

LAW 518

INTELLECTUAL
PROPERTY

MCDONALD & YOO

Introduction

1. Categories of Intellectual Property

- a) Copyright: A bundle of rights that accrue to creators who have created certain types of work (artistic, literary, dramatic and musical) and include the right to copy, translate, distribute, rent etc...
- b) Trade-mark: A brand for a product or service used to distinguish it from competitors.
- c) Patents: Granted for inventions/concerned with the function of something. Inventions are something new and useful (a process, an art, a machine, a composition of matter).
- d) Industrial Design: Unique designs, shapes and ornamentation - i.e. aesthetic rather than function - are protected by this.
- e) Confidential Information/Trade Secrets: Covers valuable company secrets that don't have patents but are known about only within the company/by certain individuals and its use is protected by contract. This is a common law area.
- f) Plant Breeder's Rights: Not covered in this class.
- g) Integrated Circuit Topographies: Not covered in this class.

2. What are attributes of IP?

- a) Product of the application of intellect.
- b) Intangible rights are associated with them, and these are separate from their physical embodiment.
- c) They are property, and therefore can be treated like property (i.e. incidents of ownership such as right to sell, lend, lease, license, gift, destroy and the thing has value).
- d) Statutes (usually federal) are usually important to them.
- e) Usually these are negative rights (example: the right to exclude others).

Trade-marks, Trade-names and Passing Off

1. Introduction

Trade-mark:

- A mark used by a trade to distinguish wares (products) or services. Meant to prevent confusion amongst the public by identifying the source of a product or service. Once common law but now covered by statute.
- It is used to prevent confusion amongst the public and is meant to identify the source of a product or service.

International Agreements and Foreign Protection:

- There are some international agreements whereby there are reciprocal protections offered including the Madrid Agreement Concerning the International Registration of Marks (Madrid Protocol) and Paris Convention for the Protection of Industrial Property ("Paris Convention"). Canada didn't sign the Madrid Protocol but did sign the Paris Convention which allows the using of the first date filed in one's own country as the first date filed in other Paris Convention countries (must file within 6 months in the other countries) as well as some other priority rights.

Markings:

- R with a circle = Registered.
 - Small punishment for improper use in Canada.
- TM = Trade-mark.
 - Can be registered or unregistered, but usually reserved for those without the registration.

Registered Trademark:

- Word/series of words, logo or some combination of them that distinguishes a person's work that has been registered.
- Registration is not necessary, but ensures a greater degree of protection (such as full breadth of statutory protection)
- Registration gives the right to use that trademark in Canada to the exclusion of all others ONLY in connection with the specific wares/services.

- I.E. Can stop someone from using the trademark regarding the products/services it is registered with, but not necessarily other types.
- HOWEVER some trademarks are so distinctive/powerful that they can't be used by others without confusion.

Unregistered Trademark:

- Word/series of words, logo or some combination of them that distinguishes a person's work but it has not been registered.
 - This means the rights coming from it are different and not as strong (fewer statutory provisions...mostly CL).
- Protection is limited to the geographical area in which it has become known/has a reputation.

Registered Trade Name:

- The name under which a person or entity carries on business, whether or not it is the name of a corporation, partnership or individual.
- You can register this easily, but it is worth very little and doesn't offer any protection simply evidence (and not even that great evidence).

Corporate Name:

- Involves NUANS search to ensure that identical name isn't in use (can often register if virtually identical). Offers little protection.
- S. 12.1: Can try and get registrar to remove confusing and similar name.
 - Business names can also be trademarks.

1. Is it a Trademark? (s. 2)

Trademarks (s 2):

A. Trademark/Brand Name (s.2):

- A mark used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others OR one of the following:

B. Certification Mark (s. 2):

- A Mark that is used for the purpose of distinguishing or so as to distinguish wares or services that are of a defined standard from those that are not of a defined standard.
- This is with respect to:
 - (a) Character or quality of the wares or services
 - (b) the working conditions under which the wares have been produced or the services performed
 - (c) the class of persons by whom the wares have been produced or the services performed, OR
 - (d) the area within which the wares have been produced or the services performed.

C. Distinguishing Guise (s.2):

- A shaping of wares or their containers OR a mode of wrapping or packing wares, the appearance of which is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others.
- S. 13 (1): (a) Must have already been made known and distinctive via exclusive use in association with wares and services before date of filing application for registration (b) its exclusive use should not be likely to unreasonably limit any art of Industry.
- S.13 (2): The registration of a distinguishing guise does not prevent people from using the utilitarian features of it.
- S. 13 (3): The Federal Court can expunge the registration if it decides the registration has become likely unreasonably limiting to the development of an art or industry.

D. Proposed Trademark:

- A trademark that isn't in use yet, but which the owner intends to use in the future.
- If you don't use it in a certain amount of time (usually 3 years) you won't have any protection.

2. Have TM rights been Acquired?

A. Acquiring TM Rights (s. 3 –5)

1. Use (s. 4):

- s. 4(1): A trademark is deemed to be used in association with wares if, at the time of transfer of property in, or possession of, wares in the normal course of trade it is marked on the wares themselves or on the package in which they are distributed.
 - I.E. A trademark is used when it used in the normal course of trade (sale/transfer)
- s. 4 (2): A trademark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services.
 - Sale or transfer is NOT necessary. Could be a business card.
- s.4 (3): A trademark is deemed to be used in Canada if marked in Canada on a product and then the wares are exported from Canada.

2. Making Known (s. 5):

- A trademark is deemed to have been made known in Canada if it has been used in a “country of the Union” other than Canada in association with products or services if:
 - (a) wares are distributed in association with it in Canada OR
 - (b) wares or services are advertised in association with it in:
 - (i) a printed publication circulated in the ordinary course of commerce amongst potential dealers or users.
 - (ii) Radio broadcasts ordinarily received by potential dealers or users of the wares or services
 - AND it has become WELL KNOWN in Canada by reason of the distribution or advertising.
- This can be used to register a trademark that has never been used in Canada as long as it is WELL KNOWN.

3. Adoption (s.3):

- Allows the adoption of a trademark used by a predecessor. It is deemed to be adopted when the person or his predecessor in title commenced to use it in Canada or make it known or, if that person or the predecessor had not done so when they filed an application for its registration.

B. Assignments and Licences

a. Transferability/Assignment (s. 48)

- Assignment: Giving up all or part of the ownership to another.
- Trademarks (the whole or any part of it) can be assigned to any third party and you can/supposed to record at the trademark's office.

B. Licences (s. 50)

- License: Permission to use (owner retains ownership)
- Licenses do not have to be registered, and you can license a registered or unregistered trademark.
- Section 50: The owner of a trademark gets the benefit of some presumptions if they do certain things.
- s. 50 (2): The owner of a trademark gets presumptions for their benefit if they give public notice a) that the use of the trademark is a licensed use b) of the identity of the owner.
 - The presumptions they gain on the public notice is:
 - a) Presumption that the use is licensed use.
 - b) Presumption that the character or quality of the wares or services are under the owner's control (NOTE: a major way to lose distinctiveness is losing control over who is using the product and the quality of the licenses because consistency and quality is part of being distinctive)
 - Make sure you have a written licensing agreement that clearly lists how trademarks can be used, public notice and what standards have to be met as well as how to ensure they are meeting those obligations.

- s. 50 (3): If a licensee is using a trademark and the licensor refuses to take proceedings against a 3rd party infringer, then you can step into the licensors position and sue on that.
- Owner must maintain control over the character and quality of the products and services. This can be direct or indirect (spot checks, requiring licensee to provide samples, customer surveys) as per s. 50.

C. Parallel Importation/Grey Market

- These are goods that are legitimate in one country, but then are imported into Canada in violation of a local distributor/trademark owner's right. Called parallel since with two sets of materials being brought in at the same time, one set by the allowed distributor and one by the not proper one.
- If you have an absolutely identical good without any differences, then parallel allowed. But otherwise you can stop it (even the lack of getting the same warranty can be enough).

***H.J. Heinz Company of Canada Ltd. v. Edan Food Sales Inc.* (1991)**

- Heinz Canada had the right to import/make Heinz. Eaton Canada was importing the American version from the American Heinz co (legitimate product that was legitimately manufactured) in the Heinz bottle. Consumers were confused by this.

If it is likely to cause confusion amongst the public, it will be stopped. If there is no confusion possible, then it will be allowed.

3. Is it registered?

A. Registration Process.

1. Conduct a Search: Look for prior TMs or corporate names or TM's registered. Avoid confusingly similar names and cost of search. Get client to do their own search as well as look at registry, design searches, phone book searches, strategies.ca. Even if identical, could be for different products/services.

2. Preparing the Application: Putting down the trademark and logo in conformity with s. 30. Includes a \$150 fee.

- Requirements of Application (s. 30)
 - 1) Statement in ordinary commercial terms of the specific products or services intended to or that have been used in conjunction with it.
 - 2) Date of first use (if application based on it). Each and every product and service must have a specific date and a date that was before first use can kill the application.
 - 3) How and when made known (if application based on it)
 - 4) Provide word or series of words or the logo in a particular format (block letters for words allows protection of it in all forms of design but will want to double up with specific style formatting of words for logo as well)
 - 5) Name and address of applicant and their agent.
 - 6) Other special requirements in the section.

3. Inspection/Examination:

- 1) Check Compliance with s. 30: If ok a date (important for priority) and serial number is provided. This date is not as important as first use but does shift the burden to the side opposing the application.
- 2) Internal Search by Trademark Office: TM office does on search (with s. 12 as basis and others) to ensure it is registerable.
 - If the TM office objects, can try and convince them and appeal to Federal Court.
 - Disclaimers (s. 35) can be used to get around concerns by (a) Disclaim a word or words as part of the TM (b) disclaim exclusive use. Using a disclaimer does not prevent arguing a word has acquired distinctiveness later on. This should be used with generic words.

4. Advertisement: Once examination occurs and the TM passes, then it is "allowed" and advertised in the weekly Trademark Journal. This counts as public notice.

5. Opposition Period: Third parties have two months from publication in the journal to file a statement of opposition.

6. Approved/Certification: If no opposition, then it is "approved" and becomes registered. It requires a final fee paid of \$200 bucks. If based on proposed use will need to file the declaration stating you have started using it.

B. Requirements for Registerability (s. 7, 9, 12, 16)

- Note: All prohibitions can be overcome with acquired distinctiveness.

a. Persons Entitled to Register (s. 16)

- These trademarks must all be registrable and are all subject to s. 38.
- a) Registration of Marks Used or Made Known in Canada (s. 16).
- Any applicant who has filed an application in connection with s. 30 will be entitled to register it if it was used (s. 4) or made known (s. 5) at the time by him or his predecessor unless, on the date it was first used, the following:
 - (a) It was confusing with a trademark that was previously used or made known in Canada by another person.
 - (b) There was a previously filed application for registration made by another.
 - (c) It is confusing with a trade name that was previously used in Canada by another.
 - Assess confusion on the date that the applicant first used the trademark in Canada.
 - Something about continual use for 3 years.
- b) Marks Registered and Used Abroad (s. 16 (2)):
- A person is prima facie entitled to register a trademark if it has been:
 - A) Duly registered in another country AND
 - B) That mark has been used in that country in association with the goods and services that it was registered for.
 - Use in Canada is NOT a requirement.
 - This is subject to the same three conditions as s. 16 (1) BUT the date on which confusion is assessed is the date that the foreign entity files for its Canadian application.
- c) A Proposed Mark (s. 16 (3)):
- Proposed trademarks can be registered so long as the same three issues of confusion mentioned above aren't present.
 - BUT it still needs to be used in association with what it was proposed to be used for within a certain time frame.
 - Subject to the same three conditions as s. 16 (1)
 - Section 16 (3) is subject to s. 40 (filing Declaration of Use) and s. 38 (statement of opposition).
 - If you register it for a lot of products but don't end up producing all, you can go back and delete what you don't use.

b Prohibitions (s. 7)

- Most of these are actually leftovers from the Unfair Competition Act, but can still be used to plead against another party.
 - If the trademark is not used in commerce, it is not being used under the act.
- s. 7 (a): No false or misleading statement tending to discredit the business, wares or services of a competitor;
- Equivalent of slander. No need to show intent; just that statement was made.
- s. 7 (b): No person shall direct public attention to their business, wares or services in such a manner as to cause confusion between his and the services of another.
- Equivalent to passing off (CL tort). Intention is not relevant; this is about causing or being likely to cause confusion.
 - Can be plead in conjunction with CL for remedies you don't get at CL. It is the only really relevant section.
- s. 7 (c): No person shall pass off wares or services as or for those ordered or requested.
- This is about bait and switch (ex: come in for one thing advertised and you never had it).
- s. 7 (d): It is not permitted to make use of a description that is false in a material respect
- (ex: way it was manufactured or produced, country of origin, etc....).
- s. 7 (e): No one will do anything that is contrary to good business practice.
- Struck down.

c. Prohibited Marks (s. 9)

- Provides a large list of trademarks that can be used
- Section 9 (1)(n): An official mark that has been adopted by a university or her Majesty's forces or a public authority in Canada.

- This is used by public authorities to register whatever they want. No one can stop them since s. 38 does not allow people to object here. These are not advertised for opposition. This can't stop someone who is already using a trademark however.
- This is the most important one to know.

Ontario Assn. of Architects v. Assn. of Architectural Technologists of Ontario [2002]

- This case clamped down on rampant adoption of public authority trademarks by quasi-public authorities.

d. Trademarks that are not Registerable (s. 12)

- This section lists all the trademarks that are unregistrable. Know this section more.

i) Names or Surnames of Individuals (s. 12(1)(a)):

- A trademark cannot be a word that is primarily or merely the name or surname of a person who is living or who has died within the preceding 30 years. If word has acquired secondary meaning you are ok.

***Reg. T.M. v. Coles Bookstores Ltd.* [1974]**

- The Test: Is the chief, main or principle characteristic of the word that of a surname or is it principally or equally a word invented to be a trademark? OR Would a person in Canada of ordinary intelligence and ordinary education in English or French would immediately respond to the trademark as a surname and not likely to know it has a dictionary meaning.
- Here the other meanings were largely obsolete and little known to the general public therefore its principle character was as a name.

ii) Descriptive or deceptively Misdescriptive trade-marks (s. 12 (1)(b))

- A trademark cannot be either clearly descriptive or deceptively misdescriptive of:
 - 1) The character or quality of the wares or services in association with which it is used;
 - 2) Or of the conditions of the persons employed in their production
 - 3) Or of their place of origin.
- Time to consider from is date of filing.
- Onus on person filing if during trademark opposition period.

***Computer Innovations Distribution Inc. v. IBM Corp.* (1988)**

- Test: Would the everyday user of the products or services find the name clearly descriptive or deceptively misdescriptive?
- “Business Center Solutions” clearly described the services being done. If there is a word or series of words that can be used by others in the same market, it's unfair to cut off others.

***Molson Companies Ltd. v. John Labatt Ltd.* (1994)**

- Applied IBM test.

iii) A trademark cannot be the name in any language of any of the wares or services (s. 12 (1)(c)):

iv) Confusing Marks (s. 12 (1) (d))

- A trademark cannot be confusing with a registered trademark. This involved non-distinctiveness.
- s. 6 defines confusion and gives a list of what it includes.

***Computer Innovations Distribution Inc. v. IBM Corp.* (1988)**

- As a matter of first impressions would an everyday user look at the TMs and be confused.

***Oshawa Group Ltd. v. Creative Resources Co. Ltd.* (1982)**

- Oshawa opposed registration of stylized O by applicants who were trying to register a stylized C. Both companies in similar business.
- Test: Looking at all the circumstances, if the TMs used together in the same area of commerce, would it likely lead to the inference that the services associated with them were performed by the same person.

e. Registration of Marks Registered Abroad (s. 14)

- s. 14: Don't really be too worried about this section. Its mostly how foreign companies can get around s. 12.

f. Spectrum of Registerability for Trademarks

- Strongest to Weakest:

Coined Words: Made up just for the TM (Examples: Exxon, Kodak). Spelling a word differently can make it coined visually, but they are considered phonetically as well.

Real Word/Arbitrary Usage: A real word that exists and has meaning, but is used arbitrarily (Examples: Bronco, Shell).

Suggestive Trademarks: Not clearly descriptive, but somewhat descriptive. More suggestive than telling (Example: Cheezies)

Descriptive: Not a very good trademark, but can get distinctive over time (Example: Pizza Pocket, Ultra Fresh).

Merely Descriptive/Generic:

Exactly descriptive to the point that its not fair to prevent others from trying to describe what they trying to sell (Juicy Apples).

C. Opposition Procedures

a. General Procedures

- Section 38 lists the procedures for a 3rd party to oppose a trademark application. Must be done within 2 months.
- On exam, if you see something within 2 months be sure to talk about opposing it.
- Requirements for statement of Opposition (s. 38 (3)):
 - (a) Grounds of Opposition in sufficient detail for the applicant to reply
 - (b) The address of the opponent's principle office or place of business in Canada.
- If the registrar considers that the opposition does not raise a substantial issue for decision it shall be rejected and notice of this given to the opponent (s. 38 (4))
- If a substantial issue is raised, then statement of opposition sent to applicant who has 1 month to respond (s. 38 (6))
- After the counter statement, opponent has to file evidence or elect to do nothing. If they do nothing then application is thrown out. Applicant has to file his evidence in response done by way of affidavit or statutory declaration (s. 38 (7)).
- After filing of evidence, the other party can then cross examine on the affidavits and then the other party does the same. Then can file written arguments and can request oral hearing before TM opposition board and then appeal to Fed Ct.

b. Grounds of Opposition (s. 38 (2))

(a) Applicant does not comply with s. 30.

(b) The TM is not registerable (Refer to s. 12 requirements).

(c) The applicant is not the person entitled to register the trademark (refer to s. 16)

(d) The Trademark is not distinctive (confusion issue)

- s. 2: Distinctiveness is the trademark actually distinguishes the wares or services in association with which it used by its owners from the wares or services of others or is adopted so as to distinguish them.

***Park Avenue Furniture Corp. v. Wick/Simmons Bedding Ltd.* (1991)**

- Opposition for lack of distinctiveness saying that Mattress "Posture Beauty" was confusing with previously registered TM "Baby Beauty" and other Beauty names (for kids).
- Baby Beauty was not so inherently distinctive that the applied for trademark would cause confusion.
- Test: In determining this must look at
 - (a) Surrounding Circumstances
 - (b) Section 6:
 - a) Not inherently distinctive.
 - b) No evidence individuals will find it confusing.
 - c) Wares show similarities but must be considered in their entirety and must look at whether the customers as a class would perceive a difference (here it was a big ticket item so more likely to be careful about their purchases).

- D) “State of the Register Evidence”: Looked at registered trademarks and found that beauty was a commonly used mark connected with other words and didn’t reflect a common body of products associated with Wick Simmons.

4. Has Trademark been Infringed?

A. Protection Afforded by A Registered Trademark:

i. Exclusive Rights (s. 19):

- S.19: The registration of a trademark in respect of any wares/services gives the owner of the trademark exclusive rights to use of the trademark throughout Canada in respect of those wares or services.
- This exclusive right is subject to three things:
 - 1) Trademark must be valid;
 - 2) Section 21: A confusing or identical trademark can be allowed to co-exist with a registered one if the confusing trademark is:
 - a) Used in good faith AND;
 - b) Used before the filing of the trade-mark application for the registered name.
 - 3) Section 32: Allows registration for trademarks restricted to defined territorial areas in which they have been shown to have become known and distinctive via use.

ii. Term (s. 46):

- S. 46: Trademark lasts for 15 years from the date of registration.

It is perpetually renewable as long as they are kept in use. If use stops, they become invalid after 6 months.

iii. Presumptions

- There is a presumption of validity and that the owner has the s. 19 exclusive rights once TM filed and certificate provided. This can be rebutted.

i. Incontestability (s. 17):

- Section 17: After 5 years, a trademark is incontestable by any party unless they can prove that the applicant for the registered mark knew about a previously existing or confusing trademark or tradename.

B. Trademark Infringement (s. 20)

A. General (s. 20 (1))

1) Five essential elements required for a trademark infringement case:

- a) The existence of the registration of the trademark;
- b) The sale, distribution or advertisement;
- c) Of any wares or services;
- d) In association with a confusing trademark or trade name;
- e) By a person not entitled under the act to use the registered trade-mark.

2) BUT does not prevent bona fide uses of (a) personal name as a trade name or (b) any bona fide use other than as a trademark of a geographical name of his place of business or any accurate description of the character or quality of the wares and services in such a manner as is not likely to have the effect of depreciating the value of goodwill attaching to the trade mark.

B. Confusing Marks

- Confusion is key to infringement proceedings. Confusing is defined in s. 2. Circular meaning that points to section 6.

i) Statutory Criteria (s. 6)

- S. 6 sets out the criteria for determining whether confusion exists.
- S. 6 (1): A trademark or trade-name is confusing with another if the use of the first would cause confusion with the other in the manner and circumstances described in this section.
- s. 6 (5): Five things (non-exhaustive) that in addition to surrounding circumstances the court will use in determining confusion. NOTE: FOR THE EXAM KNOW SECTION 6 BECAUSE THERE WILL BE A CONFUSION QUESTION FOR THE EXAM. KNOW S. 6 (5).

1) Inherent distinctiveness: of the trademarks/names and the extent to which they have become known:

- Think back to the generic word vs coined word difference and how long something has been around and how widely advertised
- 2) Extent of use: The length of time the trademarks have been known and been in use.
 - 3) Nature of wares, services or business:
 - How important is the trademark to the consumer such as in Posture Beauty case.
 - 4) The nature of the trade:
 - Depending on the industry, they may or may not have a better idea of what's going on despite the name.
 - 5) Degree of resemblance: Degree of resemblance between the trademark/tradenames in the appearance, sound or ideas suggested by them.
 - Don't just look at how a trademark looks or sounds (ex: Picture of a bulldog as a logo connoting a bulldog and potentially confusing with the word).

Coca-Cola Co. v. Pepsi-Cola Co. [1938]

- Coke claims Pepsi infringing on its cola trademark.
- Coca and Cola are descriptive/distinctive words, but that doesn't stop others from putting them in a compound word separate.
- Coke did not establish a claim for infringement because it was not entitled to exclusive rights over Cola. The best evidence was the general adoption of the word cola amongst similar drink products and they were found to not be confusing as per s. 6 (5). Where the defendant's trade is of some standing the lack of evidence of confusion can be seen as evidence of no confusion (i.e. Pepsi was around a while and no evidence anyone misled). A commercial injustice would result if they did make the injunction. If you can show an incident of actual confusion (via affidavit or survey evidence) then it can help. If you can't show it, especially when they've existed together for years, then you will have a harder time. This must be done while looking at the use of the trademark as a whole.

Jurassic Park/Jurassic Parker

- Jurassic is not exclusive since it refers to a period of time. They were also not using the trademark in connection with a product or a service (they were just making fun of people for doing something). Remember, it has to be in connection with sale, advertisement or use of a product.
- Comparative advertising works because they are not selling or advertising their product, they are just comparing.

C. Action for Infringement

- The burden of proof, as per Coca Cola case, is always on the complainant and requires showing a reasonably probability of confusion.

C. Defences/Is the Trademark Invalid?

- If registered, the burden is on the challenger.
- i. Invalidity (s. 18): On exam be sure to look if its even valid.
 - A trademark is invalid if:
 - 1) Not registerable at date of registration (look to ss 7,9,12, 16 and 30).
 - 2) Trademark isn't distinctive at the time of the proceedings questioning its validity commenced (look to non-distinctiveness by losing distinctiveness over time such as becoming public domain).
 - 3) If trademark abandoned by owner. Abandonment is if it has been out of use for 3 years. Can argue extenuating circumstances in rare circumstances (like a trade embargo) to explain lack of use.
 - Can also be made invalid via

- ii. Expungement (s. 45 of Proceedings)

Administrative process that forces the TM office to send notice to every TM owner requiring them to show evidence of use of the trademark in last three years. Evidence can be adduced via affidavit evidence. If it is expunged, it can then be used by another.

D. If Unregistered or if Registration Invalid

A. Passing Off

- Passing off is a CL tort, used by the owner of an unregistered trademark. A registered trademark owner will use a trademark infringement, as it is harder to win passing off because of the burden.
- Codified in s. 7 (b).

Must prove (As per *Disney v. T5*):

1) Goodwill or Reputation: The existence of a goodwill or reputation attached to the trademark owners' goods or services in the mind of the public such that the trademark is identified by the public with the owner's goods or services.

(Note on exam just have to say goodwill or reputation)

- Can exist in name, design (trade dress or get up) and reputation.
- Copying Trade/Dress and Getup (passing off General Rep):
 - *Mr. Submarine Ltd. v. Bikas* (1975)
 - Infringement can come from using the same internal design and trade dress.
- Copying Trademarks:
 - *Orkin Exterminating Co. v. Pestco Co. of Canada* (1985)
 - Trademark infringement was claimed on basis of name even though Orkin was not doing business in Canada.
 - The showed that people in Canada knew what Orkin Entertainment was and they were able to prove the three elements.
- Range and Scope of Goodwill:
 - Geographic Proximity: Of plaintiff, and defendant and their business. Closer the more likely.
 - Usage: Does not need to be used in Canada, only known.
 - Advertising Range:
 - Size and Extent of Mark: Bigger the market the more likely the confusion.

2) Misrepresentation: A misrepresentation by the defendant to the public, whether or not intentional, leading or likely to lead the public to believe the goods or services offered by him are the goods or services of the plaintiff.

- Test: Is the ordinary man left in a state of confusion when he sees in a commercial context he is presented with goods or services on first impression and after that he is left with only a general recollection.

3) Damages: Must show the plaintiff has or is likely to suffer damages. Damages are presumed if the first two elements are proven.

- If the public does not associate the owner's trademark with the products or services then its not passing off since there is no confusion. Confusion is still the key.
- Again unregistered trademarks are limited to jurisdictions/areas where they can show they have a reputation.

Disney v. T5

- Disney could do passing off as they could show through survey evidence confusion in Canada, especially the farther away they got. They ended up getting an injunction.
- HOWEVER Disney couldn't get rid of the fantasyland hotel since Disney didn't have a reputation in Canada about hotels.

Appropriation of Personality

Krause v. Chrysler Canada

- If you have a marketable personality or image, it is considered unjust for another party to exploit that personality or image without your consent. When someone's name or image or personality has value to that person and it is inequitable for that person not to be able to exploit that for themselves. They basically say that the other side gained economic advantage by appropriating the personality.
- NOTE: Must be careful about this. You must have an image or personality that is capable of being exploited.

E. Remedies

- Money Damages
- Disgorgement: of profits.
- Injunction
- Delivery: Can get delivery up of goods.

Copyright

Copyright: Copyright is a bundle of rights that includes copying, reproducing, publishing, performing a work in public, renting out certain works, renting out certain uses, moral rights and the right to authorize people to do the above. This includes the whole work or “substantial parts” of the work. A negative monopoly right that prevents others from doing things only the author can do, as well as the right to authorize others to do those things.

- No CL copyright in Canada thanks to s. 89 of Copyright Act.
- S.66: How copyright royalties are administered via the copyright board.
- That © used to be a requirement for the universal copyright convention, but its no longer necessary. However, should still use it, just as one should still use the TM or R symbols so that infringers can't claim innocent infringement defence and lose out on some remedies.
- S. 2: Collective Administration of Copyright via SOCAN.
 - a. Performing Rights Societies - Section 67 of Act;
 - b. Collective Societies - Section 70.1 of Act.

A. Does Copyright Subsist

- Copyright does not subsist in an idea, but only in the expression of an idea. The expression takes the form of work.

A. Work (s. 5 (1)):

Copyright shall subsist in every original:

- 1) Literary work (including computer programs);
 - 2) Dramatic work;
 - 3) Musical work; and
 - 4) Artistic work.
- Or a compilation.

1) Literary:

- Included: tables, computer programs and compilations of literary works. Literary works basically have to be something written (could even be something written on the back of a napkin). Could be manuals, set of instructions on a board game, business forms. Basically anything that consists of an original written work expressed in fixed form. Do not look at the merits of it.
- "computer program" means a set of instructions or statements, expressed, fixed, embodied or stored in any manner, that is to be used directly or indirectly in a computer in order to bring about a specific result;

Beaumarck Group

- Accounting forms were protectable since written and original. Merits of them do not matter.

2) Dramatic Works:

- Includes (non-exclusively) as any piece for recitation of choreographed work, the scenic arrangement or acting form of which is fixed in writing or otherwise. Includes compilations and filmed stuff. (e.g.: a football game is not considered a dramatic work since it unfolds but is not directed).

Star Charts

- Working from a script = dramatic work.

3) Musical Work:

- Any work of music or musical composition with or without words. Includes compilations.
- NOTE: Fixation (that it is a tangible expression) is a requirement of copyright protection, BUT because of an amendment musical works may have an exception so that musical works no longer have to be reduced to writing in some way.

4) Artistic works:

- Defined as including (but not exclusively again) “paintings, drawings, maps, charts, plans, photographs, engravings, sculptures, works of artistic craftsmanship, architectural works and compilations. All of these are defined.

Compilations:

- A work resulting from the selection or arrangement of literary, artistic or dramatic works or parts thereof. OR works resulting from the selection or arrangement of data.

Two Types of Compilations:

1) Resulting from the selection or arrangement of another type of work.

- You can be the owner of the compilation even though you don’t have copyright over the other works. It’s the effort you went to and the originality you exercised in selecting and arranging the data.

2) Selection and Arrangement of data

- Eg: the Italian Heritage Directory of Calgary.

NOTE: That in the context of copyright law, public domain means “any information that is available to the public that is not protected by copyright or that was but has expired.”

NOTE: Copyright is only in an expression (i.e. someone else could do their own Italian heritage directory but would have to do their own research etc...and maybe arrange it differently).

NOTE: Exclusive rights dealt with in s. 3 (1). *Hutton* just says that s. 3 just grant those rights.

- Remember, there are only four main categories. Mechanical contrivances are basically ways to fix musical works. Its an archaic term and not really useful anymore.

B. Residency & Citizenship Requirements (s. 5)

- We will not get one of these questions. In fact, we never have to worry about where a person is from in this class, but in practice this can be useful and should be asked early on in discovery. It applies to every work.

C. Terms of Copyright (ss. 6 –12)

- Only really need to know the general rule under s. 6.

General Rule: Copyright remains for the life of the author, the remainder of that calendar year, and then 50 years after the death of the author.

B. Is the Work Original?

- Independent creation
- Not copied from other work
- Exercise of Skill and Judgement

A. The Tests:

Preston v. 20th Century Fox Canada Ltd. et al (1990)

- Plaintiff alleged infringement of his literary work – a script called Space Pets that included a fuzzy little character called an Ewok. He was sending the script to movie studios including 20th Century Fox right around the time that ROTJ was being planned.
- Test: “There is a presumption of copying when the copy is so similar to the original that the average observer would assume that the copy was derived from the original, if you can show that the defendant had access to the original.”
- The presumption can be rebutted by showing a person worked in a ‘blackbox’ by showing the progression of their work and how the final product was arrived at.
 - The more complex they are, the harder it will be to rebut the presumption.
 - Copied errors strengthens the case for infringement.

Law Society of Upper Canada

- “Skill and judgement” must be used in expressing an idea/creating something so that it qualifies as original.
 - Skill: Using knowledge, developed aptitude or practiced ability.
 - Judgement: Use of discernment or form an opinion or evaluation by comparing different possible options in producing the work.

- The use of skill and judgement involves intellectual effort that is not so trivial that it can be characterised as a purely mechanical exercise.

B. Compilations

- The originality is in the finished work, and the intellectual effort and labour is in the selection and arrangement of data.
- Separate copyright exists in compilation, but will need to license any underlying copyrighted material used.

ITAL - Press Ltd. v. Sicoli & Betting Coupon Case

- Public domain information compiled, and that was considered original because of intellectual effort in selecting and arranging the data.

C. Words, Titles and Names

- Generally no copyright to words, names titles (use copyright instead).
- EXCEPTION: Where it is not a copyright in the name but rather the character as a whole if the character is so widely known that members of the public readily identify with them (ex. Superman and Mickey Mouse).

Preston

- Ewok was not well known enough for the exception. He should have been arguing under trademark.

D. Architectural Works

- Very hard to litigate.

Lifestyle Homes

- This case is wrong when it said no copyright protection for homes since only so many ways you could build on. There actually is copyright in house plans. In this case, it was original but there was no infringement as sure they were similar but they were created separately without copying.

C. Registration (s. 27 – 36 of Rules)

- Registration is not necessary (but can help) as copyright arises automatically on creation of an original work.
- Presumptions:
 - 1) Copyright subsists in the work
 - 2) The owner of certificate is owner of copyright
 - 3) Notice to public at large counts as actual notice (helps defeat innocent infringer defence as per s. 39)

D. Who is Owner of the Copyright

- s. 13(1): The general rule is that the author of a work is the first owner of the copyright in that work. “Author” is not defined but means the creator of the work.

B. Exceptions:

- NOTE: Agreements can override all presumptions in the act.

1) Work made in the course of employment (s. 13(3))

- General Rule is that the employer has it if their employee makes it.
- Is someone an employee?
 - Contract of service = employment.
 - Generally, if you use the company’s assets/time to make something they get a piece (this is basically in equity). You can make stuff on your own time.
 - Contract for service = independent contractor.
 - There is a presumption that the IC retains copyright unless the contract says something else.
- To determine what kind of relationship it is look at the level of control. Factors include 1) ownership of tools 2) level of authority someone has 3) risk of profit and loss 4) degree of integration of the works into the overall workings of the company.

2) Photographs and engravings (s. 13 (2))

- Basically, where the plate or original was otherwise ordered by someone else (who paid for it) they hold the copyright. Rebutable by contract.

3) Crown Copyright (s. 12)

- Where work has been prepared or published by government or at their direction or control then the copyright stays with them for 51 years.
- Basically if something is prepared, published or made at the direction of the crown then it's their copyright.

Hawley Case

- Guy working in prison and had to work and the guy happened to be an artist so he did artwork. He sought permission to paint a mural. It became a very large painting for the dining room and he sued the crown for ownership of copyright in the painting.
- Section 12 used as work created at the direction/control of crown because he was in prison. It was held because prison paid him and bought the products they said that it was an employer/employee relationship and so they used s. 13 (3).

C. Assignments, Licenses and Waivers (s. 13 (4)(5)(6))

i. Assignment & License (s. 13(4))

- Copyright can be assigned or licensed either wholly or partially, generally or subject to limitation, and either for the whole term of the copyright or any part of that term. It can be broken up however you want and limited by media, geographic location, sector of the market (ex: live bars vs. recorded background music), time, etc...but it says that to be a valid assignment and license it must be in writing and signed by the owner's agent.
- HOWEVER, the courts have read in implied licences (ex: uploading to a website where others have access to it that is like an applied license).

Zellers

- The act says that licenses should be express, but this case says that courts can imply them.

ii. Waiver:

- Moral rights can't be waived, even by the owner.
 - Ex: employee who makes something in the course of employment and the employer owns it but the employer can't waive their moral rights.

E. Is there an Infringement?

1. Exclusive Rights (s. 3 (1))

- Copyright is the sole right to produce/reproduce/perform/publish (if unpublished as well) the work or any substantial part thereof in any material form whatever.
- This includes the sole right to do things including:
 - To communicate a work to the public by telecommunication.
 - To rent out a computer program that can be reproduced by the ordinary course of its use.
 - To rent out a sound recording. AND to authorize such acts.

Produce/Reproduce: The ordinary meaning (photocopying, handwritten copy, tracing).

Perform: It has lots of definitions but has been held to mean any acoustic or visual representation of a work, performer's performance, sound recording or communication signal, including a representation made by means of any mechanical instrument, radio receiving set or television receiving set.

Publication: Publication means making copies of a work available to the public.

Note: Does not mean published by a publisher. It can be enough to hand out copies or incorporating an artistic work into an architectural structure.

2. Moral Rights (s. 14.1):

- These attach to authors (i.e. creators).

The Author of a work has the right to:

- 1) The Integrity of the work; and
 - 2) The right, where reasonable in the circumstances, to be associated with the work as its author by name or under a pseudonym and the right to remain anonymous.
- These cannot be assigned (s. 14.1 (2))
 - These can be waived (s.14.1 (3)) and can be invoked unless indication to the contrary in the waiver (s. 14.1 (4))

3. Infringement and Enforcement of Rights

A. General Principles

s. 3: Sets out the rights exclusive to the owner.

s. 27: Defines when infringement occurs.

- s. 27 (1): Copyright in a work shall be deemed infringed by any person who without the consent of the owner of the copyright does anything that, by this act, the owner of the copyright has the right to do.

Ergo, look at s. 3 to see the exclusive rights and then if so then you have a case for infringement via s. 27 (1).

B. Infringements

- No infringement if substantial part not copied.
- Test: Whether two works have such a degree of similarities as would lead the average lay observer (at least one to whom the work is intended) to say that the alleged infringement is a copy or reproduction of the original.

i) Reproduction:

- It can be a copy or a copy of a substantial part of it.
- Unless there is copying there is no infringement. The copying of errors is a good way to prove copying.

Syndicate Features

- Substantial reproduction is a question of fact.
- Test: Whether two works have such a degree of similarity as would lead one to say that the alleged infringement is a copy or reproduction of the original having adopted its essential feature and substance.

Preston Case

- Substantial similarity involves looking at the qualitative and quantitative. It is not just comparing details but instead looking at the work as a whole.
 - Ex: copying only 1 page out of 100 is not much, but if it is a summary page of the whole work then that could very well be a qualitatively important piece and can qualify as a substantial portion of the work. The reverse can be there to.
- Test: Whether the average lay observer, at least one for whom the work is intended, would recognize the alleged copy as having been appropriated from the copyrighted work.
 - The people for who it is intended for is different from the average lay observer. It is very industry specific.
 - Infringers do not need to profit from the infringement BUT when assessing substantial similarities, one of the qualitative points/factors is whether the person has the ability to profit from a particular part of a work. (ex: if you take one page and sell it for a profit).

Hutton v. CBC

- Star Charts case. The court said that both shows were original and the similarities were more a result of function (i.e. only so many ways to introduce music videos) and having the same host.

Harrison

- Harrison found infringing because he had access to song and the song had the same notes with different lyrics despite court thinking he didn't have the intention.

Pretty Woman

- Said it was freedom of speech under US law as per parody. In Canada exact same music and different lyrics so would be an infringement.

Wild Thing vs Funky Cold Medina

- Similar riffs and similar use of the word wild thing but different enough to probably be ok.

ii) Public Performance s. 7 (b)

- Generally these rights are administered by SOCAN. Before it became a collective there were cases about public performance.

Canadian Admiral

- Test: To determine what is public, look at the nature and character of the audience?
 - Location and whether performers are paid is not important.
 - Here the broadcasting to homes was held to be broadcasting to a domestic audience and not a public performance, but broadcasting into their showrooms was as the public can get in.
 - The statute has been changed so that communication to homes is considered public.

iii) Parallel Importation of Books

- s. 27.1: It is an infringement to import a book into Canada even if consented to in another country, without the consent of the copyright holder. This applies to counterfeit goods too.

C. Infringement of Moral Rights

- Must find in moral rights infringement is that there has been prejudice to the author's honor or reputation.
- Must have a reputation to be damaged.

Snow v. Eaton Centre Case

- Snow created a Canada geese sculpture, and the owner (Eaton's) decided to put red ribbons on the neck. Snow said that he had the right to preserve the integrity of the work (which was destroyed by the ribbons) and his reputation (also damaged).
- This was a distortion or modification of his work and it was to the prejudice of his honor or reputation and therefore Eaton's had to remove the ribbons.

Game Genie

- Nintendo sued for moral rights but failed as not the authors, so they got the creator to sue.

4. Acts not Constituting Infringement – Exceptions (ss. 29 – 32.3)

A. Authorizing Others to Use Exclusive Rights

- Under s. 3 it allows you to authorize others to do the exclusive rights. That is why you see warnings next to photocopiers. There was some case saying that someone had a photocopier available and didn't take enough steps to stop them that was basically an invitation to copyright infringement.

B. Fair Dealing

- ss. 29 – s. 32.3 covers the exceptions to copyright infringement. This isn't an defence. There was never any copyright infringement.
- Only need to know s. 29.

Fair Dealing (s. 29):

It is not a copyright violation if it is for:

- a) Research or private study
- b) Criticism or review (as long as you identify the source and name of the author)
- c) News Reports (as long as source and name of author).
- d) Others (the above ones are the big ones).

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- Court held that legal decisions were not subject to copyright, but the summaries, headnotes, and compilations were.

- This was a fair dealing exception as fair dealing gives users the right to copy a work or a substantial part of it if the copying is fair dealing for fairly limited purposes. One of those purposes is private research and includes lawyers conducting research.
- Fair dealing to be given a large and liberal interpretation. Research didn't have to be non-commercial or private and still fell under the section.

Factors in assessing fair dealing:

- 1) Purpose of the Dealing
- 2) Character of the dealing
- 3) Amount of the dealing
- 4) Alternatives of the dealing (i.e. is there another place they can go to get it).
- 5) Nature of the work.
- 6) Effect of the dealing on the work.

C. Defences

1. Limitation Period: 3 years from date of infringement
2. Length of Registered copyright (s. 6)

9. Remedies

- 1) Section 34 - 39 of Act
- 2) Civil
- 3) Criminal - s.24 of Act; *Criminal Code*, RSC 1985, c.C-46

Patents

Patent: Federal government granted monopoly that gives exclusive right over the inventor to make, use and sell an invention.

- Primarily a business asset used as an item of commerce in the business world.
- Its value is determined by a) subject matter b) enforceability.
- Why do we have a patent system?
 - Social contract theory is the rationale with the idea being that for letting the public know about it, the inventor gets cash and thus we encourage innovation.
 - That is why the inventor must give enabling disclosure (all of it) to get the monopoly. Otherwise it is not a benefit to the public at large as it won't be enough for others to use it.

Parts of Patent

- A. Description/Disclosure: Teaches how to make it.
- B. Claims: Sets the boundaries of the patent.

Sources of Patent Law

A. Canadian Legislation

Patent Act: Federal legislation and pretty much everything stems from this. These are entirely creatures of statute and have no common law basis. Case law just interprets and applies provisions of this act.

Patent Rules: Govern procedural aspects of applying for a patent. Not relevant for this course.

What You Can Patent:

- 1) The item itself
- 2) How you use it
- 3) How you make it.

B. International Treaties

- There are also international treaties that have the force of law here.

Patent Cooperation Treaty: Provides a process for filing an international application. Does not result in an international patent, but instead starts the process up and then splits it so that it can be followed through in other countries.

Paris Convention: Gives foreign nationals the same rights to patent as residents provided there are reciprocal rights.

NOTE: These might be on the final exam.

Section 27 Patent Act

27(1): Authority to the Commissioner of Patents to grant patents to inventor. Not discretionary (“shall grant”)

27(3): Defines what is necessary by way of description

27(4): Requires claims that are distinct and explicit.

Patent Applications

An inventor must file an application which consists of:

1) A description of the invention that must be an enabling disclosure

2) Proposed claims.

- The application is examined by the patent office that either rejects or allows the claim depending on whether you meet all the requirements.
 - If rejected you can a) amend b) argue c) a combination of the two. It’s a negotiation with the inventor trying to make it as broad as possible and the patent office trying to narrow it.

If allowed, a patent is granted/issued. This means that it is formally granted and has the force of law in Canada. Patent pending has no force.

Claims:

s.27: Requires that a patent specification (i.e. application) ends with claims. The claims define the invention (i.e. stakes out its boundaries).

s. 27 (2): Requirements for Specification

s. 27 (3): Specification must:

- (a) Correctly and fully describe the invention and its operation or use as contemplated by the inventor.
- (b) Set out clearly the various steps in a process or the method of making, compounding or using a machine, manufacture or composition of matter, in such full, clear, concise and exact terms as to enable any person skilled in the art or science to which it pertains or with which it is most closely connected to make, construct, compound or use it.
- (c) In the case of a machine, explain the principle of the machine and the best mode in which the inventor has contemplated the application of that principle and
- (d) in the case of a process, explain the necessary sequence if any of the various steps so as to distinguish the invention from other inventions.

s. 27 (5): The specification must end with a claim or claims defining distinctly and in explicit terms the subject matter of the invention for which an exclusive privilege or property is claimed.

- If its too broad, then someone can challenge it, if its too narrow then people can tread on it.
- Examples of claims:
 - “A method of preparing a macaroni and cheese meal, comprising the steps of: Mixing thin-walled macaroni with cheese sauce powder and water; and microwaving the mixture until ready.”
 - “A writing implement comprising a ballpoint attached to a tube of ink.”
 - “An antibiotic chemical comprising penicillin.”
 - “A method of treating an infection by administering a dose of penicillin.”
 - “An improved shovel having a plastic scoop with a replaceable metal blade forward edge.”
 - “A method of cloning a human being...” While he said there is no discretion at the patent office, you can’t patent everything. In theory you could start a patent that started that way, but ending it will be hard.

Independent Claim:

- A single sentence that covers it all. It stands on its own.

Dependent Claims:

- These refer back to an independent claim and are more specific. They narrow the claimed invention. These can never be broader than the independent claim.
- Example:

- 1. “A transgenic non-human mammal whose germ cells and somatic cells contain an activated oncogene sequene introduced into said mammal, or an ancestor of said mammal, at an embryonic stage.” 2. “The mammal of claim 1 wherein said mammal is a rodent.” 3. “The mammal of claim 2 wherein said rodent is a mouse.”
- Each of these fits entirely within the previous claim, because if analyzing claim 2 you must incorporate everything in claim 1 since it is in there.

“Comprising”:

- Means “including, but not limited to”
 - Example:
 - A stool comprising 3 legs means a stool with at least three legs. That means it could be more than 3. As long as the stool has three legs, no matter how many more legs it has, it is a stool comprising 3 legs.
- By law not permitted to discriminate but it happens to creep in via biases sometimes.

A. Who May apply for a Patent:

- s. 27 (1): “The inventor or the inventor’s legal representative”
 - Legal representative defined in s. 2 (someone with authority from inventor).
- s. 27 (1): Patent granted to inventor inventor’s legal representative (assignee)
 - No one else can apply.
 - Inventor may assign to another individual, corporation, or an employer (which can be either) the right to apply for a patent.

Comstock v. Electec

- Inventory was employee of the company but before the patent application was filed he left the company. The owner proceeded with the patent in his own name and the employee formed his own company and sued.
- The presumption is that the employee owns the invention unless the contract expressly said the opposite or the employee was hired to invent.
 - This is different than copyright in that even if on their time and with their stuff, the employee will still own it.

Apotex v. Wellcome Foundation

- Work done in teams. Some postulated that AZT could disrupt HIV replication. Others verified that AZT prevented HIV replication in a test tube.
- Inventors are those who participate in the conception of the idea. Those who involved in the mere verification are not.

B. Requirements for Obtaining a Patent in Canada:

- 1) Must give an “Enabling Disclosure”
- 2) Must be an Invention.
- 3) Must have utility
- 4) Must be new (“novel” “unanticipated”)
- 5) Must be non-obvious (“inventive”)

1) Enabling Disclosure

- Must have full and direct disclosure of the invention under s. 27. This is the consideration for the monopoly.
- Does not need to disclose exactly what is novel about the invention.

Consolboard v. MacMillan Bloedel (p 1)

- Plyboard substitute tech made and licensed to another company. Mac-Bløe bought the factory from licensee company and operated the plant to make the plyboard without paying royalties. Mac-Bløe alleged that the patents failed to provide the required disclosure as per s. 27 of Patents act.
- Requirements for Patent;

- 1. Disclosure is aimed at Persons skilled in the art (PSITA): Similar to the reasonable man, it's a person who already has a large amount of knowledge in the area/higher level of skill. Depends on the subject matter. Must be adequately described for them.
- 2. Distinct Indication of Real Utility: Low threshold and does not need to be explicitly stated.

2) Invention as Per Section 2:

Invention: A new use and useful art, process, machine, manufacture, or composition of matter OR any improvement thereto

- Something new isn't an invention unless useful in the practical sense.
- Thought to be all encompassing when drafted but not everything falls in those categories now.
- The utility requirement is important since things aren't inventions until they are deemed to be useful. However, the requirement can be quite low.

Required Subject Matter:

1. Art (Method): Way of accomplishing a certain result or product (broader than process and does not mean actual result or product)
2. Process: Connected series of steps or operations for accomplishing a specified result.
3. Machine: Apparatus that has two or more parts that interact.
4. Manufacture: Article produced from raw materials into a useful form (no need for it to move)
5. Composition of matter: Mixture of two or more substances.

Exclusions:

- Some things are excluded specifically, because theoretically everything could fall into inventions:
 1. Methods of medical treatment
 2. Scientific principles or abstract theorems: s. 27 (8))
 3. Software
 4. Business methods: Internet Technologies
 5. Professional methods: Interpretive or Judgemental Reasoning/Things that require professional skill or extraordinary skill.
 6. Higher life forms

1. Methods of Medical Treatment

Tennessee Eastman v. Commissioner of Patents

- Found that you could close a surgical wound with crazy glue. Since crazy glue was known, they couldn't patent the substance so they tried to patent the use of it.
- Methods of medical treatment include surgical treatments. You cannot patent what a physician does to treat a disease as they involve a physician's skill.
 - This is done because patents are for commercial undertakings and medical treatments are not commercial
 - Methods of diagnosis are patentable (and maybe ways to prevent disease) as are medicine and medical devices.

Apotex v. Wellcome Foundation

- AZT found to be the first successful drug for treating AIDS, but substance not new. Patent filed on substance being used to treat HIV.
- This was not a method of treatment as it did not include physician's skill or discretion.

2. Scientific principles or abstract theorems (section 27(8))

- Something that is abstract theorem or a mere scientific principle then it is not patentable. It needs to be useful.

Schlumberger v. Commissioner of Patents

- Schlumberger developed a method of well bore data. They computerized the data analysis so that the program manipulated the data and spat out a number that indicated that they were drilling in the right direction or if they should keep going.

- The discovery was the formulas and mathematical analysis of information to it fell under this exception. This is because mathematical formulas are equated with abstract theorems or scientific principles. To the extent that software is mathematical formula it is abstract principle. It was math numbers into math numbers according to the court.
 - This refines the utility requirement.
- Schlumberger could have characterized the method as not being data analysis but as a method of increasing the efficiency of drilling for oil. This case does not stand for the argument that you can't patent software.

3. Software:

- Software: A set of instructions that control a computer and cause it to take certain steps in a certain order.
- Software can definitely be patented in an indirect fashion: methods and hardware claims. In the US, the storage medium plus the software can be patented. We don't know about Canada.
- The software must have a practical application and prove practical results. Otherwise it may be considered a mere mathematical algorithm.
- Software is not patentable as an article. It is patentable as a method provided that the method involves more than just an algorithm (*Schlumberger*). The hardware system which relies on software is patentable (*ReWestinghouse*)
- How to protect it:
 - Implementing a series of steps (this is a process, so you can always claim what software does as a method)
 - Looking at computers as being virtual machines

State Street v. Signature Financial (US case)

- Involved the mutual fund industry and State Street figured out how to calculate how much portfolios were worth and put in a patent for a virtual machine.
- The patent was upheld as the US considers financial services to be an industrial application. The patent doesn't claim the method, it claims the hardware system.
- In Canada this wouldn't work as you'd need to tack on some useful activity.

Westinghouse

- This was all about controlling elevator's according to a scheme and the claims were for the elevator system itself.
- The software was patentable because it was an improvement on an elevator and the elevator mechanism were "post processing activity"
- The inventive idea here was the elevator system. The elevator system was an improved machine because of the better service it could provide.
- One can always claim hardware (a machine) that has software in it.

4. Business/Computer Methods

- Business methods are not patentable in Canada (not useful)
- A pre-existing method being implemented on computers is also not patentable.
- Both of these are patentable in the US.
- What is a business method
 - Way of selling things
 - Taking over companies and using their tax losses.

Internet Patents

- Here you need to prove that the process is new (not just a computerized method) and can get around this exception then you can patent it.
- Amazon's one click method. Is this a new method? In the US the implementation on the internet makes it patentable. (note the similarity between calling to get a pizza where they have your number)

6. Higher life forms

- There is a sharp test
 - Lower Life

- Single-celled stuff (yeast etc...)
- Living things that are not plants or animals
- *Diamond v. Chakrabarty* (US Supreme Ct.)
- Re: *Abitibi* (Pat. Appeal Board)
- Higher Life
 - Multi-cellular organisms
 - Pioneer Hi-Bred (FCA & SCC)
 - Harvard Mouse (SCC)
 - *Schmeiser v. Monsanto*
- Humans: Not patentable anywhere.

Cases on lower life:

Diamond v. Chakrabarty (US Case)

- Most important biotech case ever. Discovery that you can create recombinant DNA bacteria (variation on selective breeding) which will eat crude oil. The patent was denied and it went to the USSC.
- 5-4 Majority said that patents would be allowed on living matter as patents were intended to protect innovation and we'll let anything that humans make patentable. The minority said that there would need to be legislation to address whether you could patent a life form at all. This decision is the birth of the bio tech industry.

Re: Abitibi (Canadian Case 1982)

- Organism cleaned up pulp mill effluent. Patent office practice at the time was to reject any claim to living matter and *Abitibi* challenged this and went to the patent appeal board (administrative tribunal) who were influenced in the decision of *Diamond*. This was not a court decision but has never been challenged.
- Must not have existed previously in nature
- Must be useful
- Need to produce the living matter en mass like a chemical and any measurable quantity will have uniform properties and characteristics.
- Predicts that higher life forms will be patentable
- Predicts that deposit sufficient to satisfy s. 36 (enabling disclosure)
 - How do you draft enabling disclosure on a higher life form?
 - The appeal board postulated is a "deposit" of a sample with recognized culture collections.

Cases on Higher life

Pioneer Hi-Bred v. Commissioner

- Pioneer cross bred soy beans to select for a variety of desired traits and created a hybrid with those and then deposited the seeds.
- There needs to be written disclosure and a deposit of a seed type was not enough (makes it hard because there is a lot of luck in cross-breeding and the results can't be replicated easily, unlike GE plants).
- No answer on whether plants can be patented.

Harvard Mouse

- The Harvard mouse is a genetically pure mouse that has been mutated with a gene that predisposes the animal to cancer. At the Patent Appeal Board there were two aspects to the patent: a) the method of making the mouse b) the mouse. They allowed the patent on the process of making the mouse eggs. After implanting the eggs in the female mouse, they wouldn't allow a patent saying that it was a process of nature.
- Patent protection denied to higher life form as the definition didn't include rodents (dissent said rodents were a composition of matter).

Schmieser v. Monsanto

- *Schmieser* was a Saskatchewan farmer who had a herbicide resistant canola plant growing on his field and claimed it just blew on and he couldn't get rid of it. Monsanto didn't have a patent to cover the plant, but did claim the gene and the plant cell that had the gene.
- The patent was valid because the gene and the process for its insertion can be reproduced and controlled by the inventor, and the cell can be derived from that process and therefore is the subject of the invention.

- The growing and planting were an infringement of the exclusive right to the use of the gene and cell via reproduction of it.

3. Utility

- The invention must be useful. It meets this if the invention does what you say it does.

Apotex et al. v. Wellcome Foundation

- Invention was for a new use of anti-retroviral drug AZT. At the time of filing, inventors only had data from studies in mice and human cell in vitro. Apotex claimed that at the time of filing, AZT's effectiveness had not been proven.
- A patent can't be based on a lucky guess that may or may not turn out to be true. Utility can be proven by actual results (testing on humans) or via the doctrine of sound prediction (i.e. with all knowledge available at the time).
- Doctrine of Sound Prediction
 1. Must be a factual basis for the prediction
 2. Sound line of reasoning for it on the factual basis
 3. Both the factual basis and the sound line of reasoning must be disclosed in the patent application.
- Here the data on mice and humans was enough to form a sound factual basis as they knew that AZT attacked the virus in a certain fashion in human cells and that they could extrapolate from there. This factual basis and the line of reasoning from it were in the application.

4. Novelty

- When filing the application can't be too early, and it can't be too late. File too early and you might not be able to show utility, too late and it might not be a novelty.
- S. 28 (1) Filing Date: The date of an application for a patent in Canada is the date on which the commissioner receives the documents, information and fees prescribed for the purposes of this section or, if they are received on different dates, the last date.
- Claim date: Priority claim that arises out of the Paris Convention that allows the back dating of filing dates. If you file an application in any country party to the Paris convention within 1 year of filing, you will get the earlier priority date...BUT must pay attention to disclosure requirements.
- The subject matter of a claim must not have been previously disclosed in accordance with s. 28.
 - This can even be disclosure by the filing party (although there is an exception)
 - The critical dates for determining novelty are the Filing Date and the Claim Date.
- Four Conditions/Subsections in s. 28 that must be met. These are the key concepts:
 - 1. Available to the Public
 - Disclosed in a manner such that the tech is available to the public
 - 2. Grace Period for Inventor Disclosures
 - s. 28 (a): One year grace period from disclosure where you can file.
 - 3. First to file, not first to invent.
- Two questions in assessing novelty:
 - 1. When was it disclosed (and by whom?)
 - This is trying to figure out the date for filing. If disclosure was by the inventor, then there is a one year grace period.
 - 2. What does the prior art disclose?
 - Prior art is the sum total of knowledge available to the public at a specific date (here we are referring to the day before the filing date).
 - This looks at what was disclosed.

1. When was it available?

s. 28.2 (1): The subject matter of a claim must not have been previously disclosed:

- a) By an inventor more than 1 year before filing date (grace period)
- b) Before claim date by another (grace period) in such a way that it became available to the public in Canada or elsewhere: Claim date is the filing date in another Paris convention country.
- c) In an application already filed in Canada by a person other than the application which has a filing date before the claim date.

d) In an application which has an earlier claim date: IE. If a foreign applicant has a claim date less than a year before the Canadian applicant's file date then the foreign guy wins.

Paris Convention:

- Because of this convention, all convention countries have the same rules on novelty and claim dates. There is a 1 year convention priority period started by priority date.

Examples:

1. Two inventors have the exact same invention. A files CA patent application on Dec 1, 1995. B files CA patent application on January 1, 1996 (a month later). Who is entitled to the CA patent? A because they were first to file (s. 28.2. (c) says that the first to file is entitled to the patent).
2. A files a US patent application on Dec 1, 1995. B files in CA on July 1, 1996. Then A files a CA application on Dec 1, 1996. Who has the earlier filing date? A has earlier claim date (priority date).
3. A files in US Aug 1, 1995. B files in CA Aug 2, 1995. A files in CA on Sept 1, 1996. B has earlier filing date. A cannot claim priority of US filing.
 - Remember that the 1 year Paris Convention time line is different from the 1 year inventor grace period.
 - One is determined by the inventor and the date of filing. The other determine if you are entitled to the claim date in another country.
4. A publishes a paper disclosing the invention on July 1, 1996. B files in CA on August 1, 1996. A files in CA on June 1, 1997. Can B successfully get an application on this? No, because there has been a disclosure of B's invention before his filing date. That is because on August 1, 1996 his invention was not new since it had been published. Does that 1 year grace period save him? No. Because it was the publication of someone else, so B is not entitled to patent. **THIS DOES NOT MEAN THAT A IS AUTOMATICALLY ENTITLED.** A patent application does not become public after its claim date.
5. A distributes a sales pamphlet which has pictures and a detailed description of the invention on July 1, 1997. A files a US application on July 1, 1998. A files a CA application on July 1, 1999. Is the Canadian patent application going to be ok? No because subsection A doesn't say claim date, it says filing date. So if A wanted both US and Canada, it would have had to file both on the same day. REMEMBER s. 28.2(a) says filing date and that is why a can't. The other sections say claim date.
6. A publishes a paper describing an invention but omitting description of a critical detail (this would likely not be disclosure since a critical piece is missing). B (with no connection to A) publishes a paper describing the critical detail but in a different context. Can A file a patent application for the invention after the patent application? Yes. This isn't anticipatory because for there to be anticipation under s. 28.2 all the details for disclosure have to be in one source. So you can't have anticipation under that that binds different sources. A can file it even after B publishes because of that (i.e. still novel).
7. A manufactures a prototype machine and tests it out in the open where anybody can see it on December 1, 1997. Internals of the machine are hidden. A files for a CA patent on August 1, 2000. Can A successfully apply? To answer that, you must figure out if that display was a public disclosure that become available to the public.
8. A's invention is a combination of x and y. B publishes x in 1995. C separately publishes y in 1996. A files for a CA patent for the XY combination on August 1, 2000. Is a prevented under the rules of novelty from getting a Canadian patent application? No, because they are separate and anticipation requires that they are published in one document. BUT what if once both pieces were published the combination was really obvious? It's still ok on novelty, but might have a problem with obviousness.

2. Test for Novelty: Anticipation

- Anticipation destroys the novelty of an invention.
 - For there to be anticipation, the subject of the claim has to basically be available. Being similar is not enough. If the differences are truly minor and don't affect how it operates, then that won't affect it.
 - Involves comparing the prior art disclosure with the claim and determining whether or not the prior art 'anticipates' the claim.
 - Must be virtually identical to the claimed invention, not the described invention.
 - Small differences are differences nonetheless.

Beloit v. Valmet Oy

- Anticipation asserts that the invention has been made known the public prior to the relevant time. It is directed at the very invention and anticipation must be found in a specific patent or other publish document (it cant be pieced together from various publications).
- Test: The invention is not novel if one is able to look at a prior, single publication and find in it all the information which, for practical purposes, is needed to produce the claimed invention without exercise of any inventive skill. The prior publication must contain so clear a direction that a skilled person reading and following it would in every case and without possibility of error be lead to the claimed invention.
 - This means it has to be more than just consisting of a combination of several known elements that no publication teaches to put together in a specific way.
- The substance is that there has to be near identical mapping between the two.

3. Define Available

***Baker Petrolite v. Canwell* 2002 FCA**

- The inventors sold a batch of the material more than a year before its filing date. The people who used it didn't know how to make it but the product could have been reverse engineered and that it could have been available (i.e. maybe a closed sale with non-disclosure agreements would have been ok, but that didn't happen here).
- S. 28.2 (1) (a) is applied. If the product could have been discovered by reverse engineering, then this counted as a public disclosure.

5. Obviousness

- s. 28.3: An invention must not be obvious in light of the prior art.
- Test: Would a skilled person in the art without any inventiveness (a paragon of skill but no inventive ability) would have come directly and without difficulty to the invention with the information available at the time. (From *Beloit v. Valmet Oy*)
 - This is a very hard test to meet. No hindsight analysis. Every invention is obvious after the fact, especially to an expert in the field.
- Examples of the Obvious:
 - Making something stronger or bigger (when stronger or bigger is better)
 - Substituting one ingredient for another (if they are known to be equivalent)
 - Making a predictable extrapolation (ex: if it works good at 60, better at 70 and then you do it at 80 and its even better)
- Obviousness is very fact specific.
 - KEY ISSUE: was the solution to the problem predictable by a person skilled in the art, at the time of the alleged invention?

6. Application of Novelty and Obviousness

- To be patentable the invention must pass both novelty and obviousness test:
- 2-Step analysis:
 - 1. Is the invention new? If not new, then go to the next test.
 - 2. Is the invention obvious? If the invention is new, it is obvious. If the invention is not new then it has to be obvious.

Diversified Products v. Tye-Sil

- Horizontal exercise device capable of vertical use. Tye-Sil alleged that the patent was invalid based on it being anticipated in the prior art and obvious in view of the prior art. They argued this by combining prior research and tried to show that a prior art device could be worked in both ways (this ended up showing why while it could work theoretically it couldn't in utility).
- Something would have to be done to them to make them work like that
- Obviousness attacks rarely work.

C. Infringement

A. Grant of Patent/Rights of Patent Holder

- If it meets the five requirements, patent is granted and the patent holder has a negative right that allows:
 - S. 42: Exclusive right to make, construct, use or sell the invention.
 - S. 43: Presumption of validity.
 - S. 44: 20 year term.
 - S. 46: Subject to payment and maintenance fees.

B. Patent Infringement

- Infringement is enforced by patent owner.
- Infringement is any action that impairs the exclusive rights of the patent owner.
- Two ways to think about infringement:
 - 1. Literal Infringement:
 - Accused product fits exactly within the literal wording of the claim.
 - That involves the concentric circles. Look at the accused device and if you find all the elements then you have it.
 - 2. Substantive Infringement:
 - Arises because copiers are very smart and are always looking for ways to get around the patent.
 - Substantive infringement is aimed at if a small variation takes the accused product outside the wording of the claim but makes no difference to the function of the product. Insubstantial variants may infringe even if it doesn't meet the exact wording of the claim.

Industrial Design

1. Industrial Design and Other IP

A. Form v. Function

- Copyright protects the expression of ideas, but not the functional aspects of them.
- Patent protects the functional aspects of ideas.
- Industrial Designs are intended to protect expressions of ideas embodied in functional articles.
 - The shape can be protected by copyright, but because it's a functional article, you go after industrial design. ID fills in the gaps in the copyright act.
 - Eg: The shape of a VW bug.
 - Furniture
- It is a statutorily created area of the law governed by the Industrial design act.

B. No Overlap between Patents and Copyright

Rucker Co. et al. v. Gavel's Vulcanizing

- Defendants repairing product plaintiff made. Defendants claimed no infringement as there could be no valid copyright as drawings developed from functional article and should have been under patent.
- There can be a patent on the functional article and copyright on the drawings as they are two different things.
- HOWEVER you can only recover either in patent or in copyright.
- Since what the defendant was doing was functional, it should be under patent.

Software

- Software can be protected by patent and copyright, but very different aspects are protected.
 - Copyright as literary work (expression of an idea)
 - Patent as functional article when being implemented on a computer.
- This gives different defences: Under copyright you can use independent creation and in patent it doesn't matter if you got there on your own.

C. Industrial Designs overlap with Patents

- Designs cover: features of shape, configuration, pattern or ornament and any combination of those features.
- Design exclude features applied to a useful article that are dictated solely by a utilitarian function of the article.

- Overlap = features which are aesthetic and functional.
- Eg: three mug designs. 1) slanted mug is probably novel and can be covered by ID or copyright. 2) a mug with something so it will sit better on your car, probably just on patent. Looks like other mugs otherwise. 3) a mug with a wide base and a narrow part you have ID because it looks different and has a functionality as well as a patent.

D. Industrial Design overlap with Copyright Act

- s. 64 of Copyright Act: Certain designs of 2 d or 3 d shapes are not protectable under copyright if more than 50 are made (in total)...UNLESS you fit in an exception under s. 64 (3).
 - I.E. take a design and apply it to a useful article and make more than 50 of them then you lose copyright.
 - Exceptions under s. 64 (3): graphics applied to an article, architecture etc...
 - This can be a fairly grey area. Best advice to a client is register in both.

E. Industrial Design and Trademarks

- An industrial design may also be a trademark (eg: distinguishing guise). Eg: Coke bottle shape.
- Trademarks are used more frequently since they have 15 year term and is indefinitely renewable and ID has 10 years and is not renewable as per s. 10 of ID act.

2. Requirement of Registrability

1. Fit within definition of design (s. 2 and 5.1)

- s.2: Describes them
- s.5.1: No protection will be given to design that is only there for utilitarian purposes

2. Application in Accordance with s. 4

- Declaration of novelty
- Must include:
 - Fees
 - Drawing of what you are trying to patent
 - A declaration of novelty that says to the applicant's knowledge that it is not being used by anyone at the time the declaration was made.
 - S. 4(2) allows people to come forward and adopt the registration as their own if they were using it first.
- A certificate will be issued under s. 7 once registration is successful.
 - This will create a presumption of originality and ownership.

3. Originality (s. 6)

- Not mere trade variants

Bata Industries v. Warrington Inc.

- Danish company had an ID on a particular kind of shoe and assigned it to Bata. They claimed that Warrington was infringing.
- No infringement occurred as it was copying the four basic elements being put together in a particular manner.
- HOWEVER ID was not registered because the four elements were all existing but the exact configuration hadn't been used before and they said that there was no 'substantial originality' or spark of creativity and that it was a mere trade variant here as it was known elements remixed.
- s. 6 of the ID act basically codified this mere trade variant standard.

Re Application of Dar Industries

- Application with respect to pitchers.
- The only difference between the two was length/height.
- The test: The impression of the beholder who has imperfect recollection and if that person's impression is similarity then its probably not original.

Re Industrial Design Application 1996-0991

- Application for a faucet type. The applicants are arguing that they are different and rejected.

- The test is restated as “differences only seen in a side-by-side comparison” “differences not remembered by average consumer with imperfect recollection.”

4. Grace Period (s. 6(3))

- There is a one year grace period from public disclosure to file, just like patents.

3. Infringement of Designs

- 10 year term from the date of registration (not application).
- “Substantial differences” test (s. 11): During the term of ID registration no one without a license from the owner will offer an article for ____ no substantially differing from the one being registered –similar to the concept of imperfect recollection
 - Scope of protection is commensurate with degree of originality s 11 (2).
- s.15: Gives the court the ability to grant remedies (injunction, delivery up, damages)
- s. 17: If you have a registered ID then you have to mark it with the symbol (d in a circle) then you leave yourself open to the alleged infringer using the defence of innocent infringement. If they raise then then the only recourse you have is injunctive relief.

Mainetti SPA v. ERA Display

- Plaintiff manufactured skirt hangers and registered an industrial design. Defendant is a competitor who knew of the design registration and tried to design around it. This meant that they looked at the features, tried to alter it enough and then register it. The plaintiff then brings an application for infringement. Some minor changes had been made. Defendant argued that main features of hanger were functional, design features limited to minor details which were not copied. So it should be covered by patent not ID since its functional.
- The whole of the plaintiff’s design registration was not valid because it was functional.
- The middle portions and side portion were merely design and not functional.
 - Basically if you put a coat on the hanger you don’t see it and it wasn’t intended to be seen.
 - Basically, if something is directed purely to functional, then it is patent no ID.
- Infringement Test:
 - 1) Whether one design would be confused with the other
 - 2) Whether the alleged infringing article would have any existence in terms of the design applied to it but for the registered design; and
 - 3) Whether the alleged infringing article was nearer the original design than any other prior designs.
- Why use ID over trademark?
 - While something may be a unique design, it may not be associated with the company enough to count for trademark.
 - But with the apple computer line you might lean towards trademark because its much more distinct. It’s a matter of looking at if it has sufficient uniqueness to be pursued via trademark.

Confidentiality/Trade Secrets

- 1. What role does confidentiality play in IP?
- 2. What is a trade secret?
- 3. How can a trade secret be protected?
- 4. How is a trade secret enforced?
- The classic trade secret is the coke formula.
 - People rely on these because patents will expire and trade secrets are good for as long as you can keep them secret.

1. The role of confidentiality in IP

- Confidentiality is critical when patenting, because public disclosure prevents patenting. However, inventors usually require assistance in bringing products to market, so disclosure can occur before patenting occurs.
 - Example: Suppliers or Engineers may need to be contacted for feasibility reasons.

- The solution? Secrecy and non-use agreements.
- Know-how: The soft-IP surrounding the rights in patent technology (i.e. knowing how everything really works and fits together) which can be as valuable as the patent in highly technical devices. This area is peripheral to patents.

2. What is a Trade Secret?

- There is no trade secrets act here, but the US definition is:
 - Information that is:
 - 1) Valuable or Potentially valuable
 - 2) Because it is not known by other competitors
 - 3) It would have value to the competitors if disclosed to them
 - 4) Reasonable Efforts were made to keep it secret.
- Trade secrets are not a category of IP, as confidential information is not property under Canadian law (*R. v. Stewart*).
- Confidential information is an intangible right.
- The starting point:

Saltman Engineering v. Campbell Engineering

- It is possible to have a confidential document that is the result of work done by the maker on materials that may be available for anyone's use. What makes it confidential is that the maker has used their brain and thus produced a result.
- This means that you can derive secret documents from public data and separate individuals can arrive at identical products independently.

Chicago Blower v. 141209

- A 20 year agreement that said defendants could sell the fans and use some confidential information regarding them. It ended and they kept using the information so the plaintiff sued. The defendants tried to say that they could have invented it via reverse engineering.
- Applies *Saltman*.
- The technical information, despite the fact it could be arrived at by reverse engineering, was confidential information because of the time and effort that would be necessary to reproduce it.
- HOWEVER the obligation of confidence expired with the agreement. Information is given for all time unless there is a provision to the contrary
 - Therefore always include a provision saying the information reverts to the one giving it.

3. How can a trade secret be protected?

- Trade secret protection is automatic once information is created. You just keep it secret.
- A key to the protection of a trade secret is the efforts of the owner to keep it a secret. Trade secrets are lost easily because, while you may have recourse against the leaker, your rights are lost.

4. How is trade secret enforced?

- Action for Breach of Confidence (sui generis i.e. stand alone action):
 - It is the remedy of binding a person's conscience to require maintenance of secret information in confidence.
 - It has elements of tort law, contractual law and fiduciary duties and focuses on the relationship between the parties.
- 3 elements to this action
 - 1. The information has necessary quality of confidence:
 - Look to *Saltman* and *Chicago Blower* for how to treat the information and apply these cases.
 - 2. The information was communicated in confidence:
 - Confidentiality agreement, implied confidence in pre-contractual confidence, see if fiduciary relationship of employee, for example.
 - 3. The information was misused by the recipient:
 - It has to be to their detriment. This is easy to prove since any unauthorized disclosure can probably lead to it apparently.

- The duty of confidence is the right of one party to demand the other party retain the information in confidence.

LAC Minerals v. International Corona

- Junior company Corona wanted to enter a relationship with LAC and shared information about a possible gold location as part of the pre-contractual negotiations. LAC tells them no and buys the property for themselves.
- The location of a gold mine is a trade secret and was communicated in confidence. Although never expressly stated, the industry customs indicated confidentiality was implicit.
- Applied 3-part test and found LAC minerals to have breached obligation of confidentiality (pp 287 and 289).
- 3 part test:
 - 1. Confidential Information: time/effort/cost of development the information analysis from the Saltman case and Chicago blower and efforts to maintain confidentiality. Here they found it took work and they tried to keep it hidden.
 - 2. Communicated in Confidence: Recipient knew or ought to have know that the information was confidential “Industry practice” was looked to here.
 - 3. Misuse of Information: recipient’s use of the information it obtained.

Promotivate Case

- Promotivate went to the Toronto Star with concept of a lottery based with numbers in the TV guide. Information shared in pre-contractual meetings. The Star rejects Promotivate but then does it themselves later. Promotivate argues that this was a breach of confidence.
- The three part test was applied
- There was confidential communication.
- The information that was communicated didn’t constitute a trade secret.
 - Using the Saltman/Chicaco Blower analysis, it was found that the same type of scheme had been used by other papers. The newspaper knew about the schemes and had been involved before, so Promotive was just pitching an old idea which could not constitute a novel scheme.

Pharand v. Alberta

- The provincial government called for proposals for development of a Ski Hill for the Olympics. They received 13 proposals, only one of which was for Mount Allan. The provincial government rejected all offers, and then proceeded to develop Mount Allan itself. The plaintiffs sued for breach of confidence.
- The court did the three step analysis: 1) time effort and expenditure done 2) confidential tender process and it was explicit that it would be confidential 3) misuse.

Cadbury Schweppes v. FBI Foods Ltd.

- FBI had a contract to can Clamato. Cadbury put in a restrictive covenant saying that they could not make a clam/tomato beverage. There was never express disclosure of the actual recipe, but FBI was in a privileged position. They helped Cadbury file some health and safety reports and through that and closely working with Cadbury they figure out the recipe. This information was then only gained via their position with Cadbury. FBI decides to make a tomato Cesar that didn’t have clam broth and they say this gets them around the covenant.
- The difference in recipe was not enough to protect them from the covenant.
- 3 part test applied: 1) Cadbury put time and effort in and Cadbury tried to keep it secret 2) it was communicated in confidence 3)misused.
- The argument that FBI could have created by reverse engineering so it didn’t matter was rejected.

CPC Intl v. Seaforth Creamery

- CPC made Hellman’s mayo. Seaforth hired a former CPC employee who had intimate knowledge of Hellman’s. Seaforth is President’s Choice. President’s choice then made mayo that was indistinguishable from Hellman’s. There was a restrictive covenant in the employee’s contract that was ridiculously broad. So they argued that and breach of confidence.
- The court found that the restrictive covenant was not enforceable but the breach of confidence was viable and granted interlocutory injunction till trial.
- Court held 3 types of information:
 - 1. True trade secrets (cannot be reverse engineered)

- 2. Non-trade secrets but which still constitute confidential information (reverse engineerable)
- 3. Mere trade knowledge which is in the public domain (generally known by those skilled in the art).

Commercialization of IP

1. Ownership of IP
2. Choice of Use
3. Assignments of IP
4. Licensing of IP
5. Use of IP as security

1. Ownership

- Can have sole or joint ownership. The patent act has sections about joint applications.
- What are the owners rights with respect to each other?

Forget v. Speciality Tools of Canada Inc

Case discusses co-owners rights to work use and dispose of IP.

Facts:

Husband tries to rip off wife. They are joint inventors of a thing that cuts pipes. Husband assigns his interest to a company without making reference to her having interest and then that company tries to make and sell that tech. Can this be done? She sues for infringement of patent rights and say it was an invalid assignment and license based on her lack of knowledge and consent.

Analysis:

- Based on CL principles the joint owners can work and make use of their IP as they wish and don't have to account to the other party. They can also assign their entire interest without consent of the other party.
- If they try and do a partial assignment or if they try and license their interest then they require the consent of the other party, but if they try and do a partial assignment or if they try and license their interest then they require the consent of the other party.
- The rationale is the dilution theory is that if you take something and divide it amongst multiple owners then the value will decrease.
- Contrasted against other jurisdictions, other countries are statute based. In UK need consent to assign, license or encumber. In US free to do whatever you want.
- ALL OF THIS CAN BE ALTERED BY CONTRACT.

2. Commercial use Choices

- What can an owner of IP do with it?
 - Nothing
 - S. 19: gives the government the right to mandatorily license something.
 - s. 65: abuse of patent section whereby if you can prove to a court that someone is abusing their patent rights you can get a license to use that patent.
 - Use it themselves
 - Give it away
 - Sell all, or parts of it.
 - License it.
 - Use it as security to raise money.

3. Assignments

a. Importance

- Because IP is an intangible right it is transferred via assignment.

b. Formal Requirements for Assignments

- There are varying formal requirements for assignment
 - Copyright – writing
 - Patent – writing and registered
 - ID – writing and registered

- TM – no formal requirements
- Always having writing is better.
- No magic formula but must be in a form that CIPO/relevant IP office will recognise.
- Look at the act for what has to specifically be covered.
- The only way the Canadian Intellectual Property Office will recognize a chain of title is if its registered.
- It is also extremely important with employees to get an assignment to ensure the employees don't come back and claim on them.

c. Key Terms of Assignments:

- Consideration
- Term
- Limitations on Use (if partial assignment)
- Warranties of the Assignor
- Covenants of the Assignee

4. Licensing

a. Licensing Definitions

- License: Permission to do something you would not otherwise be permitted to do.
- License is a form of contract, laws of contract govern (subject to applicable statutory regime)
- Licensor (granting rights) v. Licensee (recipient)

b. Licensing Strategies

- 2 major strategies for any given IP:
 - 1. Licensing Out: Taking IP that they have developed and allowing people to use it. You can get revenue flow from it, get it out there so you can raise the value of your related products, create an invention and get experts talents on it or it could even be ancillary to what you do so you might as well get cash for it.
 - 2. Licensing In: Instead of going through the expense and trouble of setting up and R & D to make it, you can just go find someone who did and then licence it from them. Used as a method of avoiding fights down the road. Also you can use it to hamper competitors by tying up the exclusive rights.

c. Types of License

- Exclusive : As close to an assignment as you can get
- Sole License: Licensee and licensor can both use it.
- Non-Exclusive License: Licensee gets the right to use it, but the licensor can licence it out to other people.

d. Need for Clarity in a License

- Must define very clearly what, to whom, for how long and for how much.

Turbenizing Process Corp. v. John Forsyth Ltd.

Facts:

The licensor has two patents for a particular material. The licensee agreed to pay for rights to make shirts out of it. On the licence itself it says that the licence will not challenge the patents. Then there are some royalty sections agreeing to pay a monthly fixed sum and an amount that they will pay per shirt, but that section didn't really reference the patent tech but rather just making those kind of shirts. The patents are overturned and now the licensor says they still have to pay royalties since they are making shirts with the material and no reference to patent.

Analysis:

- The shirt royalties was a separate covenant.
- The commentary passed says that this case is out of line with the rest of the world. Elsewhere they say that once the underlying IP right are extinguished, then no obligation to pay royalties.

e. Key License Terms

- Description of Licensed IP

- Exclusivity, if any
- Geographical and temporal boundaries
- Restrictions on use.
- Consideration
- Marketing Efforts
- Confidentiality
- Protection/enforcement/infringement
- Termination

f. Licensing – Statutory Interplay

- Patent Act: Exclusive license must be registered
- Trademark Act: s. 50: If someone has licensed it but gives themselves rights to police it, then its like they (original holder) is using it themselves. This is to prevent dilution.
 - This will lead to special trademark provisions in the franchise agreement that involve right to police and ensure that it is being used properly. Strict controls over assignment and sub-licensing.
- Competition Act: Does have an impact on the ability to licence intellectual property. This is because IP is the granting of a monopoly and its inherently anti-competitive. The act does have sections dealing with IP. Canada is more relaxed than the US.
 - s. 32: deals with abuse of IP rights restraining commerce or trade, abusing a dominant position court can go in and validate IP
 - s. 61 directed to product maintenance...etc...
 - 5 steps process if there is an anti-competitive complaint:
- Look towards IP statutes before applying competition act.

5. Using IP as Security

- This area is hard because it has volatile and hard to determine value.
- Use IP as collateral or primary security
- Registry PPSA/IP offices
- Seizure CEA
- Bankruptcy: The trustee can become a licensee or licensor. Do they have to honour it? Have to go to CL. It is not that clear.

Erin Features No. 1 Ltd. (re)

Facts:

There had been a petition into bankruptcy

Analysis:

- There is a right of disclaimer.
- Also hints that of the concept of an executed contract vs. executory contract.
- Under an executed contract everything is done so the trustee cannot disclaim.
- Under an executory which isn't done and there are positive obligations on trustee then they can disclaim.