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## Protection of Intellectual Property



The protection of intellectual property is primarily a federal responsibility and is the subject of four principal federal statutes: *Patent Act*, *Trademarks Act*, *Copyright Act*, and *Industrial Design Act*.

The Canadian Intellectual Property Office of Industry Canada administers these statutes. However, matters like the unauthorized use of a trademark (known as “the law of passing off”) or the misuse of a trade secret fall within provincial jurisdiction. In certain circumstances, the federal and provincial jurisdictions will overlap, as is the case with passing off, which is also covered in the *Trademarks Act*.

## Patents

The *Patent Act* establishes what is known as a “first to file” system. In Canada, the first applicant to file a patent application for an invention will be entitled to obtain patent protection for that invention.

A Canadian patent grants its owner the exclusive rights to make, use, and sell an invention in Canada, as defined in the claims of the patent, for a period of 20 years from the date of the application. A patent will only be granted for inventions that are new, inventive, and useful and may be obtained for devices, materials, processes and uses. Patent protection is not available for scientific principles, abstract theorems or ideas; nor is it available for higher life forms like genetically modified animals.

To be considered new or novel, the invention cannot have been disclosed in such a manner as to have become publicly available anywhere in the world. An exception to this is inventor-derived disclosures; a one-year grace period is provided for any such disclosures.

For the invention to be considered inventive, the differences between the state of the art and the inventive concept of the claims must involve steps that require ingenuity.

Finally, to meet the usefulness criterion, the invention must be functional and operative. In other words, the invention must have a practical purpose.

## International Considerations

Canada, like the United States, is a signatory to many international agreements related to patents, including the Paris Convention for the Protection of Industrial Property (Paris Convention) and the Patent Cooperation Treaty (PCT). The Paris Convention permits applicants to use the first filing date in one of the contracting states as the effective filing date in any other of the contracting states provided the application is filed within 12 months. The PCT, on the other hand, provides an international patent filing mechanism that facilitates the filing of patent applications in the contracting states.

Canada has also signed agreements with 32 other patent offices in the world. This program, known as the Patent Prosecution Highway (PPH), allows an applicant to significantly fast-track the examination of a patent application provided there is a corresponding patent application with one of the other patent offices.

*It is important to note that an invention patented several years ago in the United States, for example, will not be patentable in Canada as the invention will not be considered new.*

As a consequence, timing is a key issue with any new patent application for companies seeking to conduct business internationally.



## Registering a Trademark in Canada

A trademark is a symbol (such as a word, logo, slogan, name, sound, hologram, moving image, three-dimensional shape of goods, etc., or any combination thereof) adopted and used by a manufacturer or merchant to distinguish its goods and services from those of others.

### Registration and Related Issues

A trademark can only be considered registered if it has been entered into the federal Trademarks Register; there are no provincial trademark registers. Registration provides a trademark owner with the exclusive right to use the registered trademark throughout Canada, in association with the goods and services for which it is registered, and prevents others from using marks that are confusingly similar. Registrations are valid for a period of 10 years and are renewable indefinitely upon payment of the applicable administrative fees. There is currently no requirement to show use of the trademark at the time of renewal.

Although registration is not required to obtain legal protection – the use, advertising, or promotion of a trademark in a particular geographical area can establish rights in and to the trademark under common law for that specific area – it is always the preferred method of protection.

*The main benefit to registration is the protection afforded to the owner of the trademark across every province and territory in Canada.*


The *Trademarks Act* provides a registry system for trademark owners that is based on a “first to use” principle. It should be noted, however, that five years after a registration is issued, it becomes incontestable on the basis of prior common law rights unless it is demonstrated that the application was filed with the knowledge of such prior rights.

There is no requirement that a trademark be used prior to the issuance of a certificate of registration.

In addition, registration is evidence of ownership. As a result, in the case of a challenge to the ownership of a trademark, the onus to prove ownership rests on the challenger, not on the registered party. A registration may be cancelled in whole or in part by way of an administrative proceeding if there has been no use of the trademark (in association with the goods and services set out in the registration) for a period of three years unless special circumstances justifying non-use can be shown.

### International Considerations

Canada is a party to the *Madrid Agreement Concerning the International Registration of Marks* and the *Trademarks Act* reflects the provisions of the corresponding Madrid Protocol. The Madrid Protocol offers the possibility for trademark owners to file a single application for international registration with the World Intellectual Property Organization (WIPO) and subsequently designate the member countries where protection is requested. Each member country then applies its own laws to determine whether or not a trademark is registrable in its territory. An application for registration filed under the Madrid Protocol does not provide an international protection for a trademark but facilitates the registration of that trademark in several jurisdictions.



A foreign party may register a trademark in Canada without designating a Canadian third-party representative to assist with the correspondences of the Trademarks Office.

Moreover, Canada is part to the Paris Convention, which allows an applicant to use the date of filing for a registration application as a priority date to file a trademark registration application in other countries part of the Paris Convention. An applicant can benefit from the priority date no later than 6 months from the filing date of the initial application.

## Copyrights

A copyright gives the author of a literary, an artistic, a dramatic, or a musical work a series of rights, including the exclusive rights to produce and reproduce the work.

*A copyright protects the expression of ideas but not the ideas themselves.*

It can be used to protect many types of works, including books, music, movies, and software.

### Registration and Related Issues

Copyright registration in Canada is permitted but is not mandatory. Copyright legislation establishes a rebuttable statutory presumption that a copyright subsists in the creator's work and belongs to the registered owner (similar to the trademark legislation discussed above).

Canada is a signatory to the Berne Convention; therefore, copyright protection in Canada is extended, for example, to works by American citizens or works first published in the United States.

A copyright in Canada typically subsists for the lifetime of the author plus 70 years following the author's death.

### Authorship vs. Ownership

It is important to distinguish between authorship and ownership. According to the *Copyright Act*, the author of a work is, in principle, the first owner of that work. The first owner of a copyright created by an employee within the scope of his or her employment is the employer unless there is an agreement to the contrary. Independent contractor relationships (as opposed to employment relations) can make the ownership of a work unclear. More specifically, the person who hires an independent contractor may not own copyright for the works created in the absence of a written assignment signed by the author or his or her representative.

If the author is the first owner of a copyright, this has important consequences on the ownership of the copyright in the long term – even in the presence of written assignments. A copyright will automatically revert to the heirs or successors of the author 25 years after his or her death to the extent that the author was the first owner of the copyright.

For more information on assignments and licences, see below.

Authors are also granted so-called “moral rights” which are rights inherent to the person of an author and includes the right of credit or association, the right of integrity, and the right of anonymity or context. These rights are non-assignable and the author may only waive the exercise of these rights by agreeing not to enforce them through written contractual agreements.



## Industrial Designs

An industrial design is composed of the shape, configuration, pattern, or ornament of an object or any combination thereof. The essence of an industrial design is its visual appeal along with its originality.

### Registration and Related Issues

Unlike other forms of intellectual property, such as trademarks and copyrights, industrial designs must be registered to benefit from legal protection and ensure the exclusive rights to the design.

Applications to register an industrial design may be filed at any time provided the design has not been made public in any way. If the design has been disclosed to the public by the applicant, the application must be filed within 12 months of publication.

Industrial design protection affords the registered owner the exclusive rights to make, import, offer for sale, sell, or rent any article in respect of which the design has been applied.

The *Industrial Design Act* affords an applicant the right to the exclusive use thereof for a period of 10 years from the date of registration or 15 years from the date of application, whichever is later, subject to the payment of maintenance fees. To obtain an industrial design registration, there must be an original shape, pattern, or ornamentation applied to a manufactured article that is not a utilitarian function of the article.

## Further Considerations

### Assignments and Licences

Parties wishing to conduct business in Canada frequently partner with an existing Canadian business as a way of introducing themselves to the Canadian market. Often, these types of arrangements will require the use of the foreign party's intellectual property by the party in Canada. This can be accomplished by way of a licence to use the foreign party's intellectual property.

In addition, intellectual property can be sold or transferred. Where a transfer of ownership is required, the transferor of the intellectual property assigns it in writing and for consideration to the transferee, who becomes the new owner. The applicable offices of the Canadian Intellectual Property Office should be notified in these circumstances to ensure that the registration information is up to date and to avoid ownership disputes after the assignment has taken place.

### Policing Your Intellectual Property

Just as a real estate owner would hire a security guard to protect his or her investment, the owners of intellectual property should always be on the lookout for potential infringements.

In cases where a party's intellectual property assets become too large or too complex, it is advisable to retain the services of an agent based in Canada who will perform the necessary intellectual property surveillance functions. Such a moderate investment can save considerable time and expense later on.



## Enforcing Your Intellectual Property

Intellectual property owners and licences can sue to enforce their rights before Canadian courts. This includes infringement actions (patent, trademark, copyright), impeachment actions (patent), and actions under specific regulatory regimes such as the *Patented Medicines (Notice of Compliance) Regulations*.

There are no specialized intellectual property courts in Canada, although the Federal Court has developed expertise in such matters. Provincial courts have concurrent jurisdiction, except for declaratory relief in rem which may only be granted by the Federal Court. Intellectual property actions generally have five main stages: (a) pleadings; (b) documentary discovery; (c) oral discovery; (d) expert reports; and (e) trial. Summary judgment motions and trials may be filed in certain circumstances. The remedies for intellectual property infringement are prescribed by federal statutes and common law, including: damages (patent, trademark, copyright), accounting of profits (patent), destruction of infringing goods (patent, trademark), injunctions (patent, trademark, copyright) and legal costs. Final judgments may be appealed to provincial or federal courts of appeal as of right, with appeals to the Supreme Court being available thereafter, with leave, in cases of national importance.

## Trade Secrets

A trade secret is commercially valuable confidential information that retains its value as long as it remains secret. It is a subset of confidential information that is highly specific and generally understood to have an industrial or technical aspect about it which provides a competitive advantage to the holder of the secret. The legal protections available for trade secrets stand apart from the traditional intellectual property frameworks such as copyright, patents and trademarks because trade secret protection promotes economic activity by enabling people to exploit their ideas, know-how and information almost indefinitely as long as this information remains commercially valuable and is kept secret. On top of that, unlike the traditional frameworks, there is no uniform statutory regime for trade secrets. Instead, trade secret protection is achieved through a hodgepodge of statutory, common law and equitable protections. Recognized civil causes of actions that protect trade secrets include:

- Breach of contract
- Breach of confidence
- Breach of a fiduciary duty
- Unjust enrichment
- Interference with contractual relations

Some statutes also provide trade secret protections, such as the *Criminal Code* and the *Civil Code of Québec*.

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