

No. S090663 Vancouver Registry

FREME COURT SCIN-THE SUPREME COURT OF BRITISH COLUMBIA

BETWEEN:

CAMBIE SURGERIES CORPORATION, CHRIS CHIAVATTI by his litigation guardian RITA CHIAVATTI, MANDY MARTENS, KRYSTIANA CORRADO by her litigation guardian ANTONIO CORRADO, ERMA KRAHN

PLAINTIFFS

AND:

MEDICAL SERVICES COMMISSION OF BRITISH COLUMBIA, MINISTER OF HEALTH SERVICES OF BRITISH COLUMBIA and ATTORNEY GENERAL OF BRITISH COLUMBIA

DEFENDANTS

AND:

SPECIALIST REFERRAL CLINIC (VANCOUVER) INC.

DEFENDANT BY COUNTERCLAIM

AND:

DR. DUNCAN ETCHES, DR. ROBERT WOOLLARD, GLYN TOWNSON, THOMAS McGREGOR, BRITISH COLUMBIA FRIENDS OF MEDICARE SOCIETY, CANADIAN DOCTORS FOR MEDICARE, MARIËL SCHOOFF, DAPHNE LANG, JOYCE HAMER, MYRNA ALLISON, CAROL WELCH and BRITISH COLUMBIA ANESTHESIOLOGISTS' SOCIETY

INTERVENERS

NOTICE OF APPLICATION

Name of applicants: The Plaintiff Cambie Surgeries Corporation ("CSC") and the Defendant by Counterclaim Specialist Referral Clinic (Vancouver) Inc. ("SRC")

To: Medical Services Commission of British Columbia (the "Commission")

TAKE NOTICE that an application will be made by CSC and SRC to the presiding judge at the courthouse at 800 Smithe Street, in the City of Vancouver, in the Province of British Columbia, on November 20 - 21, 2012, at 9: 45 a.m. for the order(s) set out in Part 1 below.

Part 1: ORDER(S) SOUGHT

1. An order staying the Commission's Notice of Application for injunctive relief, filed on

September 6, 2012, until the constitutional validity of sections ss. 14, 17, 18 and 45 of the *Medicare Protection Act*, R.S.B.C. 1996, c. 286, has been determined by this Court in this action.

- 2. Costs; and
- 3. Such other Orders or relief as this Honourable Court may grant.

Part 2: FACTUAL BASIS

(a) Introduction

1. On September 6, 2012, the Commission filed a Notice of Application, seeking a declaration that the CSC and SRC have contravened and continue to contravene ss. 17(1) and 18(3) of the *Medicare Protection Act*, R.S.B.C. 1996, c. 286 (the "MPA") and an order that CSC and the SRC be prohibited from contravening these sections (together, the "Injunction Application").

Notice of Application of the Commission, filed September 6, 2012, Part 1, paras. 1-4

- 2. If the Injunction Application were granted, it would have the effect of prohibiting SRC and CSC from offering medical services and facilities that are necessary to the life and health of patients in British Columbia.
- 3. The Applicants submit that the Injunction Application should be stayed, without the need of a hearing on the merits, on the grounds that:
 - (a) The court has already heard and decided the issue of whether the constitutional questions should be determined before considering applications for specific relief and ruled that "it would be wasteful of court time and the parties' resources to address the specific relief", before the question of constitutionality is decided.
 - (b) The Commission's application for injunctive relief, prior to the determination of the constitutional issues, is therefore an improper attempt to relitigate issues that were before the court on October 14-16 and November 17, 2009, and is barred as an abuse of process.
 - (c) The Commission has not demonstrated any urgency in the application, and in particular, has not provided any reason why the application must be heard before the constitutional questions have been determined.
 - (d) The Commission has not demonstrated any need for the application, and in particular has failed to identify any harm to the defendants or the public if the injunction is not granted prior to the determination of the constitutional questions.
 - (e) It would be an obvious and profound injustice to the plaintiffs and the public, if the court were to hear the Injunction Application and prohibit the plaintiffs from

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engaging in activities that the court later finds, after a full and careful consideration of all of the evidence, are constitutionally protected. In effect, the court is being asked to enjoin, on an interlocutory basis, conduct that it may subsequently determine amounts to a constitutional right. Such a ruling would not only be profoundly unjust, it would bring the administration of justice into disrepute.

(b) Facts

4. The Plaintiff CSC owns and operates the Cambie Surgery Centre ("Surgery Centre") in the City of Vancouver, British Columbia. The Surgery Centre is a multi-specialty surgical and diagnostic facility. The Surgery Centre has been in operation since July 1996.

Affidavit #3 of Dr. Brian Day, sworn October 2, 2012

5. The Defendant by Counterclaim SRC owns and operates a medical clinic at 555 West 12th Avenue, in the City of Vancouver, British Columbia. SRC was established in 2002 by a group of orthopaedic and other specialist physicians in British Columbia in order to improve their ability to provide medical assessment and expedite treatment for British Columbia patients. SRC provides expedited assessments and consultations to a large spectrum of client groups. SRC also arranges for diagnostic testing ordered by its specialists, and provides patients with access to the Surgery Centre if they choose to pursue surgery as a treatment option.

Affidavit #4 of Dr. Brian Day, sworn October 2, 2012

6. The Defendant Commission, as well as the Defendant Minister of Health Services and the Attorney General of British Columbia, have known and accepted, since the time CSC and SRC commenced operations in 1996 and 2002 respectively, that CSC and SRC were providing medical services to residents of British Columbia in a manner that the Defendants knew (or believed) violated the *Medicare Protection Act*, R.S.B.C. 1996, c. 286 (the "MPA), such as the statutory prohibitions against direct and extra billing for medically required services.

Affidavits #3 and #4 of Dr. Brian Day, sworn October 2, 2012 Affidavit #1 of Gordon Denford, sworn October 2, 2012 Affidavit #1 of Dr. Derryck Smith, sworn October 11, 2012

7. On December 4, 2008, the interveners Schooff, Lang, Hamer, Allison and Welcch (the "Petitioners") filed a Petition in B.C. Supreme Court, on notice to the Attorney General of B.C., the Ministry of Health Services, and a number of independently operated medical clinics, including CSC, seeking a declaration that the Commission and the Ministry are not acting in accordance with their obligations under the MPA. In particular, the Petitioners allege that the Commission and Ministry have failed to enforce the legislative prohibition against direct and extra billing for medically required services rendered by medical practitioners, contrary to the MPA, and seek orders in the nature of mandamus compelling the Commission and the Ministry to comply with the provisions of the MPA.

Schooff v. Medical Services Commission, 2009 BCSC 1596 ("Schooff"), at para. 2
Canadian Independent Medical Clinics Association v. British Columbia (Medical Services
Commission), 2010 BCSC 927 ("CIMCA"), at paras. 3-6
Further Amended Petition, Exhibit "A" to Affidavit #1 of D. Sutherland

8. On January 28, 2009, the Plaintiff Cambie, together with an association of private medical clinics and a four other private medical clinics operating in B.C., filed a writ and statement of claim commencing this proceeding (the "Action"). In the Action, the Plaintiff sought a declaration that ss. 14, 17, 18 and 45 of the Medicare Protection Act, R.S.B.C. 1996, c. 286 (the "MPA"), the provisions that restrict the billing practices of physicians and facilities in British Columbia for benefits provided under the MPA, are unconstitutional. The Plaintiff argues the provisions of the MPA are unjustifiable infringements of ss. 7 and 15 of the Charter.

CIMCA, at para. 9

- 9. On February 20, 2009, the Defendants filed their statement of defence and made a counterclaim against CSC and SRC. In its counterclaim the Commission sought declarations that there is reason to believe CSC and SRC have contravened ss. 17 and 18 of the MPA; and interim and permanent injunctions restraining CSC and SRC from contravening ss. 17 and 18 of the MPA.
- 10. On April 29, 2009, CSC brought an application to be added to the Petition as a respondent. The application was opposed by the Petitioners, the Commission and the Attorney General. On May 14, 2009, Mr. Justice Pitfield granted the application and CSC was added as a respondent in the Petition proceeding.

CIMCA, at para. 10 Affidavit #1 of Lynda Chew, sworn May 6, 2010

11. On August 14, 2009, the Plaintiff Cambie filed a Notice of Constitutional Questions in the Action, raising the constitutional validity of the *MPA*. Cambie filed a Notice of Constitutional Questions, raising the same issues, in the Petition (together, the "Constitutional Challenge").

CIMCA, at para. 11

- 12. On October 1, 2009, the Petitioners filed an Amended Petition naming Cambie (and another clinic, False Creek Surgical Centre Inc.) as respondents. The substance of the Petition otherwise remained unchanged.
- 13. On August 20, 2009, the Commission filed Notices of Motion (dated August 18, 2009) in both the Petition and the Action seeking orders directing that the Constitutional Challenge to be heard and decided in the Action, not the Petition, and orders directing that the Petition be stayed pending a determination of the Constitutional Challenge. The Commission also sought orders that the Action and the Petition be stayed pending the completion of the audits of the Cambie Surgery Centre and the Specialist Referral Clinic. The Notice of Motion filed in the Action was on notice to both CSC and SRC.

Exhibits B and C to the Affidavit #1 of D. Sutherland

14. On October 8, 2009, Cambie filed a Notice of Motion in the Petition and the Action seeking an order that the Constitutional Challenge be determined in a summary manner, by way of affidavit evidence, cross-examination on such affidavits, and oral argument, and in the alternative, that the Constitutional Challenge be determined in the Action in the same manner.

Exhibits D, E, F and G to the Affidavit #1 of D. Sutherland

15. The Defendants opposed the relief sought by Cambie in its Notices of Motion.

Exhibits H and I to the Affidavit #1 of D. Sutherland

- 16. Before the Court, the Defendant Commission, Ministry of Health and Attorney General argued that:
 - (a) The only appropriate means to determine the Constitutional Challenge is in the context of the Action, in the context of a full trial on those issues;
 - (b) The factual basis for the Petition would not support a Constitutional Challenge;
 - (c) The Constitutional Challenge will require the court to engage in an extensive fact finding, and is unsuitable for a R18A summary trial given the complexity of the factual and legal issues in dispute (in particular unsettled questions of law);
 - (d) The Petition should be held in abeyance pending the outcome of the Action; and
 - (e) The Commission's applications for warrants should proceed prior to any other steps in the Action.

Exhibit "J" to Affidavit #1 of Debra Sutherland

17. These matters came on for hearing in chambers before Madam Justice Lynn Smith on October 14-16, and November 17, 2009. The three main issues before the court to be determined were: (1) the appropriate way to determine the Constitutional Challenge (whether in the Petition, or the Action, or in both) and directions for pre-trial process in both matters; (2) the application by the Commission for a warrant, or in the alternative, an injunction, requiring Cambie and SRC to submit to an audit; and (3) applications by several individuals and two organizations for party or intervenor status in the Petition or the Action.

Schooff v. Medical Services Commission, 2009 BCSC 1596, at para. 13

18. With respect to the first issue, the court considered whether the constitutional issues should be determined through a trial process, or through a summary process, or some other method. The court also considered the question of whether the constitutional issues should be determined in the Action, in the Petition, or in both proceedings.

Schooff, at para. 17

19. Madam Justice Smith ultimately agreed with the defendant that the constitutional issues should be determined in the context of the Action, and that the Petition should be held in

abeyance pending the outcome of the Action. On November 20, 2009, the court pronounced an order to the same effect.

Schooff, at paras. 26-33 Exhibit "K" to Affidavit #1 of Debra Sutherland

20. The court reasoned as follows:

- (a) It is clear that it will be necessary to find facts in a complex area, on the basis of rigorously-contested evidence, in order to properly determine the constitutional issues. The constitutional issues therefore ought to be determined in the Action, and not the Petition. (para. 35);
- (b) The Petition should be stayed pending the resolution of the constitutional issues. As the Court put it at para. 40:
 - [40] Having decided that the Constitutional Issues should be determined in the Action, I turn to the question of the Petition. The Petitioners seek to compel the government to enforce legislation which may or may not be constitutional. <u>Until the question of constitutionality is decided, it would be wasteful of court time and the parties' resources to address the specific relief sought in the Petition. I conclude that the Petition should be stayed until the Constitutional Issues have been decided in the Action.</u>
- 21. For years the Defendants have not only acquiesced to, but have benefitted from the provision of private medical services to the residents of British Columbia by the CSC and SRC.

Affidavits #3 and #4 of Dr. Brian Day, sworn October 2, 2012 Affidavit #1 of Gordon Denford, sworn October 2, 2012 Affidavit #1 of Dr. Derryck Smith, sworn October 11, 2012

Part 3: LEGAL BASIS

(a) Relitigation of an Issue

- 1. The court has already heard and decided the issue of whether the constitutional questions should be determined before considering applications for specific relief and ruled that "it would be wasteful of court time and the parties' resources to address the specific relief', before the question of constitutionality is decided. The Commission's application for injunctive relief, prior to the determination of the constitutional issues, is therefore an improper attempt to relitigate issues that were before the court on October 14-16 and November 17, 2009, and is barred as an abuse of process.
- 2. The doctrine of abuse of process by relitigation applies where the matter before the court is found to be in essence an attempt to relitigate a matter that the court has already determined. It may still apply where the strict requirements of issue estoppel are not met, but where allowing the matter to proceed would nonetheless violate such principles as judicial economy, consistency, finality and integrity of the administration of justice.

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Toronto (City) v. Canadian Union of Public Employees, Local 70 ("Toronto v. C.U.P.E."), 2003 SCC 63; [2003] 3 S.C.R. 77, at paras. 37-38

- 3. The CSC and SRC submit that the Commission's Injunction Application is, in essence, an attempt to relitigate one of the key issues before Madam Justice Smith on October 14-16 and November 17, 2009, namely whether the Petition should be stayed pending the resolution of the Constitutional Challenge in the Action. In essence, the issue before the Court, once it determined that the Constitutional Challenge would be decided in the Action, was whether the Commission's enforcement of the MPA should be stayed pending the resolution of the Constitutional Challenge. This Court said it would be impractical and costly to consider the enforcement of the MPA prior to determining whether the relevant provisions were constitutional.
- By seeking to enforce the MPA against the CSC and SRC in the Injunction Application, 4. the Commission is, in effect, asking the Court to relitigate the very question it has already determined. The CSC and SRC submit it would violate the principles of consistency and fairness, particularly where the Commission itself sought an order that the Petition be stayed. Moreover it would violate the principle of judicial economy, the very principle Madam Justice Smith sought to protect.
- 5. This court has an inherent and residual discretion to prevent an abuse of its process. An abuse of process may be established where the proceedings are oppressive or vexatious, and violate the fundamental principles of justice underlying the community's sense of fair play and decency. The doctrine engages the inherent power of the court to prevent the misuse of its procedure in a way that would be manifestly unfair to a party to the litigation before it, or would in some other way bring the administration of justice into disrepute.

Toronto v. C.U.P.E., at paras. 36-37

6. The CSC and SRC submit that the litigation history of the Action and the Petition, as well as the affidavit evidence tendered by the CSC and SRC, demonstrate that the Commission's Injunction Application is an abuse of the Court's process. First, the relief sought in the Injunction Application is in substance the same as the relief sought in the Petition – the Commission's enforcement of the MPA. This Court has already determined that the request for such relief should be considered after the Constitutional Challenge has been heard. It is improper for the Commission to now seek to reopen this issue. Second, the impropriety of the Commission's Injunction Application is reinforced by the fact that it was the Commission that sought the order that the Petition be stayed pending the resolution of the Constitutional Challenge. For the Commission to now seek undermine a court order granting the very relief the Commission sought is improper and unfair.

(b) The Legal Test for a Stay is Satisfied

7. Even if this Court has not already ruled that the constitutionality of the Impugned Provisions should be determined first, a stay of the Injunction Application ought to be

granted pending the determination of the constitutional validity of the statutory provisions in question.

Metropolitan Stores (MTS) Ltd. v. Manitoba Food and Commercial Workers, Local 832, [1987] 1 SCR 110; RJR-MacDonald v. Canada, [1994] 1 SCR 311

8. In this application, the three part test for a stay established by the Supreme Court of Canada for cases involving constitutional challenges to legislation applies: (1) has the applicant demonstrated the existence of a serious question to be tried? (2) will the applicant suffer irreparable harm if the injunction is not granted? (3) does the balance of convenience favour granting the injunction?

(i) Serious question to be tried

9. In this case no party has seriously contended that there is not a serious issue to be tried as to whether the ss. 14, 17, 18 and 45 of the MPA violate ss. 7 and 15 of the Charter.

Chaoulli v. Quebec (Attorney General), [2005] 1 SCR 791; Canada (Attorney General) v. PHS Community Services Society, [2011] 3 SCR 134, at para. 136 ["Insite"].

(ii) Irreparable harm

- 10. To satisfy the second branch of the test, the applicants must establish that there will be irreparable harm if the stay is not granted.
- 11. The applicants have tendered extensive evidence establishing that prolonged and intractable wait times in the public healthcare system are endangering the health and lives of patients in British Columbia and that the services provided by the applicants are an alternative that improves the lives and health of all patients in British Columbia. Rather than harming the public interest, the services provided by doctors at SRC and the facilities provided by CSC promote and enhance the public interest, by easing the strain placed on the public healthcare system by lengthy and unacceptable wait times. Further, the affidavit evidence tendered by the Plaintiffs shows that the applicants have contributed positively to health care in the province by treating patients in serious need who have been unable to obtain timely treatment in the public healthcare system.
- 12. While the restrictions in the MPA on the provision of private healthcare in British may have been intended to advance the public interest, they are not doing so. As Premier Dosangh stated in 2000, "unless and until the public health care system in BC can provide timely medical service to BC residents, there is a need for private clinics, such as Cambie, in the province to alleviate the strain on the public system."
- 13. The Commission has led no evidence that waiting times have improved since Premier Dosangh's comments in 2000, or about why the MPA was not being enforced against private clinics such that the Commission can now justify enforcement of the restrictions on private healthcare in the MPA against the applicants in order to protect the public

interest. Indeed, the evidence tendered by the Plaintiffs and the Defendant by Counterclaim demonstrates that wait times are worse today than they were in 2000.

14. The Applicants submit that being able to continue their operations in the manner that it they have for more than a decade would in fact further the public interest, rather than harm it.

(iii) Balance of convenience

15. The Commission has not identified, let alone tendered any evidence of, any harm to the defendants or the public if a stay is granted until the determination of the constitutional questions.

Ontario (Attorney General) v. Ontario Teachers' Federation, 1997 CanLII 12182 (Ont. S.C.)

16. In contrast, the evidence overwhelmingly demonstrates that irreparable harm will be suffered if the stay is not granted. If applicants are forced to cease offering services to BC residents on a private basis, all those patients in British Columbia who have elected to use these services to alleviate unreasonable wait times would find themselves back facing the delays and waitlists found in the British Columbia public healthcare system, leading to the significant consequences associated with delayed treatment. This increased risk of disease and harm is disproportionate to, and not outweighed by, any benefit that might arise from altering the status quo and prohibiting SRC from operating as it always has.

Insite, at para. 136

- 17. Further, there is clearly no urgency in the Injunction Application. For years, the Commission, and the government of British Columbia, have not only acquiesced to, but have benefitted from the provision of private medical services to the residents of British Columbia and it is manifestly unfair to only now argue that the applicants' services will give rise to irreparable harm. At this point, the applicants' role within the British Columbia healthcare system reflects the status quo, and that status quo ought to be maintained pending the determination of these important constitutional questions.
- 18. There is no evidence of any urgency and no justification for altering the status quo while waiting for a determination of the constitutionality of the MPA. Given the Commission and the government's historical acceptance of the operations of the applicants, continuing the status quo until the constitutional issues are resolved will not cause any harm to the public. If applicants' facilities, staff, and equipment go underutilized, despite that the public healthcare system in British Columbia currently lacks the capacity and the ability to properly satisfy demand, British Columbia residents will be harmed as a result. For all these reasons, the status quo is in the public interest.
- 19. Finally, in addition to the above reasons, the CSC and SRC submit that the Injunction Application offends the community's sense of fair play and decency. The defendants have known and accepted, since the time CSC and SRC commenced operations that the CSC and SRC were providing medical services to residents of British Columbia in a

manner that the Defendants understood violated the MPA. The defendants benefitted from the CSC and SRC's operations because they treated patients who could not receive treatment in the public health care system in a reasonable time. It is manifestly unfair for the Commission to now argue that CSC and SRC's continued operation, pending the outcome of the Constitutional Challenge, will give rise to irreparable harm.

- 20. It would be an obvious and profound injustice to the plaintiffs and the public, if the court were to hear the Injunction Application and prohibit the plaintiffs from engaging in activities that the court later finds, after a full and careful consideration of all of the evidence, are constitutionally protected. In effect, the court is being asked to enjoin, on an interlocutory basis, conduct that it may subsequently determine amounts to a constitutional right. In reality what this means is that the CSC and SRC would effectively be prohibited from offering medical services and facilities to patients in British Columbia that are necessary to the life and health of those patients. Such a ruling would not only be profoundly unjust, it would bring the administration of justice into disrepute.
- 21. For all of these reasons, the CSC and SRC submit that the Injunction Application should be stayed pending the resolution of the Constitutional Challenge.

Part 4: MATERIAL TO BE RELIED ON

- 1. Affidavit #1 of Debra Sutherland, sworn November 8, 2012;
- 2. Affidavit #1 of Lynda Chew, sworn May 6, 2010;
- 3. Affidavit #1 of Dr. Alastair Younger, sworn October 1, 2012;
- 4. Affidavit #1 of Anokh Aadmi, sworn October 5, 2012;
- 5. Affidavit #1 of Dr. Antoni Otto, sworn October 4, 2012;
- 6. Affidavit #1 of Barbara Collin, sworn October 4, 2012;
- 7. Affidavit #1 of Dr. Bassam Masri, sworn October 2, 2012;
- 8. Affidavit #3 of Dr. Brian Day, sworn October 2, 2012;
- 9. Affidavit #4 of Dr. Brian Day, sworn October 2, 2012;
- 10. Affidavit #1 of Dr. Derryck Smith, sworn October 11, 2012;
- 11. Affidavit #1 of Erma Krahn, sworn September 24, 2012;
- 12. Affidavit #1 of Gordon Denford, sworn October 2, 2012;
- 13. Affidavit #1 of Janet Walker, sworn October 4, 2012;
- 14. Affidavit #1 of Krystiana Corrado, sworn September 25, 2012;
- 15. Affidavit #1 of Leslie Vertesi, sworn October 11, 2012;
- 16. Affidavit #1 of Mandy Martens, sworn September 26, 2012;
- 17. Affidavit #1 of Dr. Marcel Dvorak, sworn October 5, 2012;
- 18. Affidavit #1 of Dr. Mark Adrian, sworn October 5, 2012;
- 19. Affidavit #1 of Dr. Ramesh Sahjpaul, sworn October 5, 2012;
- 20. Affidavit #1 of Dr. Richard Kramer, sworn October 2, 2012;
- 21. Affidavit #1 of Rita Chiavatti, sworn September 25, 2012;
- 22. Affidavit #1 of Dr. Ross Davidson, sworn October 2, 2012;
- 23. Affidavit #1 of Dr. William Regan, sworn October 9, 2012;
- 24. Affidavit #1 of Zoltan Nagy, sworn September 27, 2012;

26. Th	ne pleadi	for Debbie Waitkus, sworn November 1, 2012; Ings and proceedings herein; and Inaterial as this Honourable Court may permit.
The applic] Th	stimate(s) that the application will take 2 days. is matter is within the jurisdiction of a master. is matter is not within the jurisdiction of a master.
application	n, you m nder Rule) file (i) (ii)) ser cop (i) (ii)	ve on the applicant 2 copies of the following, and on every other party of record one by of the following: a copy of the filed application response; a copy of each of the filed affidavits and other documents that you intend to refer to at the hearing of this application and that has not been already been served on that person; if this application is brought under Rule 9-7, any notice that you are required to give under Rule 9-7(9).
	To be c	ompleted by the court only:
	Order r	nade in the terms requested in paragraphs of Part I of this notice of application
	[]	with the following variations and additional terms:
	Date:	Signature of [] Judge [] Master

[The following information is provided for data collection purposes only and is of no legal effect.]

APPENDIX

THIS APPLICATION INVOLVES THE FOLLOWING:

discovery: comply with demand for documents
discovery: production of additional documents
other matters concerning document discovery
extend oral discovery
other matter concerning oral discovery
amend pleadings
add/change parties
summary judgment
summary trial
service
mediation
adjournments
proceedings at trial
case plan orders: amend
case plan orders: other
experts.

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