

**Federal Court of Appeal**



**Cour d'appel fédérale**

**Date: 20240806**

**Dockets: A-231-22(Lead)  
A-233-22**

**Citation: 2024 FCA 126**

**CORAM: STRATAS J.A.  
GLEASON J.A.  
MONAGHAN J.A.**

**BETWEEN:**

**ROVI GUIDES, INC. and TIVO SOLUTIONS INC.**

**Appellants**

**and**

**TELUS CORPORATION, TELUS COMMUNICATIONS INC.,  
TELUS COMMUNICATIONS COMPANY and BELL  
CANADA**

**Respondents**

Heard at Toronto, Ontario, on November 29, 2023.

Judgment delivered at Ottawa, Ontario, on August 6, 2024.

**PUBLIC REASONS FOR JUDGMENT BY:**

**GLEASON J.A.**

**CONCURRED IN BY:**

**STRATAS J.A.  
MONAGHAN J.A.**

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**PUBLIC REASONS FOR JUDGMENT**

This is a public version of confidential reasons for judgment issued to the parties. The two are identical, there being no confidential information disclosed in the confidential reasons.

**GLEASON J.A.**

[1] The appellant, Rovi Guides Inc. (Rovi), appeals from the judgment of the Federal Court in *Rovi Guides, Inc. v. Bell Canada*, 2022 FC 1388 (*per* Lafrenière J.). In that judgment, the Federal Court dismissed Rovi's actions against the respondents, Bell Canada (Bell) and Telus

Corporation, Telus Communications Inc., and Telus Communications Company (collectively, Telus) for patent infringement and granted the respondents' counterclaims for declarations of invalidity and non-infringement in respect of several claims in Rovi's Canadian Patents Nos. 2,339,629, and 2,425,482, 2,336,870 (the 870 Patent), and 2,514,585 (the 585 Patent).

[2] Like the patents at issue in the companion appeal that is being released simultaneously with this one, *Rovi v. Videotron*, 2024 FCA 125 (A-186-22) [*Videotron*], all four patents in this appeal involve interactive television program guide (IPG) technology: see *Videotron* at para. 2 for a summary of that technology. The companion appeal deals with claims in one of the same Patents in issue on this appeal, the 870 Patent, and with a different patent (Canadian Patent No. 2,730,344).

[3] In the present case, like in *Videotron*, the Federal Court dismissed Rovi's actions against the respondents for infringement and granted the respondents' counterclaims for declarations of invalidity. The Court held that all of the asserted claims were invalid because they were either anticipated and/or obvious, having regard to the prior art and the common general knowledge of the person skilled in the art to which the Patents were directed (the Skilled Person). It also held that some of the claims in suit were not infringed. While this was sufficient to dismiss Rovi's actions and to grant the respondents' counterclaims, like in *Videotron*, the Federal Court went on to reach conclusions about the appropriate remedy for completeness sake. The Court concluded that, had the claims in suit been valid and infringed, Rovi would not have been entitled to an accounting of profits or to an injunction.

[4] Rovi appeals some of the Federal Court’s findings with respect to the 870 Patent and the 585 Patent, but not the findings in respect of the other two patents that were at issue before the Federal Court. Before us, Rovi argues that the Federal Court made reviewable errors in its obviousness analysis in respect of the 870 Patent and the 585 Patent and in its anticipation analysis in respect of the 585 Patent. It also asserts that the Federal Court made reviewable errors in its remedial analysis.

[5] For the reasons that follow, I find that the Federal Court did not make any reviewable errors in its obviousness analysis in respect of the 870 Patent or in its anticipation analysis concerning the 585 Patent. Therefore, it is unnecessary to address its findings on the obviousness of the 585 Patent. However, like in *Videotron*, some of the Federal Court’s provisional findings regarding remedy require correction by this Court. The required correction does not affect the disposition of this appeal, which I would dismiss with costs.

#### I. The 870 Patent and the 585 Patent

[6] Details about the 870 Patent are provided in *Videotron*, starting at paragraph 7 of that decision.

[7] At trial in the present case, Rovi asserted that the respondents infringed two groups of claims in the 870 Patent, Claim 346, which was referred to by the parties as the “870A Claim”, and Claims 456, 721, and 724, which were referred to by the parties as the “870C Claims”. Only the Federal Court’s findings with respect of the 870C Claims are being appealed.

[8] The 870C Claims relate to peer-to-peer transmission. The 870C Claims in the 870 Patent, along with the additional claims that some of them depend on, are set out in the Appendix to these Reasons. Two of the 870C Claims, Claims 456 and 721, were at issue in *Videotron*, which upheld the Federal Court’s finding that these Claims are obvious.

[9] The 585 Patent was filed on January 30, 2004, expired on January 30, 2024, and claims a priority date of January 30, 2003, which the Federal Court accepted as appropriate. Entitled “Interactive Television Systems with Digital Video Recording and Adjustable Reminders”, the 585 Patent relates to operator-initiated recordings and the ability to restart a program that a user is currently watching or a program that was previously broadcast.

[10] There are four claims at issue on appeal in the 585 Patent—Claims 34, 36, 87 and 127. These Claims include both system and method claims. They, too, are reproduced in the Appendix to these Reasons, along with the additional claims on which some of them depend.

## II. The Reasons of the Federal Court

[11] In reviewing the Federal Court’s Decision, I focus only on those portions that are relevant to the issues that Rovi has raised on this appeal that are considered in these Reasons.

A. *The Federal Court's Validity Findings*

[12] I commence with the Federal Court's consideration of obviousness of the 870C Claims in the 870 Patent. In undertaking its obviousness analysis, the Federal Court set out the following test for assessing obviousness at paragraph 151 of its Decision:

- a) Identify the notional Skilled Person and the relevant [common general knowledge] of that person;
- b) Identify the inventive concept of the claim, or if that cannot readily be done, construe it;
- c) Identify what, if any, differences exist between the matter cited as forming part of the "state of the art" and the inventive concept of the claim or the claim as construed; and
- d) If the differences constitute steps which would have been obvious to the Skilled Person, the claim is obvious and invalid.

[13] This wording is slightly different from that used by the Supreme Court of Canada in *Apotex Inc. v. Sanofi-Synthelabo Canada Inc.*, 2008 SCC 61, [2008] 3 S.C.R. 265 [*Sanofi*], at paragraph 67, where the Supreme Court described the test for assessing whether a patent is obvious as follows:

- (1) (a) Identify the notional "person skilled in the art";  
(b) Identify the relevant common general knowledge of that person;
- (2) Identify the inventive concept of the claim in question or if that cannot readily be done, construe it;
- (3) Identify what, if any, differences exist between the matter cited as forming part of the "state of the art" and the inventive concept of the claim or the claim as construed;

- (4) Viewed without any knowledge of the alleged invention as claimed, do those differences constitute steps which would have been obvious to the person skilled in the art or do they require any degree of invention?

[14] As will soon become apparent, in my view, nothing turns on the slightly different wording used by the Federal Court in this case to describe the test for obviousness.

[15] Like in the companion appeal, Rovi does not challenge the Federal Court's findings under the first step of the *Sanofi* analysis regarding the attributes of the Skilled Person for the two Patents at issue in this appeal. As a result, no more needs to be said about the first step in the obviousness analysis.

[16] On the second step in the *Sanofi* analysis, the Federal Court held that the common general knowledge of the Skilled Person prior to the filing dates applicable to all of the patents in suit included knowledge of the following:

- a) A television system typically includes a headend (a central location run by the operator, which collects multimedia from content providers and processes it for distribution), and customer premises equipment (such as a television sometimes with a STB [or set top box], which receives the television content and displays it to the user).
- b) EPGs [or electronic program guides, a term that was used by the parties interchangeably with IPGs] and their provision to and storage of information of television program data by an STB.
- c) The STB could be controlled by the user by way of a remote control.
- d) Up to the mid-1990s, most television content was transmitted to users in analog format.

- e) The development and widespread adoption of digital transmission, compression and storage techniques in the mid-1990s changed the ability to provide a richer interactive television experience to users.
- f) The Internet digitally connected users across the globe, allowing them to exchange messages, play games, and view various types of multimedia (including pictures, music, and video).
- g) In March 1998, DAVIC released version 1.3.1 of its specification, which consists of 14 parts.

[Federal Court Decision at para. 168].

[17] I note, parenthetically, that the dates for assessing obviousness in respect of the 870 Patent and the 585 Patent are their respective priority dates in accordance with sections 28.1 and 28.3 of the *Patent Act*, R.S.C., 1985, c. P-4 [*Patent Act*]. However, nothing turns on the Federal Court's apparent focus in paragraph 168 of its reasons on the Skilled Person's common general knowledge prior to the filing dates of the patents in suit.

[18] DAVIC 1.3.1, mentioned by the Federal Court as forming part of that common general knowledge, was a document published by the Digital Audio-Visual Council (the Council) in 1998, entitled "DAVIC 1.3.1 Specification Part 1" (DAVIC). As summarized in *Videotron*:

... the Council was a non-profit organization based in Switzerland. To quote from the Foreword of DAVIC, the Council's objective was "...to promote the success of interactive digital audio-visual applications and services through the specification of open interfaces and protocols". DAVIC was the culmination of a multi-year consultation process with equipment manufacturers, service providers, government organizations, and non-members of the Council. As stated in its introduction, DAVIC "... defines the minimum tools and dynamic behaviour required by digital audio-visual systems for end-to-end interoperability across countries, applications, and services".

[*Videotron* at para. 12].



[19] With respect to the Claims in suit in the 870 Patent, more particularly, the Federal Court found that the 870 Patent, itself, admits that “IPGs were known” and that “IPGs that have digital storage devices were known”: Federal Court Decision at para. 239. Further, the Federal Court found that, by July 1998, the common general knowledge of the Skilled Person included:

- A. how to integrate an IPG into an interactive television system that allows users to store programs on an independent storage device;
- B. digital storage devices such as hard disk drives and recordable DVD’s could be used to record broadcast TV; and
- C. use of a digital storage device to record broadcast programs by connecting the device to a STB using an appropriate interface.

[Federal Court Decision at para. 240].

[20] The Federal Court also found that although home networking was not widespread, the parties’ experts generally agreed that home networking was known by 1998: Federal Court Decision at para. 267.

[21] As concerns the third part of the *Sanofi* test, relating to the inventive concept of the claims in the 870 Patent, the Federal Court made several claim-specific findings. According to the Federal Court, the inventive concept of Claim 456 comprised three elements, namely: (1) generating a request to playback a broadcast program with a first user equipment; (2) wherein the broadcast program was recorded on a second user equipment in response to a record request generated at the second user equipment; and (3) in response to the playback request from the first user equipment, receiving with the first user equipment the broadcast program from the second

user equipment, and generating for display the received program: Federal Court Decision at para. 270.

[22] The Court found the inventive concept of Claims 721 and 724 included the same foregoing three elements, as well as the following additional three features: (4) both the transmitting and receiving user equipment be connected to a display; (5) the program recorded and transmitted be a broadcast program; and (6) recording the program on the first user equipment with media guidance data associated with the program: Federal Court Decision at para. 271.

[23] After undertaking a comparative analysis between the 870C Claims in the 870 Patent and the state of the art under the *Sanofi* framework, the Court found the inventive concept of all the Claims in suit was obvious in light of the common general knowledge of the Skilled Person and the home networking references in DAVIC, and in particular, section 7.2 of DAVIC. Section 7.2 of DAVIC provided:

As multiple digital services begin to penetrate the consumer market, the need will arise for an in-home digital network that will provide selectable access to these services from multiple in-home devices. Furthermore, the introduction of digital storage devices in the home will expand this need. Home networks for DAVIC must support the functions required to link digital consumer devices so that information may be exchanged among these devices in a simple and direct manner.

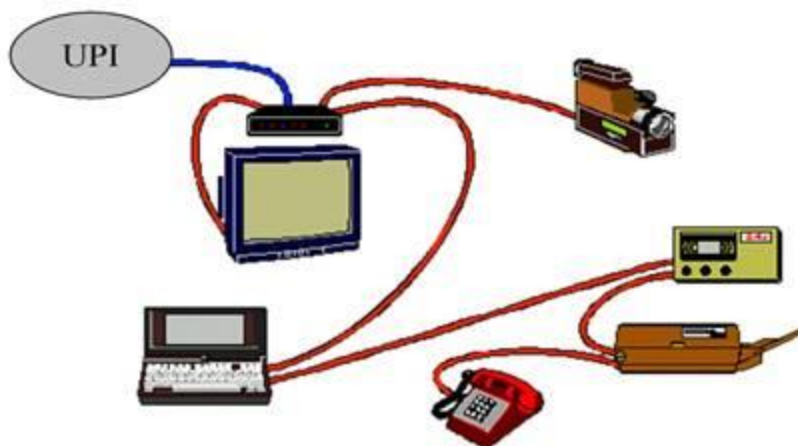


Figure 7.2: Home Network

[Federal Court Decision at para. 265].

[24] According to the Federal Court, DAVIC “explicitly describe[d]” home networking: Federal Court Decision at para. 277. The Court accepted the evidence of the respondents’ expert, Mr. Kerr, that DAVIC recognized that “home networks for DAVIC must support the functions required to link digital consumer devices so that information may be exchanged among these devices in a simple and direct manner”: Federal Court Decision at para. 277. This included comprehensive requirements for any communications between two user devices like STBs to transfer recorded broadcast programs from one STB to another and to display requested programs on the receiving user’s device.

[25] More specifically, the Federal Court found that the common general knowledge and DAVIC rendered all of the 870C Claims obvious, as follows:

- (a) Elements 1 and 2 were obvious: DAVIC 1.3.1 taught the Skilled Person how to implement a home network, and required that DAVIC systems support connections between user equipment such that information such as video could be exchanged between them.

- (b) Element 3 was obvious: DAVIC 1.3.1 taught a method that allowed a user to transmit requests for and then receive recorded broadcast programs. DAVIC 1.3.1 also taught that the requested programs can be displayed on a receiving user's television.
- (c) Element 4 was obvious: DAVIC 1.3.1 taught that this communication could include transmission of video between devices and that the devices connected in the network could include multiple displays.
- (d) Element 5 was obvious: DAVIC 1.3.1 taught recording broadcast programs to a local digital storage device – for example, DAVIC 1.3.1 described a STB coupled to a “digital video recorder” which was a display.
- (e) Element 6 was obvious: DAVIC 1.3.1 taught that if a program was stored in the user's equipment, the user must be able to locate and view information about the program to select the item and play it back.

[Federal Court Decision at para. 286].

[26] The Federal Court ultimately concluded that the 870C Claims “provide nothing more than an idea that was already being targeted by DAVIC”: Federal Court Decision at para. 282.

[27] The Federal Court went on to find that another piece of prior art, “System for Transmitting Desired Digital Video or Audio Signals” (U.S. Patent No. 5,675,734) (Hair), when considered together with the common general knowledge of the Skilled Person, also rendered all of the 870C Claims obvious: Federal Court Decision at paras. 287-295. There is no need to review the Federal Court's findings in respect of Hair as I have concluded, for many of the same reasons as in *Videotron*, that the Federal Court did not make a reviewable error in finding that DAVIC rendered the claims in suit in the 870 Patent obvious.

[28] Turning now to the 585 Patent, the Federal Court noted that, with one exception, the parties agreed on the construction of Claims 34, 35, 87, and 127 of the 585 Patent. Accepting the

parties' agreement, the Federal Court found that the essential elements of the claims in suit were as follows:

Claims 34 and 36 both depend on Claim 33. The essential elements of Claim 33 are:

Element 1: Providing users access to recordings of broadcast television programs having scheduled start-times and end-times;

Element 2: Selectively recording, based on retention criteria, a subset of the plurality of broadcast programs on storage of a server remote to the users;

Element 3: Providing a first user with access to at least a portion of a first recorded broadcast program during a retention-period; and

Element 4: Removing the recorded first broadcast program at the end of the retention-period.

Claim 34 depends on Claim 33, and adds the following elements:

Element 5: Tuning the first user device to the first broadcast program at a tune-time, wherein the tune-time is after the scheduled start-time of the first broadcast program;

Element 6: Determining that the start-time of the first broadcast program has elapsed; and

Element 7: In response to determining, accessing the portion of the recorded first broadcast program provided by the remote server at the first user device, wherein the portion corresponds to a portion of the first broadcast program that was broadcasted by the facility prior to the tune-time;

Claim 36 also depends on Claim 33 and only adds the following elements:

Element 8: Receiving a request to access the recorded first broadcast program; and

Element 9: Transmitting the portion of the recorded first broadcast program upon receiving the request.

Both parties agree that Claim 87 (which depends on Claim 85) has the same essential elements as Claim 33, but Claim 87 is a system claim, whereas Claim 33 is a method claim.

Both parties also agree that Claim 127 (which depends on Claim 125) has the same essential elements as Claims 33 and 87. While Claim 127 uses the word “access-period,” as opposed to “retention period” (as found in Claim 33), the Skilled Person would understand that there is no difference between an “access-period” and a “retention-period.”

[Federal Court Decision at paras. 384-388].

[29] The one construction issue in dispute concerned the meaning to be given to “accessing” in element 7 of Claim 34. The Federal Court accepted the interpretation advanced by Rovi’s expert, Mr. Wahlers, finding that “accessing” meant “establishing a connection in preparation for transmission”: Federal Court Decision at para. 394.

[30] After discussing the construction issues, the Federal Court moved to validity and, among other things, held that a patent entitled “Digital Interactive Delivery System for TV/Multimedia/Internet with On-Demand Applications” (the iMagic Patent), published approximately a year before the priority date of the 585 Patent, anticipated the 585 Patent. The iMagic Patent was owned by iMagic, a Canadian television company, and described an Internet Protocol Television [IPTV] that “include[d] various on-demand applications, each of which are accessible on an integrated IPG, and each of which use the same remote video server. Two of those on-demand applications were TimelessTV and VDVR [Virtual Digital Video Recording]”: Federal Court Decision at para. 404.

[31] The Federal Court found that Rovi failed to identify anything inventive about the claims in suit in the 585 Patent over the iMagic Patent, and more particularly TimelessTV. Although the respondents initially pled that both of the TimelessTV and VDVR applications anticipated the

585 Claims, the Federal Court limited its findings on anticipation to TimelessTV, which was the focus of the respondents' submissions at trial: Federal Court Decision at para. 406.

[32] The Federal Court applied the two-part test to show that prior art anticipates a claimed invention: there must be a prior disclosure of the essential elements of the claim in a single piece of prior art and the prior disclosure must enable the claimed subject-matter to be practised by a Skilled Person without any inventive skill: Federal Court Decision at paras. 149, 320, 407-438.

[33] The Federal Court found that the respondents had established, on a balance of probabilities, that the iMagic Patent disclosed all of the essential elements of the 585 Claims in suit: Federal Court Decision at para. 432. At paragraph 418 of the Decision, the Federal Court set out a chart, listing each of the essential elements of the claims in suit in the 585 Patent and showing how each of these elements was found in the iMagic Patent. In so holding, the Federal Court relied on the evidence from one of the respondents' experts, Dr. Robinson, which it found was "unshaken on cross-examination on key matters or left unchallenged": Federal Court Decision at para. 417. Conversely, it gave little to no weight to the evidence on anticipation from Rovi's expert, Mr. Wahlers, whom the Federal Court found "took astonishing positions in his reports on the 585 Patent and continued to maintain those positions at trial, only to give them up without a fight in cross-examination": Federal Court Decision at para. 413. In addition, several key paragraphs in Mr. Wahlers' report were shown to have been copied from the report of another of Rovi's experts in the companion appeal, which the Federal Court found substantially undercut Mr. Wahlers' credibility.

[34] The Federal Court also found that iMagic was enabling. According to the Court, all the experts agreed that “iMagic is far more technical and detailed than the 585 Patent”: Federal Court Decision at para. 433.

[35] The Federal Court accordingly concluded that iMagic anticipated the claims in suit in the 585 Patent.

B. *The Federal Court’s Findings on Remedy*

[36] I turn next to summarize the Federal Court’s findings regarding remedy.

[37] As already noted, even though the Federal Court dismissed Rovi’s action and granted the respondents’ counterclaims, it went on to make findings on remedy for the sake of completeness. The Federal Court held that, had the Patents been valid, Rovi would not have been entitled to an accounting of profits or to an injunction and that damages would have been the appropriate remedy: Federal Court Decision at paras. 643, 654.

[38] The Federal Court found that the factors relevant to denying an award of an accounting of profits in this case included: (i) the complexity and the practical difficulties of an accounting of profits; (ii) Rovi’s conduct; (iii) the good faith of the respondents; and (iv) whether Rovi did not compete with the respondents or routinely licenced its patents: Federal Court Decision at para. 587.



[39] The Federal Court first assessed the factor of complexity and noted that “...serious practical difficulties can be encountered by the Court in the determination of profits, and it is desirable that a trial judge consider the practical consequences of ordering this remedy in a particular case [...]”: Federal Court Decision at para. 591, quoting *AlliedSignal Inc. v. Du Pont Canada Inc.*, [1995] F.C.J. No. 744, 61 C.P.R. (3d) 417 (C.A.) at para. 81, leave to appeal to SCC refused, 24781 (30 November 1995).

[40] In this case, the Federal Court found that “IPTV is an enormously complex product, requiring complex software, extensive hardware, a massive network of fibre-optic cable, and teams of thousands of people to develop, launch and maintain. The asserted patented features are a small part of the software, which in itself is a small part of the overall product of the [respondents’] services”: Federal Court Decision at para. 597. Given this, the Court further found that “isolating the impact of the individual features at issue in this case, while not impossible, would prove extremely challenging”: Federal Court Decision at para. 598. This complexity, according to the Court, did not militate in favour of granting the remedy of an accounting of profits: Federal Court Decision at para. 602.

[41] On the factor of Rovi’s conduct, like in *Videotron*, the Federal Court found that the length of time that Rovi took to prosecute the Patents before the Patent Office and Rovi’s dealings with the respondents both militated against awarding an accounting of profits: Federal Court Decision at paras. 605-627.

[42] In this appeal, however, the Federal Court went further and found that this case exemplified a “patent holdup” problem: Federal Court Decision at para. 627. According to the Court:

When considered as a whole, the clear pattern of delay and the late amendments to some of its patents leads inexorably to the conclusion that delay in prosecution of the Patents was a deliberate and integral part of Rovi’s business strategy. Notably, over the course of the licensing negotiation, Rovi did not mention the 482 Patent or the 585 Patent to Bell or TELUS. Nor did it mention the 870 Patent to Bell, and only raised claims of the 629 Patent, which are not asserted in these proceedings. Rovi’s delay in issuing the Patents and its sly conduct during negotiations allowed Bell and TELUS to fully integrate the allegedly patented technology into their IPTV systems, and gain millions of customers, before many of the asserted claims existed, let alone before the Patents were issued.

A similar strategy is employed by patent assertion entities (PAEs), businesses that acquire patents from third parties and seek to extract more than the inherent value of the supposed invention. That is because, in an ex-ante negotiation, a potential licensor will pay only the value of the patented technology. However, in an ex-post negotiation, once the technology has been integrated, the licensor can extract not only the value of the invention, but all of the additional costs that stem from redesigning a system to remove the technology.

By failing to prosecute their Patents diligently, Rovi left the [respondents] in the invidious position of not knowing which patents were allegedly infringed, while they attempted to maximize the value of their patented technology. During that period when the Patents were pending, because the letters patent were not issued, the [respondents] were unable to take any action to have the Patents declared invalid pursuant to subsection 60(1) of the *Patent Act*. Rovi’s attempt to “game the system” goes against the restitutionary purpose of an accounting of profits. The goal of the Patent system, through a grant of a temporary monopoly, is to “encourage invention and to regulate the issuance of patents in Canada” (*Genecor International Inc v Canada (Commissioner of Patents)*, 2008 FC 608 at para 39; *Pope Appliance Corp v Spanish River Pulp and Paper Mills Ltd*, [1929] A.C. 269 cited in *CertainTeed Corp v Canada (Attorney General)*, 2006 FC 436 at para 25. An unreasonable and unexplained delay in prosecuting the Patents prejudices the public and stifles the innovation envisioned by the patent system.

Dr. Bazelon agreed that “patent holdup” occurs when a patent owner takes advantage of the potential infringer’s reduced flexibility after they have launched a product and opportunistically tries to extract a larger unreasonable licensing fee, especially using the threat of an injunction. This strategy has been described as engaging in “pre-litigation conduct [...] designed to place the infringer in the

most disadvantageous bargaining position”; and delaying “so that the infringer’s dependency on the patent is maximized, as is the proportion of profits claimed.”: Jeff Berryman, Comment on Norman Siebrasse, Business Method Patents and PatentTrolls, 54 CAN. Bus. L.J. 58 (2013) Vol. 54, 58-67, at 66.

The case before me exemplifies the “patent holdup” problem. Rovi’s conduct in this case militates strongly against granting the equitable remedy of an accounting of profits as it would create an incentive for licensing entities to imitate Rovi’s conduct.

[Federal Court Decision at paras. 623-627].

[43] The Federal Court stated that Rovi’s conduct, alone, was a compelling reason to deny the right to elect an accounting of profits: Federal Court Decision at para. 643.

[44] On the respondents’ conduct, the Federal Court found that there was no evidence of any wilful infringement by the respondents in this case that would call for deterrent measures: Federal Court Decision at para. 636. According to the Court, the respondents behaved responsibly in their dealings with Rovi and their conduct was beyond reproach: Federal Court Decision at para. 635.

[45] Overall, after weighing the above factors, the Federal Court found that it would not have been inclined to exercise its discretion in favour of Rovi. The Federal Court accordingly determined that, had the patents in suit been valid and infringed, it would not have been appropriate to award an accounting of profits.

[46] The Federal Court held that it also would have declined to exercise its discretion in favour of Rovi to grant injunctive relief. Although the Court acknowledged that an injunction is presumptively available where a plaintiff’s patents have been infringed, the Court found that it

was within the discretion of the Court to decline or to grant: Federal Court Decision at paras. 645-646, citing *Eurocopter v. Bell Helicopter Textron Canada Ltée*, 2012 FC 113, [2012] F.C.J. No. 107 at paras. 397-398, 410 [*Eurocopter*]; *JM Voith GmbH v. Beloit Corp.*, [1997] 3 FC 497, [1997] F.C.J. No. 486 (C.A.) at para. 108; *Patent Act*, s. 57. According to the Court, certain factors may limit the availability of injunctions, including delay, lack of clean hands, unconscionability and triviality, relying on *Eurocopter* at para. 397; *Janssen-Ortho Inc. v. Novopharm Ltd.*, 2006 FC 1234, [2006] F.C.J. No. 1535 at para. 132, aff'd 2007 FCA 214, [2007] F.C.J. No. 809, leave to appeal to SCC refused, 32200 (6 December 2007).

[47] The Federal Court held that patent holdup is also relevant when a court is considering whether to award an injunction. The Court stated that “an opportunistic patent holder can try and extract a larger, unreasonable licensing fee especially in light of a potential injunction” and that “the abusive nature of this strategy has been recognized by Canadian commentators, United States commentators, and the Supreme Court of the United States”: Federal Court Decision at para. 648.

[48] The Court went on to consider a U.S. case, *eBay Inc. v. Merc-Exchange, LLC*, 547 US 388 (2006) [*eBay*] and Canadian doctrine that suggested that there were lessons in the *eBay* case for Canadian courts. In *eBay*, Justice Anthony M. Kennedy issued a concurring opinion in which he discussed the emergence of a new industry in the United States, in which firms use patents not as a basis for producing and selling goods but, instead, primarily for obtaining licensing fees. Justice Kennedy expressed the view that for firms that use patents primarily for obtaining licensing fees, damages may well be sufficient to compensate for the infringement in certain

cases, and that injunctions may not always be in the public interest. According to him, “the potential vagueness and suspect validity of some of these patents may affect the calculus under the four-factor test”: see Federal Court Decision at para. 649 for an excerpt of Justice Kennedy’s concurring opinion.

[49] Citing to a 2012 paper by Professor Jeff Berryman, the Federal Court found that there were similarities to the context set out in Justice Kennedy’s opinion and the instant case. The Federal Court found:

In his paper entitled “When Will a Permanent Injunction be Granted in Canada for Intellectual Property Infringement? The Influence of eBay v. Merc-Exchange” (2012) 24 Intellectual Property Journal 159, **Professor Jeff Berryman argues that there are lessons to be learned from the eBay decision at page 175.**

**eBay demonstrates that it is possible to have a consistent test across all spectrums of intellectual property concerning the availability of permanent injunctions. That test is openly a balancing one and contemplates that an injunction can be declined even if it means that the plaintiff is left to a damages remedy amounting to a form of compulsory license. U.S. experience also demonstrates that abandoning categorical tests does not dramatically change the landscape. The U.S. approach has the advantage that it provides flexibility toward the granting of one of the court’s most coercive remedies: a permanent injunction.** The need for flexibility is demonstrated with the advent of patent trolls. Under the U.S. approach, the power to use an injunction to maximize exploitative advantage is weakened. (Citation omitted)

I agree with Professor Berryman’s comments and **consider it appropriate to adopt the US approach here.** As I stated earlier, the present case exemplifies the patent holdup problem. To grant an injunction on the particular facts of this case would be signalling that this Court finds Rovi’s business practice to be acceptable and create an incentive for licensing entities to imitate Rovi’s conduct.

[Federal Court Decision at paras. 650-651, emphasis added].

[50] After finding that the U.S. approach should be adopted, the Federal Court made two key findings as to why an injunction would not be appropriate in this case:

The evidence before me is that Rovi does not compete with Bell and TELUS. Rovi admits that it cannot deliver IPTV to Canadian customers and routinely licences its patents in Canada. It is effectively a non-practising entity in Canada. In my view, it would be inequitable to prevent Bell and TELUS from providing IPTV products which do not compete with Rovi and it is not in the public interest to deny millions of their customers access to features they previously enjoyed. The imminent expiry of the 585 Patents is a further reason to not impose the costs of modifying Bell and TELUS' systems to comply with an injunction, when such modifications would be for a short period of time.

In this case, good policy and the equities are aligned. Engaging in patent holdup is a business practice this Court should not condone and the Canadian patent system should not be creating incentives for such unfair practices to occur. There was no improper conduct on the part of Bell and TELUS which requires sanction, while to grant an injunction would run a very serious risk of rewarding Rovi's delay through overcompensation.

[Federal Court Decision at paras. 652-653].

### III. Analysis

[51] I turn next to evaluate the various arguments that Rovi advances before this Court that are necessary for this Court to consider.

#### A. *Did the Federal Court Err in its Handling of Mr. Wahlers' Evidence?*

[52] It is convenient to first deal with Rovi's arguments regarding the Federal Court's treatment of Mr. Wahlers' evidence as the Federal Court's findings on anticipation and

obviousness at issue in this appeal rely in part on the Federal Court's decision to give little weight to Mr. Wahlers' evidence.

[53] Rovi makes a number of arguments challenging the Federal Court's findings that: (1) portions of Mr. Wahlers' report had been written by counsel because they were identical to sections in the report tendered by another expert on behalf of Rovi in the companion appeal; and (2) the failure to acknowledge this undercut Mr. Wahlers' credibility.

[54] Rovi first argues on this point that the summary document showing the identical sections in the two reports, relied on by the respondents in their cross-examination of Mr. Wahlers, was premised on an expert report in *Videotron* that was not in evidence at trial in this case. Rovi contends that the summary document was therefore hearsay and that it was improper for counsel for the respondents to have used it in his cross-examination of Mr. Wahlers.

[55] Rovi next says that the respondents failed to provide any notice of their objection to Mr. Wahlers' evidence in advance of his oral testimony, which they assert is in contravention of Rule 52.5(1) of the *Federal Courts Rules*, S.O.R./98-106. This provision requires a party to raise any objection to an opposing party's proposed expert witness that could disqualify the witness from testifying as early as possible in the proceeding. Rovi alleges that this meant that the respondents were required to give Rovi advance notice of their line of questioning regarding the copying.

[56] Rovi further argues that the Court failed to invite any submissions on the propriety of the allegation of copying and failed to conduct a *voir dire*, which it says the Federal Court was required to do prior to allowing the line of questioning to proceed.

[57] There is no merit whatsoever to any of these arguments for the simple reason that Rovi raised no objection to this line of questioning at trial. It is trite law that evidentiary objections should be made at trial to give the opportunity to other parties to call additional evidence or adjust examinations and so evidence can be scrutinized “at the time it is proffered”: *Pfizer Canada v. Apotex*, 2014 FCA 54, [2014] F.C.J. No. 224 at para. 9; see also *Teva Canada v. Pfizer Canada*, 2017 FC 526, 147 C.P.R. (4th) 126 at para. 39; *Eli Lilly Canada v. Teva Canada*, 2018 FCA 53, 292 A.C.W.S. (3d) 146 at para. 108, leave to appeal to SCC refused, 38077 (8 November 2018). Thus, in a civil case, an objection on appeal will not usually succeed unless the objection was made at the trial: *Lam v. Chiu*, 2014 BCCA 32, 237 A.C.W.S. (3d) 408 at para. 47; Sidney N. Lederman et al., *Sopinka, Lederman & Bryant: The Law of Evidence in Canada*, 6th ed. (Markham: LexisNexis, 2014), § 2.124.

[58] I also note parenthetically that, even if an objection had been raised, it would not have been necessary for the Federal Court to have conducted a *voir dire* or for advance notice to have been given by the respondents as to their intended line of questioning. In a civil case, a *voir dire* is rare, and, especially in the absence of a jury, there appears to be little reason to conduct one. As for Rule 52.5(1), it applies only where a party seeks to disqualify a witness as opposed to raising issues as to the credibility of that witness in cross-examination. It was largely Mr. Wahlers’ steadfast (and unreasonable) refusal to admit that the paragraphs in question in his



report had been wordsmithed by counsel that caused the Federal Court to doubt his credibility. Counsel for the respondents had no way of knowing that such a response would have been given and thus did not know that he would succeed in undercutting Mr. Wahlers' credibility.

[59] As an aside, on the practice of counsel assisting in writing or editing sections in expert reports, I endorse the comments of the Federal Court at paragraphs 104-110 of its Decision.

[60] Rovi next argues that there are "only" twenty examples of copying in Mr. Wahlers' written evidence, which represented approximately 4% of Mr. Wahlers' evidence. According to Rovi, this is a critical fact that was not considered by the Federal Court.

[61] In making this submission, Rovi in essence challenges the Federal Court's credibility finding relating to Mr. Wahlers, which is reviewable on the deferential palpable and overriding error standard. In light of this standard, I see no reviewable error in the Federal Court's conclusion that counsel impermissibly wrote parts of Mr. Wahlers' report. In addition, given that Mr. Wahlers failed to admit this in cross-examination, and repeatedly claimed that he, himself, wrote his report alone, coupled with the fact that several paragraphs in the two reports were identical, it was open for the Federal Court to find Mr. Wahlers' credibility to be in "tatters", as it did at paragraph 80 of its Decision.

[62] Thus, it was open to the Federal Court to prefer the evidence of the respondents' experts over that of Mr. Wahlers, and the Federal Court did not make a reviewable error in so doing.

B. *Standard of Review on Obviousness and Anticipation*

[63] Before delving into Rovi’s arguments on anticipation and obviousness, it is useful to make a few comments on the standard of review.

[64] Absent an extricable legal error in the test to be applied, a trial court’s findings on anticipation and obviousness can only be overturned if the court made a palpable and overriding error since these findings are factually suffused in nature: *Greenblue Urban North America Inc. v. Deeproot Green Infrastructure, LLC*, 2023 FCA 184, 2023 A.C.W.S. 6498 at para. 60, citing *Abbott Laboratories v. Canada (Minister of Health)*, 2009 FCA 94, 73 C.P.R. (4th) 444 at para. 24 (on anticipation); *SmithKline Beecham Pharma Inc. v. Apotex Inc.*, 2002 FCA 216, 219 D.L.R. (4th) 124 at para. 15, leave to appeal to SCC refused, 29328 (20 March 2003) (on anticipation); *Packers Plus Energy Services Inc. v. Essential Energy Services Ltd.*, 2019 FCA 96, 164 C.P.R. (4th) 191 at para. 29, leave to appeal to SCC refused, 38694 (19 December 2019) (on obviousness); *Teva Canada Limited v. Pfizer Canada Inc.*, 2019 FCA 15, 163 C.P.R. (4th) 265 at para. 23 [*Pfizer*] (on obviousness).

[65] As set out in *Videotron*, this Court and the Supreme Court of Canada have underscored on multiple occasions that the palpable and overriding standard is a highly deferential one. “Palpable” means an error that is obvious and “overriding” means that the error affects the outcome. As the Supreme Court put it in *Salomon v. Matte-Thompson*, 2019 SCC 14, [2019] 1 S.C.R. 729 [*Salomon*], “[w]here the deferential standard of palpable and overriding error applies, an appellate court can intervene only if there is an obvious error in the trial decision that is

determinative of the outcome of the case”: at para. 33, citing *Benhaim v. St-Germain*, 2016 SCC 48, [2016] 2 S.C.R. 352 at para. 38, quoting *Canada v. South Yukon Forest Corporation*, 2012 FCA 165, [2012] F.C.J. No. 669 at para. 46, leave to appeal to SCC refused, 34946 (6 December 2012).

[66] Thus, in a case like the present, it is not the task of this Court in appellate review to sift through and reweigh the evidence the Federal Court used to ground its obviousness findings nor to re-decide which expert is to be preferred: see *Pfizer* at para. 31; *Eli Lilly and Company v. Apotex Inc.*, 2010 FCA 240, [2010] F.C.J. No. 1199 at para. 8, leave to appeal to SCC refused, 33946 (5 May 2011); *E. Mishan & Sons, Inc. v. Supertek Canada Inc.*, 2015 FCA 163, 134 C.P.R. (4th) 207 at para. 25. As the Supreme Court underscored in *Salomon* “[t]he fact that an alternative factual finding could be reached based on a different ascription of weight [to the evidence] does not mean a palpable and overriding error has been made”: at para. 33, citing *Nelson (City) v. Mowatt*, 2017 SCC 8, [2017] 1 S.C.R. 138 at para. 38.

C. *Did the Federal Court Err in Finding the 870C Claims of the 870 Patent Obvious?*

[67] Bearing these cautions in mind, I turn now to assess Rovi’s arguments relating to the obviousness of the 870C Claims.

[68] Rovi argues that the Federal Court’s analysis “reveals a profound lack of understanding of the obviousness test”: see Rovi’s outline of oral argument at para. 3. It points to the fact that the Federal Court recited an incomplete legal test for assessing obviousness and copied from the

respondents' written closing arguments at trial that omitted the hindsight element. It also says that instead of considering each of the 870C Claims as a whole, the Federal Court erred by relying on the evidence of Mr. Kerr, who broke down the Claims into their constituent steps (elements) and searched, allegedly with hindsight, for each element in DAVIC. Rovi contends that Mr. Kerr "cherry picked" requirements in DAVIC, which contains thousands of possible configurations, steps, and considerations. Rovi also argues that Mr. Kerr failed to provide evidence regarding the Skilled Person's motivation to combine disparate references in DAVIC to lead to the claimed subject matter.

[69] Rovi further submits that the Federal Court made a palpable and overriding error regarding playback, an element of the claims in suit, because DAVIC says nothing about playback and Mr. Kerr admitted this during his cross-examination.

[70] There is no merit to these arguments.

[71] Although the Federal Court, in setting out the fourth requirement for assessing obviousness from *Sanofi*, used different words from those used by the Supreme Court, nothing turns on this difference in language. The Federal Court applied the correct test to conclude that the 870C Claims were obvious, finding that they added nothing inventive beyond what was contained in DAVIC, which essentially summarized the Skilled Person's common general knowledge.

[72] Before the Federal Court, the parties agreed on the elements of the inventive concept of the 870C Claims, which are listed at paragraphs 270 and 271 of the Federal Court’s Decision. Given this, Rovi cannot contend before us that the Federal Court erred in its enumeration of these elements of the 870C Claims or that Mr. Kerr somehow cherry picked them.

[73] Nor do I see any reviewable error in the Federal Court’s conclusion that DAVIC and the Skilled Person’s common general knowledge rendered the 870C Claims obvious. The Federal Court wrote as follows:

Rovi sought to dismiss DAVIC [...] as nothing more than a high-level conceptual document that does not provide any specific guidance or teaching. In its words, DAVIC [...] is a “pin to a pile of Lego” and a document that “covers everything, but says almost nothing.” To the contrary, I find that DAVIC [...] represents a snapshot of the [common general knowledge] in the field taken immediately before the filing date of any of the patents at issue.

[Federal Court Decision at para. 50].

[74] The Federal Court also specifically rejected Rovi’s argument that DAVIC is “nothing more than a bare list of desired functionality without description or detail as to how to implement that functionality”: Federal Court Decision at para. 283. To the contrary, it held at paragraph 281 that “...DAVIC had already decided how the so-called ‘Lego pieces’ should be assembled”.

[75] I see no reviewable error in these conclusions. There was ample evidence on the record that a Skilled Person could implement the references in DAVIC and that the 870C Claims added nothing to them. Mr. Kerr offered the opinion that the subject matter of each of the 870C Claims were known and in practice by July 1998, and were exemplified by sections in DAVIC. Mr.

Wahlers also admitted that several elements of the 870C Claims were known by the priority date of the 870 Patent, as summarized in paragraph 280 of the Federal Court’s Decision.

[76] Contrary to what Rovi asserts, the Federal Court did not err in its assessment of Mr. Kerr’s evidence on playback. While admitting in cross-examination that the term “playback” was not used in DAVIC, Mr. Kerr did not concede that DAVIC was silent on the issue. Rather, he stated that playback was encompassed by what DAVIC disclosed as a “deeper requirement” or “another layer up”. This is precisely what the Federal Court found at paragraph 279 of its Decision. Moreover, in his expert report, Mr. Kerr opined that DAVIC “described a method wherein in response to the playback request from the first user’s equipment, receiving with the first user equipment the broadcast program from the second user equipment, and generating for display the received program.” I accordingly see no error in the Federal Court’s treatment of Mr. Kerr’s evidence.

[77] In essence, Rovi is asking this Court to re-conduct the obviousness inquiry, and in doing so, it makes before us many of the same arguments it made to the Federal Court. However, as noted at paragraph 80 of *Videotron*, re-deciding cases is not the role of this Court, which can only intervene if there is an error of law or a palpable and overriding error on a factually suffused question. I see no such error in the way in which the Federal Court conducted a claim-by-claim analysis of obviousness against the state of the art in this case. Paragraph 286 of the Decision clearly sets out why each element of the 870C Claims would have been obvious to the Skilled Person in light of DAVIC. There was ample evidence to support this conclusion.

[78] Thus, the Federal Court did not err in finding that the 870C Claims were obvious in light of DAVIC and the Skilled Person's common general knowledge.

D. *Did the Federal Court Err in its Construction of the 585 Patent and in Finding the Claims in Suit Invalid for Anticipation?*

[79] As for the 585 Patent, Rovi argues that the Federal Court erred in both its construction of the essential elements of the claims in suit and in invalidating those claims for being anticipated by the iMagic Patent.

[80] On construction, Rovi alleges that the Federal Court made errors in construing Claims 87 and 127 as being the same as Claim 33 or as each other. More specifically, Rovi argues that the Federal Court incorrectly found that the parties agreed that Claims 33, 87 and 127 had a common set of essential elements and that the Federal Court's false equivalence of these claims resulted in a failure to separately analyze the validity of Claims 87 and 127.

[81] The respondents, for their part, submit that this is an argument that is being made for the first time on appeal because the parties agreed at trial that Claims 87 and 127 generally had the same essential elements as Claim 33, except that Claim 87 is a system claim, while Claims 33 and 127 are method claims. They add that there was no point at trial where Rovi disputed the respondents' argument that the essential elements of Claim 33 were the same as Claims 87 and 127, except for the access/retention period. As noted, the latter issue was resolved in Rovi's favour.

[82] To evaluate these arguments, it is important to recall that, although the construction of claims and the construction of the inventive concept are questions of law, the “standard of review is complicated by the fact that patent claims are interpreted from the point of view of a [person skilled in the art]... and expert evidence is often considered in determining how such a person would have understood certain terms in a claim at the relevant date”: *Eli Lilly Canada Inc. v. Apotex Inc.*, 2024 FCA 72, 2024 CarswellNat 1176 at para. 29. Since the weighing of evidence is a question of mixed fact and law, this Court has cautioned that “where the interpretation of a patent claim turns on the weight given to expert evidence, this Court will only intervene where there is a palpable and overriding error”: *Google LLC v. Sonos Inc.*, 2024 FCA 44, [2024] F.C.J. No. 487 at para. 6; see also *Tearlab Corporation v. I-MED Pharma Inc.*, 2019 FCA 179, 166 C.P.R. (4th) 367 at para. 29.

[83] Here, the Federal Court’s construction turned in large part on the weight given to Dr. Robinson’s expert evidence, which was uncontested by Rovi. Dr. Robinson set out the elements in his expert report: see Appeal Book, Vol. 10, Tab 73 (Robinson Second Report, Volume II) at 18355-18682. There, Dr. Robinson stated:

51. Claim 87 is a system claim generally involving recording broadcast programs. Claim 87 is broadly similar to claim 33 which I describe above in the table at paragraph 46; however:

- (a) Claim 87 is a system whereas claim 33 is a method; and
- (b) Claim 87 does not require “removing” the program from storage at the end of the retention-period. Instead, claim 87 only makes programs available during a predefined access-period but does not require the removal of the program after the access-period ends (which accomplishes the same function).



...

55. Claim 127 is broadly similar to method claim 33 and system claim 87. The Skilled Person would be mindful of the precise language of each claim, but the overall character of the method claimed is the same between all three claims.

[84] The record confirms that Mr. Wahlers had no material disagreements with Dr. Robinson's position on construction of these Claims. At paragraph 53 of his Responding Report, Mr. Wahlers included a comparison table of his assessment of the Skilled Person's understanding of the subject matter and the 585 asserted Claims with that of Dr. Robinson. In that table, he specifically set out his "points of disagreement" with Dr. Robinson: see Appeal Book, Vol 3, Tab 32 (Wahlers' Responding Report, Table 1, starting at para. 53) at 4870-4884. He identified no disagreements or material differences between his construction and Dr. Robinson's construction of Claims 33, 87, and 127. Indeed, in that table, Mr. Wahlers repeatedly stated, himself, that any differences between his construction and Dr. Robinson's were immaterial, except for the meaning of "accessing" in the Claim 34 elements of "accessing the portion of the recorded first broadcast program by the remote server at the first user device, wherein the portion corresponds to the portion of the first broadcast program that was broadcasted by the facility prior to the tune-time".

[85] Given that both experts agreed on the construction of these Claims at trial, and Rovi raised no issue with this construction at trial, there can be no palpable and overriding error in the Federal Court's conclusions regarding the essential elements of Claims 87 and 127. Nor do I see any possible error of law in the Federal Court's construction of their essential elements, given the similarities between Claims 33, 87, and 127.

[86] Rovi also argues that the Federal Court wrongly held that the Skilled Person would consider there to be “no difference between an ‘access-period’ [Claims 87 and 127] and a ‘retention-period’ [Claim 33]”, where there was no evidence to support that conclusion: Federal Court Decision at para. 388. I do not accept this argument. Although these terms are not defined in the 585 Patent, there was evidence before the Federal Court that the Skilled Person would understand a “retention-period” as the amount of time the operator retains the program to provide access to the user, while the “access-period” was the amount of time the user has access to the program. On cross-examination, Mr. Wahlers agreed that “implementation would normally allow the access period and the retention period to be the same”: see Appeal Book, Vol 12, Tab 81, (Wahlers’ Cross, pp.487-89), p. 21684. I see no reviewable error in the Federal Court’s conclusion in light of this evidence and the wording of the claims.

[87] Beyond claims construction, Rovi also alleges errors in the Federal Court’s validity analysis on anticipation.

[88] First, Rovi argues that the Federal Court falsely equated Claims 87 and 127 with Claim 33 and that this is “fatal” to the conclusion that Claims 87 and 127 are anticipated. Rovi points to paragraph 400, where the Federal Court states that Mr. Wahlers described the subject matter of the 585 Patent as “the ability to go back in time and play videos within the near history, such as a day or a week” and argues that the Federal Court, in making this statement, ignored the second part of Mr. Wahlers’ testimony, which distinguished between the different Claims. This, Rovi alleges, is how the Federal Court “falsely equated claims 87/127 with claim 33”.

[89] I disagree that the Federal Court made a reviewable error in setting out the subject matter of the 585 Patent, as it did at paragraph 400 of the Decision. Foremost, it cannot be said that the Federal Court erred given that Mr. Wahlers did describe the 585 Patent in those exact terms at the beginning of his examination in-chief (see: Appeal Book, Vol. 12, Tab 80, (Transcript pp. 297-298), Appeal Book, Vol. 12, p. 21599). On a fair reading of paragraph 400, the Federal Court was simply introducing the concept of the “Restart” function and spoke about the 585 Patent generally, much like Mr. Wahlers did in his testimony. There is therefore no error, let alone a palpable and overriding one.

[90] Further, while it is clear that Mr. Wahlers testified about the differences between the Claims, it is important to stress that the Federal Court had serious reservations about the reliability of Mr. Wahlers’ expert evidence on the issue of validity and anticipation vis-à-vis iMagic specifically. The Federal Court found that it had “great difficulty with Mr. Wahlers’ evidence, particularly as it relate[d] to the validity of the 585 Patent”: Federal Court Decision at para. 413. According to the Decision, “Mr. Wahlers would obfuscate as he attempted to defend utterly indefensible positions”: Federal Court Decision at para. 414. According to the Federal Court, Mr. Wahlers’ “sometimes incoherent and contradictory responses during cross-examination [brought] into question whether Mr. Wahlers actually read iMagic before he signed his report or knew what he was signing”: Federal Court Decision at para. 415.

[91] Although Rovi disputes these findings, the weight that the Federal Court attributed to expert evidence is not reviewable, absent a palpable and overriding error. While Rovi contends that these errors tainted the judge’s findings relating to disclosure and enablement of the 87, 127,

and 34 Claims, I disagree. I see no basis for Rovi to challenge the Federal Court's findings regarding Mr. Wahlers' evidence and credibility, especially in light of the detailed reasons provided by the Federal Court.

[92] Rovi next argues that the Federal Court erred in finding disclosure of the Restart Feature in respect of Claim 34. More specifically, in finding that iMagic disclosed Claim 34, Rovi alleges that the Federal Court committed three errors of mixed fact and law. First, Rovi argues that the Federal Court failed to recognize that iMagic discloses two separate applications (TimelessTV and VDVR) that are mutually exclusive. Instead, according to Rovi, the Federal Court impermissibly took select elements from each application to create the "disclosure" of the novel claim 34 Restart Feature. Second, Rovi argues that the Federal Court failed to recognize that several Claim 34 elements are not disclosed in iMagic. Finally, Rovi contends that the Federal Court erred in reversing Bell and Telus' burden.

[93] As to the first of these arguments involving the alleged failure to recognize that iMagic discloses both TimelessTV and VDVR, Rovi contends that both experts agreed on cross-examination that TimelessTV and VDVR could not be used simultaneously. It submits that the respondents' expert erroneously comingled the two applications in his report and that the respondents, in turn, "impermissibly comingled the two applications in a chart". According to Rovi, the Federal Court erred by reproducing that chart at paragraph 418 of its Decision. Yet, Rovi relies on a single reference to the VDVR application contained in the chart at paragraph 418 of the Decision to support its assertion that the Federal Court comingled the two applications. More specifically, focusing on Claim 34 (elements 5, 6 and 7), the chart sets out

two iMagic paragraphs, one of which has the “just in time” recording language bolded. The “just in time” recording paragraph describes the VDVR application, while the second paragraph just below in the chart describes the separate TimelessTV application.

[94] As noted, the respondents limited their submissions on anticipation to the disclosures in iMagic regarding TimelessTV: Federal Court Decision at para. 406. The Federal Court nowhere states that it relied on the VDVR application in its analysis. Given this, I disagree that the Federal Court failed to recognize that iMagic discloses two separate applications (TimelessTV and Virtual DVR) that are different.

[95] As for the second alleged error, which relates to the Federal Court’s claimed failure to recognize that several Claim 34 elements are not disclosed in iMagic, including “tuning/tune-time, element”, the “start-time element”, the “determining element”, the “response to determining element” or the “portion element”, I disagree. Elements 5, 6 and 7, as referenced in the aforementioned chart, speak to these elements and the Federal Court expressly found them to be disclosed. The second paragraph in the chart at paragraph 418 of the Federal Court’s Decision that is taken from the iMagic discussion of the separate TimelessTV application, which can be read as anticipating elements 5, 6 and 7 of Claims 34. I accordingly see no reviewable error in this conclusion.

[96] Rovi next argues that the Federal Court erred in accepting that iMagic disclosed the 585 Claims and putting it to Rovi to disprove this at paragraph 424 of its Decision. Rovi appears to suggest that in setting out Rovi’s arguments and rejecting them that the Federal Court had

presumptively accepted the respondents' arguments and failed to purposively construe and consider the 585 Claims itself with specific disclosures in iMagic. This argument mischaracterizes the Decision. On a holistic review of the Decision, it is clear that the Federal Court considered both parties' arguments and ultimately adopted the respondents' position on iMagic, by including the chart it inserted at paragraph 418 of the Decision. Nowhere did the Federal Court cast the burden on Rovi to prove that the 585 Patent was not anticipated.

[97] Rovi finally contends that the Federal Court did not conduct a proper enablement analysis. I agree with the respondents that this argument is specious as the Federal Court set out detailed reasons for finding the disclosure in iMagic to be enabling at paragraphs 433 to 438 of the Decision.

[98] I accordingly find that the Federal Court made none of the errors that Rovi asserts it made. As with its arguments on obviousness, in challenging the Federal Court's findings on anticipation, Rovi is essentially seeking to reargue its case before this Court. However, as noted, re-deciding cases is not the role of this Court. We cannot intervene in the absence of reviewable error, which Rovi has failed to demonstrate as concerns the Federal Court's finding that the 585 Patent was anticipated by iMagic.

[99] There is accordingly no basis to interfere with the Federal Court's disposition.

E. *Did the Federal Court Err in its Remedial Analysis?*

[100] While the foregoing conclusion means that this appeal must be dismissed, I believe it is necessary for this Court to address the errors that the Federal Court made in discussing the remedies it would have awarded had the Patents been found valid.

[101] Rovi alleges that the Federal Court made several errors in principle in its remedial analysis. First, Rovi alleges that the Federal Court erred in holding that Rovi's alleged misconduct/delay in patent prosecution was a determinative factor "by itself" to disentitle the election of profits. In its view, the Federal Court conflated Rovi's (purported) conduct/delay in patent prosecution with the concept of patent holdup, which it urges is not applicable. Second, Rovi argues that the Federal Court misunderstood key principles for the award of an accounting of profits, which it alleges further renders the analysis unsound.

[102] Rovi also argues that the Federal Court made a number of errors in its denial of an injunction. It takes issue with: i) the adoption, for the first time in Canadian jurisprudence, of the U.S. approach to the grant of a permanent injunction set out in *eBay*; ii) the statement of principle that injunctions should not be available to patentees who choose to practice their inventions in Canada through licensees; iii) the use of a misapplied U.S. theory of patent holdup as a justification to deny the injunction; iv) the refusal to grant the injunction because of "the imminent expiry of the 585 Patent" to spare Bell and Telus the cost of compliance; and v) the concern that an injunction would reward "Rovi's delay through overcompensation": see Rovi's memorandum of fact and law (public version) at para.108.

[103] Like in the companion appeal in *Videotron*, Rovi is correct in many of these assertions. The companion appeal contains a full discussion of the principles applicable to remedies for patent infringement, and specifically the award of an accounting of profits, at paragraphs 92-114. These principles are equally applicable here.

[104] With these principles in mind, I turn next to assess the various arguments advanced by Rovi on this appeal. I will consider the various errors that the Federal Court is alleged to have made in its treatment of the request for an accounting of profits first and then move on to the various errors alleged in the Federal Court's injunction analysis.

[105] I agree with Rovi, at paragraph 103 of their Memorandum, that the Federal Court erred in describing the goal of an accounting of profits as “compensatory”: Federal Court Decision at para. 582. The reasons in *Videotron* set out why this is not the case at paragraphs 97 and 98.

[106] Turning next to the factors considered for an accounting of profits, Rovi argues that the Federal Court erred in its analysis of the factors relating to complexity, the respondents' conduct, Rovi's conduct, and Rovi's delay. Starting with complexity, Rovi argues that the Federal Court erred in law by introducing the reliability of the result of an accounting as a new factor for entitlement. Rovi alleges that the Federal Court placed the bar too high by holding that the Court “must be satisfied that every step in the analysis is possible, realistic and will produce a reliable result”: Federal Court Decision at para. 599.



[107] I disagree. While complexity is not a factor that, alone, can justify denying an accounting, Justice de Montigny, then writing for the Federal Court, confirmed that “an accounting of profits may be inappropriate where the accounting exercise would be complex and contentious, and where a reference on profits would result in a lengthy and complicated procedure and related disputes which would complicate and further delay a final resolution of the matter”: *Philip Morris Products S.A. v. Marlboro Canada Ltd.*, 2015 FC 364, [2015] F.C.J. No. 1564 at paras. 25-26, aff’d 2016 FCA 55, 264 A.C.W.S. (3d) 186 at paras. 12-14, citing *Laboratoires Servier, Adir, Oril Industries, Servier Canada Inc. v. Apotex Inc.*, 2008 FC 825, 67 C.P.R. (4th) 241 at paras. 507-508, aff’d 2009 FCA 222, 75 C.P.R. (4th) 443, leave to appeal to SCC refused, 33357 (25 March 2010); *Eurocopter* at paras. 409-416.

[108] In this case, contrary to what Rovi says, the Federal Court found that isolating the impact of the allegedly infringing features “would prove extremely challenging”: Federal Court Decision at para. 598. The Federal Court found that “there [was] a real risk that the analysis could ultimately be based on flawed assumptions about customer or market behaviour, non-infringing alternatives or competitors, or based on non-transparent analytical decisions in market modeling”: Federal Court Decision at para. 599. The decision also highlights that Rovi’s expert “conceded that if there were problems with any of the steps in the analysis the result would be unreliable”: Federal Court Decision at para. 599.

[109] These findings were open to the Federal Court in light of the nature of the calculations put forward by Rovi’s experts. These were based on a market reconstruction premised on Rovi’s entire patent portfolio, and not just the claims in suit, and included the profits earned by the

respondents relating to cable TV content subscriptions as well as its non-TV lines of business, which did not involve similar technologies to those claimed in the Patents. There was ample basis for the Federal Court to have concluded that the methods proposed by Rovi's experts would not allow the Court to arrive at a reliable and appropriate amount for profits earned by reason of any infringement, had it found the claims valid. Thus, there is no error in the Federal Court's treatment of this issue.

[110] Turning to the factor relating to the respondents' conduct, Rovi implies that the Federal Court was wrong to consider the absence of "wilful infringement" as the test for this factor. In the alternative, Rovi argues that the Federal Court erred in finding that there was no evidence of any wilful infringement that would call for deterrent measures. In its view, the Federal Court overlooked that the respondents continued with their infringement unabated when their license was lost: Federal Court Decision at para. 635.

[111] This Court has summarized the jurisprudence on this factor as considering "the defendant's knowing and intentional infringement" as a factor that may favour granting an accounting of profits: *Apotex Inc. v. ADIR*, 2020 FCA 60, 172 C.P.R. (4th) 1 at para. 120, leave to appeal to SCC refused, 39172 (24 September 2020), citing *Monsanto Canada Inc. v. Schmeiser*, 2004 SCC 34, [2004] 1 S.C.R. 902 at para. 95; *Rivett v. Monsanto Canada Inc.*, 2010 FCA 207, 325 D.L.R. (4th) 107 at para. 32. Given this, it cannot be said that the Federal Court was wrong to consider "wilful infringement" as a factor that might be considered in favouring an accounting of profits.

[112] Second, there is no palpable and overriding error in the Federal Court’s finding that there was no evidence of any wilful infringement on the part of the respondents in this case. While Rovi argues that the Federal Court overlooked that Bell and Telus continued with their infringement unabated when their license was lost, the Federal Court explicitly considered and rejected this argument. At paragraph 631, the Federal Court found that although Rovi claims that Bell and Telus knew of Rovi’s Patents, “the [respondents] were only shown exemplary patents picked by Rovi and given a glimpse of Rovi’s patent portfolio”. According to the Federal Court, there was “no evidence the claims asserted in this litigation, let alone the Patents, were the focus of the licensing negotiations”: Federal Court Decision at para. 631.

[113] On the factor focussed on Rovi’s business practices, Rovi stresses that the choice to license a patent is not a principle on which to deny an accounting. I agree, and as I stated in the companion appeal, the mere fact that a patentee licences or intends to licence the patent should not disentitle the plaintiff to an accounting of profits: see *Videotron* at paras. 109-110.

[114] On delay, Rovi takes issue with the Federal Court’s finding that delay in patent prosecution conduct, within statutorily permitted timeframes, is a proper factor for disentanglement to an accounting of profits: Federal Court Decision at para. 613. According to Rovi, the cases cited by the Federal Court “address delay in instituting or advancing court proceedings (i.e., after patent grant), not a “delay” in patent prosecution before the rights are acquired”. Rovi also argues that even if a delay in patent prosecution could be considered a factor against granting an accounting of profits, such a determination can only be made with the benefit of evidence of full

patent file histories and expert guidance. No such evidence, according to Rovi, was considered by the Federal Court in this case.

[115] I agree with Rovi that the case law has yet to recognize delay in patent prosecution as a factor that would militate against an accounting of profits. Nevertheless, as I stated in *Videotron*, I would not completely foreclose the possibility that this sort of delay could be relevant to refusing an accounting of profits. If there were ever a basis to determine that a plaintiff had unclean hands in seeking to extend the prosecution time to allow a defendant to accumulate profits that the plaintiff would then obtain, such conduct could well be sufficiently inequitable to disentitle a plaintiff to an accounting of profits.

[116] Importantly, however, to come to this conclusion, this Court requires factual and/or expert evidence to demonstrate whether the length of time taken to obtain the Canadian patent was unduly long or short and evidence from which inferences may be drawn as to the patentee's intentions in delaying prosecution of its patents. As stated in *Videotron*, “[w]ithout evidence as to what patent prosecution practice is and means in each country this Court cannot draw meaningful inferences as to delay or wilfulness”: *Videotron* at para. 125, citing *Merck & Co. v. Apotex Inc.*, 2006 FC 524, [2006] F.C.J. No. 1490 at para. 39, rev'd (on other grounds) 2006 FCA 323, [2006] F.C.J. No. 1490, leave to appeal to SCC refused, 31754 (10 May 2007). Experts could be retained to consider a number of factors to assess the adequacy of the explanation for a delay in prosecution, including the actual duration of the applicant's delay, how it compares to delays typically seen, and whether the delay was caused by the Canadian Intellectual Property Office (CIPO). In addition, evidence as to the purpose behind the use of delay tactics would be relevant.

[117] In the instant case, the Federal Court had no evidence about normal practice and delays typically seen before the Patent Office, nor about Rovi's motives in prosecuting the Patents the way it did. The Court could not infer merely from the time it took to prosecute the patents that Rovi was engaged in delay tactics. Therefore, it was a reviewable error for the Federal Court to have relied in its remedial analysis on the length of time it took to prosecute the Patents before the Patent Office.

[118] Beyond these errors, Rovi also argues that the Federal Court erred in its denial of an injunction. Rovi alleges that the Federal Court's "adoption of the U.S. approach" in this case is a departure from longstanding principles around permanent injunctions in Canada which, it contends, are rarely denied a successful patentee, including those who licence their inventions in Canada.

[119] I agree with Rovi that permanent injunctions in Canada are rarely denied to a successful patentee if infringement is found. Rarely, however, is the operative word and implies that judges do have the discretion to do so in exceptional circumstances. There are a number of "traditional concerns of equity" that "imbue many equitable remedies", including the grant of mandatory injunctions: Jeffrey Berryman, *The Law of Equitable Remedies*, 3rd ed. (Irwin Law, 2023) at 286 [Berryman]. These concerns of equity translate into discretionary factors that may justify a court in depriving a plaintiff of an injunction, assuming the denial is not arbitrary and is done on a reasoned basis. Such factors include, but are not limited to, 1) delay, 2) unclean hands, 3) hardship, and 4) impossibility of performance: Berryman at 286-291.

[120] I also agree with Rovi that, prior to this decision, Canadian courts have not endorsed the American approach to permanent injunctions or any related principles derived from the *eBay* decision. In the U.S., as noted in *eBay*, to obtain a permanent injunction, a four-factor test requires a plaintiff to demonstrate the following: (1) that it has suffered an irreparable injury; (2) that remedies available at law, such as monetary damages, are inadequate to compensate for that injury; (3) that, considering the balance of hardship between plaintiff and defendant, a remedy in equity is warranted; and (4) that the public interest would not be disserved by a permanent injunction.

[121] In light of the focus on the irreparable harm in the U.S. context, it is possible that a patentee who is merely seeking licencing revenues would not be considered to suffer irreparable harm without an injunction and could be adequately compensated by damages. Given this, although injunctions are often granted in response to patent infringement, whether a patentee practices the invention may have an important bearing on the analysis in the U.S: see generally Stacy Streur, “The eBay Effect: Tougher Standards but Courts Return to the Prior Practice of Granting Injunctions for Patent Infringement” (2009) 8(1) *Northwestern Journal of Technology and Intellectual Property* 67 for a discussion of how permanent injunctions have evolved since the *eBay* decision and how U.S. courts have understood irreparable harm in this context.

[122] However, in Canada, there is no separate requirement for irreparable harm nor an explicit requirement for balancing in the test for a permanent injunction as opposed to an interlocutory one. In *Google Inc. v. Equustek Solutions Inc.*, 2017 SCC 34, [2017] S.C.R. 824, Justices Côté and Rowe, writing in dissent (on other grounds), stated “[t]o obtain a permanent injunction, a

party is required to establish: (1) its legal rights; (2) that damages are an inadequate remedy; and (3) that there is no impediment to the court's discretion to grant an injunction”: at para. 66, citing *1711811 Ontario Ltd. v. Buckley Insurance Brokers Ltd.*, 2014 ONCA 125, 371 D.L.R. (4th) 643 at paras. 74-80; Ian Spry, *The Principles of Equitable Remedies*, 9th ed. (Thomson Reuters, 2014) at 395 and 407-408.

[123] Aside from these jurisprudential differences, I also note that the focus of the *eBay* case is not on patent holdup. Although patent holdup was discussed by Justice Kennedy in his concurring opinion, the majority does not reference it at all. Instead, *eBay* is simply an example where the U.S. Supreme Court denied injunctive relief in a patent case.

[124] More importantly, even though an injunction is a discretionary remedy, it is generally accepted in this country that an injunction is the principal preventive remedy in patent law. The purpose of an injunction in this context is to prohibit an infringer from infringing the patent for the unexpired portion of the term of the patent: Donald H. MacOdrum, *Fox on the Canadian Law of Patents*, 5th ed. (Thomson Reuters, 2024, loose-leaf) at § 14:2; Berryman at 323, citing Roger Hughes & John Woodley, *Hughes and Woodley on Patents*, 2d ed. (Markham, ON: LexisNexis Butterworths, 2019, loose-leaf) at § 53; Andrew Shaughnessy & Robert H. Barrigar, *Canadian Patent Act Annotated*, 2d ed. (Toronto: Thomson Reuters Canada, 2022) at § 19:151.

[125] Indeed, in *Valence Technology Inc. v. Phostech Lithium Inc.*, 2011 FC 174, 384 F.T.R. 162, aff'd 2011 FCA 237, 96 C.P.R. (4th) 207, Justice Gauthier found that in upholding the patent, “the Court should refuse to grant a permanent injunction where there is a finding of

infringement, only in very rare circumstances”: at para. 240. This was recently endorsed in three Federal Court decisions: see *NCS Multistage Inc. v. Kobold Corporation*, 2023 FC 1486, 204 C.P.R. (4th) 1 at para. 1658; *Farmobile, LLC v. Farmers Edge Inc.*, 2022 FC 22, 189 C.P.R. (4th) 281 at para. 86, aff’d 2022 FCA 116, 2022 A.C.W.S. 2398; *Bombardier Recreational Products Inc. v. Arctic Cat, Inc.*, 2020 FC 946, 178 C.P.R. (4th) 355 at para. 37.

[126] Thus, absent circumstances that would render injunctive relief inequitable, a plaintiff can generally expect to receive injunctive relief in Canada where a valid patent has not expired and has been infringed. This includes situations where the patent is close to expiry.

[127] In addition, as with the remedy of an accounting of profits, the fact that a patentee licences its invention does not, in and of itself, disentitle a patentee to injunctive relief for the same reasons noted in *Seedlings Life Science Ventures, LLC v. Pfizer Canada ULC*, 2021 FCA 154, 339 A.C.W.S. (3d) 69. There Justice Locke wrote as follows at paragraph 79:

I am particularly concerned about the potential effect of such a broadly defined principle on inventors who recognize that their specialty lies in inventing, and that production and marketing of their inventions are better left to different specialists. Such inventors will seek to license third parties to take their inventions to market as a matter of business efficiency. The broadly defined principle would force such inventors to choose between business efficiency and retaining a potential remedy for infringement of their patent rights. The value of a patent would therefore be reduced for specialist inventors. I see no reason to force such a choice. In my view, business efficiency should be encouraged.

[128] In my view, the foregoing concerns apply equally to injunctive relief, which accordingly should not be denied merely because a patentee chooses to commercialize its patents by licencing them.



[129] I also note that the Federal Court’s comment in paragraph 625 of the Decision, to the effect that the respondents were unable to take any action to have the Patents declared invalid when they were pending is somewhat misleading, because it ignores the existence of section 34.1 of the *Patent Act*, which permits anyone to submit prior art to CIPO to be considered in relation to the patentability of published patent applications.

[130] As is apparent from the foregoing discussion, I agree with Rovi that the Federal Court erred in many respects in its remedial analysis.

IV. Proposed Disposition

[131] However, these errors regarding remedy do not affect the outcome of this appeal. Because there is no basis to interfere with the Federal Court’s obviousness and anticipation findings, I would dismiss this appeal with costs.

“Mary J.L. Gleason”

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J.A.

“I agree.  
David Stratas J.A.”

“I agree.  
K.A. Siobhan Monaghan J.A.”

**APPENDIX****The 870 Claims**

454. A method of playing back programs stored on another user's user equipment, comprising:

generating a request to playback a program with a first user equipment, wherein the program was recorded on a second user equipment in response to a record request generated at the second user equipment;

in response to the request to playback, receiving with the first user equipment the program from the second user equipment; and

generating for display the received program.

456. The method of claim 454, wherein the program is a broadcast program.

720. A method for playing back programs, the method comprising:

receiving a record request at a first user equipment to record a program on the first user equipment, wherein the first user equipment is coupled to a first display screen configured to generate for display video;

in response to receiving the record request at the first user equipment, recording the program on the first user equipment;

transmitting, from a second user equipment to the first user equipment, a request to play back the program, wherein the second user equipment is coupled to a second display screen configured to generate for display video;

receiving, at the first user equipment from the second user equipment, the request to play back the program;

in response to receiving, at the first user equipment from the second user equipment, the request to play back the program, transmitting the program to the second user equipment;

receiving, at the second user equipment, the transmitted program from the first user equipment; and

generating for display, at the second user equipment, the received program on the second display screen.

721. The method of claim 720, wherein the program is a broadcast program.

724. The method of claim 720, further comprising:

recording the program on the first user equipment with media guidance data associated with the program.

### **The 585 Claims**

33. A method of providing a plurality of users access to recordings of a plurality of broadcast television programs having scheduled start-times and end-times, wherein the plurality of broadcast television programs are broadcast to the users, the method comprising:

selectively recording, based on retention criteria, a subset of the plurality of broadcast programs on storage of a server remote to the users;

providing a first user of the plurality of users at a first user device with access to at least a portion of a first recorded broadcast program during a retention-period; and

removing the recorded first broadcast program from the storage at the end of the retention-period.

34. The method of claim 33, further comprising:

tuning the first user device to the first broadcast program at a tune-time, wherein the tune-time is after the scheduled start-time of the first broadcast program;

determining that the start-time of the first broadcast program has elapsed; and

in response to determining, accessing the portion of the recorded first broadcast program provided by the remote server at the first user device, wherein the portion corresponds to a portion of the first broadcast program that was broadcasted by the facility prior to the tune-time.

36. The method of claim 33, further comprising:

receiving a request, at the remote server, from the first user device to access the recorded first broadcast program; and

transmitting the portion of the recorded first broadcast program from the remote server to the first user device upon receiving the request.

85. A system comprising: a server remote to the users configured to: selectively record, without user interaction, a broadcast program on a storage device of a server remote to a user equipment device, wherein: the broadcast program is selectively recorded based on a criteria determined by the server, and the user equipment device can access the broadcast program that has been selectively recorded.

87. The system of claim 85, wherein the recorded broadcast program is only accessible by the user equipment device during a predefined access-period.
125. A method comprising: automatically storing only some of a plurality of broadcast programs on a storage device of a server remote to a plurality of user equipment devices; enabling the plurality of user equipment devices to access the server such that a plurality of users can access the broadcast programs that have been stored; and removing a first broadcast program of the stored broadcast programs from storage at the end of a predetermined period of time.
127. The method of claim 125, wherein each stored broadcast program is only accessible by the plurality of user equipment devices during a predefined access-period.

**FEDERAL COURT OF APPEAL**

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