiration. The Liability Decision concerns the allegations of infringement during this period.

III. Issues and Standard of Review

[7] As indicated above, the only issues that remain in dispute concern whether the claims in question of the 021 Patent are invalid for either anticipation or obviousness.

[8] The parties do not disagree on the applicable standard of review. The Supreme Court of Canada's decision in *Housen v. Nikolaisen*, 2002 SCC 33, [2002] 2 S.C.R. 235, directs that, on appeal, questions of law are reviewed on a standard of correctness, and questions of fact as well as of mixed fact and law, in which no question of law is extricable, are reviewed on a standard of palpable and overriding error. Accordingly, except on questions of law, this Court will not intervene in a decision of the Federal Court unless we find an error that is both palpable (obvious) and overriding (going to the very core of the outcome of the case).

[9] Agracity acknowledges that, with one exception, the standard of review applicable to its arguments in this appeal is that of palpable and overriding error. The exception applies to its

argument that the Federal Court made a legal error by misapplying part of the legal test for anticipation.

IV. Anticipation

[10] Agracity does not take issue with the summary of the law concerning patent invalidity for anticipation as set out in paragraphs 214 and following of the Liability Decision. Rather, as noted above, Agracity argues that the Federal Court failed to follow the legal test that it set out.

[11] Paragraph 28.2(1)(a) of the *Patent Act*, R.S.C. 1985, c. P-4, provides that a patent claim is not valid if the subject matter defined thereby has been publicly disclosed before a certain date. The parties agree, and I concur, that the date for assessment of anticipation of the 021 Patent is September 21, 1998. There is no dispute that the 636 and 486 Patents (which were published on October 5, 1992 and July 9, 1996, respectively) are citable on the issue of anticipation. The issue concerns whether those patents disclose subject matter that meets the criteria for anticipation.

[12] The Liability Decision correctly notes that there are two requirements for anticipation: disclosure and enablement: *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.*, 2008 SCC 61, [2008] 3 S.C.R. 265 (*Sanofi-Synthelabo*); *Hospira Healthcare Corporation v. Kennedy Trust for Rheumatology Research*, 2020 FCA 30, [2020] F.C.J. No. 179 at para. 66 (*Hospira*). The Liability Decision also correctly cites *Free World Trust v. Électro Santé Inc.*, 2000 SCC 66, [2000] 2 S.C.R. 1024 at paras. 25-26 (*Free World Trust*), to the effect that anticipation by publication is a difficult defence to establish. One must, in effect, be able to look at a prior,

single publication and find in it all the information that, for practical purposes, is needed to produce the claimed invention without the exercise of any inventive skill. The prior publication must contain so clear a direction that a skilled person reading and following it would in every case and without possibility of error be led to the claimed invention. A signpost, however clear, upon the road to the patentee's invention will not suffice. The prior inventor must be clearly shown to have planted their flag at the precise destination before the patentee. As indicated in *Free World Trust* at paragraph 26, another characterization of the question is whether the information given in the prior publication is, for the purpose of practical utility, equal to that given in the patent in suit.

[13] To meet the disclosure requirement, the prior publication must disclose subject matter which, if performed, would necessarily result in infringement of the patent whose validity is in issue: *Sanofi-Synthelabo* at para. 25. However, it is not enough for a prior publication to merely “include” or “encompass” the claimed invention – a broad disclosure will not necessarily anticipate a later, more specific claim: *Apotex Inc. v. Shire LLC*, 2021 FCA 52, [2021] 3 F.C.R. 46 at para. 45 (*Shire*).

[14] Agracity attempts to distinguish *Shire* on the basis that *Shire* involved a selection patent (in which the invention lies in the selection of one or more species from a broader known genus), whereas the parties have agreed that the 021 Patent is not a selection patent. I see no reason to distinguish the guidance in *Shire* on that basis. Paragraphs 31 and 32 thereof state that (i) there is no magic in the term “selection patent”, and (ii) the requirements for anticipation and obviousness are the same whether or not the patent in question is a selection patent.

[15] To meet the enablement requirement, the disclosure in the prior publication must have been sufficient that a person skilled in the art would have been able to perform the claimed invention without the exercise of any inventive ingenuity or undue experimentation: *Sanofi-Synthelabo* at para. 33.

[16] Agracity takes issue with the statement in the 021 Patent that the properties of flucarbazone sodium as a selective herbicide were not known at the time of filing. Agracity cites an extract from column 28 of the 486 Patent (also appearing at pages 43 to 45 of the 636 Patent), which was reproduced at paragraph 32 of the Liability Decision, that states that the substances contemplated therein “act as total or selective herbicides depend[ing] essentially on the amount used.” The same extract later states that some of the compounds of the formula (I) (which encompasses flucarbazone sodium) are suitable for the selective control of certain weeds in certain crops. It also identifies *Avena* (also called wild oats) as a potential target weed. Agracity also notes, as acknowledged at paragraph 38 of the Liability Decision, that flucarbazone sodium is specifically defined in claim 10 of the 486 Patent.

[17] Agracity argues that the properties described in the 021 Patent of flucarbazone sodium as a selective herbicide were already known. It also notes that *Avena* is specifically identified as a target weed in several claims of the 021 Patent. Agracity argues that the 486 and 636 Patents meet the disclosure requirement for anticipation because doing what is described therein would necessarily result in infringement of the 021 Patent.

[18] I do not agree. Though flucarbazone sodium is among the many herbicides contemplated in the 486 and 636 Patents, and though these patents state that some of said herbicides are selective against certain weeds in certain cultures depending essentially on the amount used, this is not sufficient to meet the high bar of the disclosure requirement for anticipation. For one thing, the 486 and 636 Patents do not indicate that flucarbazone sodium is among the herbicides with selective properties. Further, the Federal Court found at paragraph 169 of the Liability Decision that the selective properties of herbicides contemplated in the 021 Patent are due to their chemical structure, rather than the amount used as contemplated in the 486 and 636 Patents. Finally, most of the claims in issue in the 021 Patent are specific as to the crop that is to be treated (cereal or wheat), while the 486 and 636 Patents do not disclose the use of herbicides in such crops.

[19] I see no reviewable error in the Federal Court's conclusion that a skilled person reading and following the 486 and 636 Patents would not, in every case and without possibility of error, be led to the invention claimed in the 021 Patent. Likewise, I disagree with Agracity's argument that doing what is described in the 486 and 636 Patents would necessarily result in infringement of the 021 Patent.

[20] I also disagree with Agracity's argument that, at paragraph 224 of the Liability Decision, the Federal Court conflated the test for obviousness with that for anticipation. Actually, the Federal Court simply noted there, as was open to it, that its findings in relation to obviousness were fatal to the anticipation argument: that the 486 and 636 Patents "did not disclose all of the information that would, for practical purposes, be needed to produce the claimed invention of the

021 Patent without the exercise of inventive skill.” Though that threshold is indeed relevant to an obviousness analysis, it is also relevant to the enablement requirement in an anticipation analysis, as indicated in paragraph 15 above.

[21] Agracity argues that the next sentence in paragraph 224 applies to obviousness only, and not to anticipation: “The Skilled Person would not know why to select flucarbazone sodium from among the 327 compounds, for which crop and for which weed” (emphasis added). However, I understand this statement as proper support for the conclusion in the next sentence thereafter that the prior art does not provide “clear and unmistakable directions” such that a skilled person would “in every case and without possibility of error be led to the claimed invention.”

[22] Because of my conclusion on the disclosure requirement, it is not necessary for me to discuss the Federal Court’s analysis of the enablement requirement. I conclude that the Federal Court made no reviewable error in its anticipation analysis.

V. Obviousness

[23] As with anticipation, Agracity acknowledges that the Federal Court’s summary of the legal principles applicable to obviousness was correct.

[24] A first argument by Agracity against the Federal Court’s conclusion that the 021 Patent was not invalid for obviousness is that the Federal Court’s analysis improperly considered the inventive concept of the patent as a whole, and failed to consider the claims thereof individually.

[25] This argument is not supported on a fair reading of the Liability Decision. At paragraphs 127 and following, the Federal Court construed each of the claims in issue separately. The Federal Court also clearly understood that obviousness analysis was to be done claim by claim. When summarizing the proper legal test at paragraph 144, the Federal Court noted that one step was to identify “the inventive concept of the claim in question or if that cannot readily be done, construe it” (emphasis added). The Federal Court repeated this understanding of the legal test at paragraph 149. Moreover, at the end of that paragraph, the Federal Court stated explicitly that “[i]t is the inventive concept(s) of the claim(s) in issue that must be the focus of an obviousness inquiry, not the inventive concept of the patent”. This understanding of the proper determination of the inventive concept is confirmed at paragraph 175, which discusses the difference between the state of the art and the inventive concept on a claim by claim basis.

[26] The Federal Court may simply not have felt the need to go into detail concerning the inventive concept because, as it stated at paragraph 156 of the Liability Decision, “[t]here is no dispute between the parties that the inventive concept of the Asserted Claims of the 021 Patent accords with the language of the claims themselves.”

[27] On this issue, it may be helpful to note this Court’s words in *Shire* at paragraph 86:

Although a claim by claim analysis of each claim’s inventive concept is to be conducted, it is important to remember that a single, overarching inventive concept connects every claim of a patent, with its genesis usually in the independent claim(s). As seen in *AstraZeneca Canada Inc. [v. Apotex Inc.]*, 2017 SCC 36, [2017] 1 S.C.R. 943, the “subject matter” of an invention can be multi-faceted (at para. 49). There, Rowe J., quoting David Vaver, *Intellectual Property Law* 2nd ed. (Toronto: Irwin Law, 2011), at 275, noted:

For simplicity's sake, the rule is “one invention, one application, one patent.” But inventions are like a many-faceted prism: multiple claims

(sometimes running into the hundreds) covering all facets are allowed in the same patent if a “single general inventive concept” links them.

[28] Agracity also argues that the Federal Court improperly imported requirements for anticipation into its obviousness analysis at paragraph 164 of the Liability Decision. I disagree. It was open to the Federal Court to find that, though flucarbazone sodium was known as a herbicide, this knowledge was not such that a skilled person would be led directly and without difficulty to use it as a selective herbicide as defined in the claims in issue. These claims concern (i) selectivity based on chemical structure rather than amount used, and (ii) selectivity against certain defined weeds in certain defined crops. The fact that the Federal Court cited similar factual findings in its analysis on anticipation and on obviousness does not mean, as Agracity argues, that the Federal Court comingled those concepts.

[29] Agracity’s other arguments on obviousness take issue with conclusions by the Federal Court that are factually suffused, but do not establish a palpable and overriding error by the Federal Court, in my view. Nor do I see an error here on an extricable question of law. I conclude that the Federal Court made no reviewable error in its obviousness analysis.

VI. Conclusion

[30] It follows from the foregoing that I would dismiss the appeal of the Liability Decision. Because Agracity's appeal of the Costs Decision is based exclusively on alleged errors in the Liability Decision, I would likewise dismiss the appeal of the Costs Decision. I would award costs of the appeals to the respondents.

"George R. Locke"

J.A.

" I agree.
Judith Woods J.A. "

" I agree.
J.B. Laskin J.A. "

FEDERAL COURT OF APPEAL

NAMES OF COUNSEL AND SOLICITORS OF RECORD

DOCKET: A-248-22
A-37-23

STYLE OF CAUSE: AGRACITY CROP & NUTRITION LTD. v. UPL NA INC., ARYSTA LIFESCIENCE NORTH AMERICA, LLC and UPL AGROSOLUTIONS CANADA INC.

PLACE OF HEARING: TORONTO, ONTARIO

DATE OF HEARING: MAY 13, 2024

REASONS FOR JUDGMENT BY: LOCKE J.A.

CONCURRED IN BY: WOODS J.A.
LASKIN J.A.

DATED: AUGUST 19, 2024

APPEARANCES:

Aiyaz A. Alibhai
Alissa Ricioppo

FOR THE APPELLANT
AGRACITY CROP & NUTRITION LTD.

Adam Bobker
Andrew McIntosh

FOR THE RESPONDENTS
UPL NA INC., ARYSTA LIFESCIENCE NORTH AMERICA, LLC and UPL AGROSOLUTIONS CANADA INC.

SOLICITORS OF RECORD:

Miller Thomson LLP
Toronto, Ontario

FOR THE APPELLANT
AGRACITY CROP & NUTRITION LTD.

Bereskin & Parr LLP
Toronto, Ontario

FOR THE RESPONDENTS
UPL NA INC., ARYSTA
LIFESCIENCE NORTH AMERICA,
LLC and UPL AGROSOLUTIONS
CANADA INC.