The Year 2008 in Review
INTELLECTUAL PROPERTY

Following our very successful *The IP Year 2007 in Review*,[1] rated most popular Canadian article on the MONDAQ® website (www.mondaq.com) in February 2008, Fasken Martineau's Intellectual Property ("IP") Group is pleased to again present *The IP Year 2008 in Review*. Our synopsis of the noteworthy decisions and developments in Canadian IP law this past year will be helpful and informative for those doing business in Canada whose rights with regard to patent, trade-mark and copyright protection may be impacted.

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IMPORTANT PRACTICE NOTICES & AMENDMENTS TO THE *PATENT RULES*

E-FILE THIS UNDER PCT. In September 2008, the Canadian Intellectual Property Office ("CIPO") launched an online tool enabling international patent applications to be electronically filed with CIPO under the *Patent Cooperation Treaty* ("PCT").[2] Previously, CIPO only allowed limited portions of PCT applications (i.e., the abstracts and request forms) to be submitted electronically, and even then, only by way of CDs or DVDs which were to accompany paper submissions. With the previous system, CIPO manually generated an International Application number within approximately one week after filing.

Now, with the new online tool, the International Application number can be generated instantaneously: no more need to submit CDs or DVDs. Neither is there any need to file by paper. With CIPO's new "PCT e-Filing" initiative, the entire process can now be performed electronically. PCT Applicants – or their patent counsel – simply require: (i) the latest version of the PCT-SAFE software, available online from the World Intellectual Property Office ("WIPO");[3] (ii) a digital certificate issued to the e-Filer by WIPO;[4] and (iii) an online account and login credentials with Industry Canada.[5]

"…PPH is expected to significantly accelerate examination of patent applications if examination work has already been conducted at another intellectual property office."

International patent applications can be prepared using the PCT-SAFE software, and then signed using the WIPO-issued digital certificate. PCT e-Filing allows for international patent applications to be uploaded and for the prescribed filing fees to be paid, all through the CIPO website. Applications are verified just prior to submission, and the International Application number is automatically generated. As an additional benefit, the new PCT e-Filing initiative also provides clients with improved access to their filing history.

In exchange for the service upgrade and convenience, CIPO's PCT e-Filing system comes with a lower bottom line, since applicants using the new system may be eligible for payment of reduced government filing fees.[6]

A PATENT PROSECUTION PILOT PROJECT. In early 2008, a one-year "Patent Prosecution Highway" ("PPH") pilot program was launched between CIPO and the United States Patent and Trademark Office (the "USPTO"). According to the CIPO website,[7] the PPH is expected to significantly accelerate examination of patent applications if examination work has already been conducted at another intellectual property office. If claims of an application have been found to be acceptable by one intellectual property office, an accelerated examination can be requested at a participating intellectual property office. The Canada-U.S. PPH pilot program commenced on January 28, 2008 and was expected to end on January 28, 2009, but has been extended until January 28, 2011.

This initiative could be of great interest since Canada and the United States are jurisdictions of choice for many applicants seeking patent protection. Procedures to fast track prosecution in these jurisdictions will be welcomed by patent owners, especially in fast moving industries such as biotechnology and high technology.

CIPO BEGINS CONSULTATIONS ON CHANGES TO CANADIAN PATENT PRACTICE. Beginning in late 2008, the Patent Branch of CIPO announced the following two official consultation periods concerning Canadian patent practice which were scheduled to end in early 2009:

(1) from November 27, 2008 until January 5, 2009, a consultation concerning a first set of proposed changes to the *Patent Rules*,[8] including proposed changes to the definition of "description", establishment of the Filing Date, the small entity declaration (Form 3) within the petition, Instructions relating to Form 3, and completion requirements;[9] and

(2) from December 8, 2008 until January 16, 2009, a consultation on a proposed new Practice Notice concerning the Title of the Invention and the making of changes thereto.[10]

CIPO describes the first set of proposed changes to the *Patent Rules* as being of a "generally housekeeping […] nature and [… as dealing] with minor legalities and procedural issues as opposed to questions of substantive policy."[11]

In 2009, in what promises to be another busy year, CIPO plans to conduct three further consultations concerning other contemplated changes to the *Patent Rules*. The subsequent consultations will concern: (i) authorized correspondents, requests for examination, fees related to Sequence Listings, and reinstatement periods; (ii) amendments to Patent Appeal Board and final action procedures; and (iii) disclaimers, Section 29 of the *Patent Rules*, and claiming practice.[12]

NOTEWORTHY PATENT DECISIONS

WILL *BILSKI STOP* "BUSINESS METHOD" PATENTS IN THE U.S.? In a much anticipated *en banc* decision by the U.S. Court of Appeals for the Federal Circuit ("CAFC"), the criteria for patentability of "processes" in software, business method and computer-implemented inventions appears to have been altered to favour a newly resurrected "machine-or-transformation test" over the "useful, concrete, and tangible result" analysis that had been relied upon since the release of the famous *State Street Bank* decision a decade ago.[13] While strictly a U.S. decision, this case will be of interest to Canadian companies in software, financial and high technology industries seeking patent protection for "business methods" in the U.S.

In *Bilski,*[14] the court reasoned that "[t]he Supreme Court…has enunciated a definitive test to determine whether a process is tailored narrowly enough to encompass only a particular application of a fundamental principle rather than to pre-empt the principle itself." According to the CAFC, a claimed process is patent-eligible in the United States if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing (the "machine-or-transformation test").

The claims at issue in the *Bilski* application were not tied to a particular machine. With respect to the "transformation" part of the test, the majority opinion indicated that the transformation must be central to the purpose of the claimed process. The majority opinion stated that "purported transformations or manipulations simply of public or private legal obligations or relationships, business risks, or other such abstractions cannot meet the test because they are not physical objects or substances, and they are not representative of physical objects or substances." The majority opinion added that "the process as claimed encompasses the exchange of only options, which are simply legal rights to purchase some commodity at a given price in a given time period" and concluded that the claimed invention "… does not involve the transformation of any physical object or substance, or an electronic signal representative of any physical object or substance."

As to whether the *Bilski* decision will entirely stop business method patents in the U.S., the dissent by Circuit Judge Mayer appears to suggest otherwise – that the "machine-or-transformation test" may be circumvented by careful claim drafting. However, this new test does appear to have raised the bar for meeting the requirements for patentable subject matter in the U.S., and thus places even greater importance on careful and proper drafting of "process" claims for software, business method and computer-implemented inventions.

A U.S. COURT VOIDS THE NEW U.S. RULES OF PRACTICE. In last year's *The IP Year 2007 in Review,* we reported on the successful temporary order obtained by GlaxoSmithKline preventing the USPTO from implementing its new rules of practice concerning primarily claims and continuation applications (the "New Rules").[15] In April, the Virginia District Court permanently enjoined the USPTO, its director and employees from implementing the New Rules. While this was a U.S. decision, the rejection of the New Rules is of particular interest to Canadian companies seeking patent protection in the U.S.

The U.S. District Court for the Eastern District of Virginia declared the New Rules "null and void" as "otherwise not in accordance with law" and "in excess of statutory jurisdiction [and] authority". The court ruled that the proposed New Rules were substantive rather than procedural, and that the USPTO therefore did not have the authority to promulgate them. Although the U.S. *Patent Act* empowers the USPTO to "establish regulations, not inconsistent with law" and to "govern the conduct of proceedings in the Office", the USPTO is not vested with any "general substantive rulemaking power", the Judge said. The New Rules were found to be "substantive rules that change existing law and alter the rights of applicants… under the *Patent Act*". The New Rules "constituted drastic departure from the terms of the *Patent Act* as they are presently understood".

The battle is not over yet. In May, the USPTO filed a Notice of Appeal with the Court of Appeals for the Federal Circuit, challenging the earlier decision. It is likely that the ultimate fate of the New Rules will not be decided in the immediate future.

TAKE MY MONEY, PLEASE! – FEDERAL COURT ADDRESSES PAYMENT OF MAINTENANCE FEES. As noted in our previous editions of the *IP Year in Review*, the correct payment of maintenance fees continues to be a problem for applicants. In *Sarnoff Corporation v. The Attorney General of Canada,*[16] the Federal Court ruled on who may pay maintenance fees in respect of a pending patent application. Sarnoff had filed a patent application in 1999 and for the next five years, Sarnoff's patent agent paid the maintenance fees for the application on Sarnoff's behalf. In 2004, Sarnoff replaced its patent agent with a new patent agent, who then paid the maintenance fees for the application in 2006 and 2007.

Following the receipt of the 2007 maintenance fee, and having accepted the 2006 maintenance fee without complaint, CIPO contacted Sarnoff's new patent agent and advised that it had no record of a notice of change of agents. This was followed by another letter advising that Sarnoff's patent application was abandoned because the maintenance fee had not been paid by the appropriate person. The new agent wrote to CIPO requesting that the application be reinstated and at the same time, submitted the 2008 maintenance fee on Sarnoff's behalf. CIPO responded that the 2008 fee could only be accepted from an authorized correspondent, and reiterated that the patent application had been deemed abandoned.

Sarnoff commenced an application for judicial review of the Patent Office's decision, and on behalf of the Federal Court, Justice Hughes corrected this apparent injustice. In arriving at his decision, Justice Hughes first noted that the *Patent Act* provides that the "applicant" for a patent shall pay maintenance fees to the Patent Office. He also found that in this specific case, the new patent agent was an authorized agent according to the fundamental laws of agency, and was otherwise empowered to act on behalf of its principal. Justice Hughes then noted that for the purpose of prosecuting or maintaining an application that CIPO shall only communicate with an authorized correspondent: the term "authorized correspondent" being defined, among others, as the inventor or a patent agent appointed by the inventor or applicant. Having concluded that the new agent was a legal agent of Sarnoff, the only question in Justice Hughes' mind was whether it was of any consequence that the Patent Office did not have on file a notice to the effect that the new patent agent had been appointed. On this issue, Justice Hughes noted that neither the *Patent Act* nor the *Patent Rules* state when a notice of appointment of agent has to be submitted to the Patent Office, and went on to conclude the *Patent Rules* should not be read so restrictively so as to prohibit a principal or a principal's agent from engaging in matters so routine and clerical in nature as paying maintenance fees. In this context, and given the fact that the new agent paid the maintenance fees in a timely manner, Justice Hughes stated that CIPO had acted unreasonably and set aside the decision deeming Sarnoff's application as abandoned.

INDUCEMENT BY REPLACEMENT IS NOT REPAIR. According to a Federal Court of Appeal decision, "inducing infringement" may occur where an alleged infringer knew of parts replacements made by customers. In *MacLennan et al. v. Les Produits Gilbert Inc.*,[17] the Court of Appeal reversed the lower court's decision and held that the sale of replacement components designed to be incorporated into a patented combination could constitute inducing infringement.

The plaintiff's patent concerned a circular saw blade with removable and replaceable teeth for use in the forest industry, allowing operators to replace saw teeth without replacing the entire circular blade. The patent did not protect the individual saw teeth *per se* but rather claimed the combination of a replaceable saw tooth and a detachable tooth holder for attachment to a circular saw blade. The defendant manufactured and sold replaceable teeth for circular saws which were copies of the teeth of the patented combination and which could only be installed on the tooth holders of the patented combination.

"…the replaceability of the saw teeth was the essence of the patent claims and therefore there was a direct infringement every time a tooth sold by the defendant was used to replace a tooth of the patented combination."

The lower court found that the use of replacement saw teeth was simply a repair of the saw blade, and as such, did not constitute infringement according to well established Canadian law. The Federal Court of Appeal disagreed and held that the replaceability of the saw teeth was the essence of the patent claims and therefore there was a direct infringement every time a tooth sold by the defendant was used to replace a tooth of the patented combination. The defendant distributed a price list that identified the

teeth of the patented combination that its own teeth were intended to replace, and invited customers to buy its saw teeth for installation. The court of Appeal concluded that there was direct infringement by the users, that this infringement was influenced by the defendant, and that the defendant knew that, without his influence, users would not have infringed the patent.

THE SAGA CONTINUES: CLAIM CONSTRUCTION RULES DIFFERENT FOR PATENT RE-EXAMINATION BOARD? The *Genencor International Inc. v. Commissioner of Patent* "re-examination saga" continued in 2008. In our *IP Year 2007 in Review*,[18] we reported that Novozyme was denied the status of party or intervenor in an appeal to the Federal Court from a Patent Re-examination Board ("PRB") decision. In *Genencor International Inc. v. Canada (Commissioner of Patents)*, the PRB cancelled the claims of Genencor's patent following re-examination proceedings triggered by Novozyme. This year, the Federal Court heard the substance of the appeal and dismissed the case.[19]

In the appeal of the PRB decision the Federal Court was called on to determine the standard of review of PRB decisions. The court established that issues of natural justice and procedural fairness must be dealt with on a "correctness" standard, while issues of the merits of the PRB decision are questions of mixed fact and law that must be dealt with in accordance with the "palpable and overriding error" standard.

The Federal Court also had to determine whether supplementary submissions filed by Novozyme in the course of re-examination proceedings raised issues of natural justice and procedural fairness. Genencor claimed unfairness since it never received Novozyme's supplementary submissions, nor was it provided with the opportunity to respond to those supplementary submissions. The Federal Court nevertheless stated that this situation did not raise issues of natural justice since the evidence showed that these supplementary submissions were never considered by the PRB. As such, the PRB had no duty to provide Genencor with the supplementary submissions or to give it the opportunity to respond.

The substance of the PRB decision was also challenged before the Federal Court. Genencor argued that the PRB did not follow the claim construction principles put forward earlier and came to an improper conclusion with respect to claim anticipation. The Federal Court asserted that these claim construction principles only apply to trial and appeal court judges, but not to patent examiners in the course of examination or re-examination; this burden is mandated for courts but is inappropriate for the PRB. The appeal was thus dismissed.

"…the Court of Appeal found that a '… claim to a specific chemical compound cannot be anticipated by a prior art reference which only teaches a broad class of compounds into which the compound falls because the prior art reference does not give directions which inevitably result in the specific compound' "

"SELECTION" PATENTS REVISITED. In a trio of cases, Canadian courts revisited concerns surrounding selection patents.[20] As reported in *The IP Year 2006 in Review*,[21] a selection patent can be sought where there has been a selection of one or more compounds from a previously discovered group of compounds. To meet the statutory utility requirement under the *Patent Act*, the selected compound must also have an advantage over the larger group or class of compounds as a whole and the selection must be established through "sufficient representative testing". Based on the 2008 cases, it remains to be seen what exactly "sufficient representative testing" means for establishing a valid selection patent. Clearly, the more comparative data the patentee includes in an application for a selection patent, and the more the patentee articulates the selection's advantages over the previous genus, the stronger the argument will be for a proper patentable selection.

In *Pfizer Canada Inc. v. Canada (Health)*,[22] Ranbaxy alleged that Pfizer's patent was invalid on a number of grounds. When considering anticipation, the Court of Appeal found that a "… claim to a specific chemical compound cannot be anticipated by a prior art reference which only teaches a broad class of compounds into which the compound falls because the prior art reference does not give directions which inevitably result in the specific compound." As Ranbaxy did not allege that the prior art taught that the calcium salt of atorvastatin would have greater inhibition activity than expected, there was no anticipation.

In *Glaxosmithkline Inc. v. Pharmascience Inc.*,[23] GlaxoSmithKline ("GSK") sought an order prohibiting the issuance of a Notice of Compliance ("NOC") to Pharmascience for its antiviral drug VALTREX (valacyclovir) as its sale would infringe GSK's selection patent. At issue were two of GSK's Canadian patents, one of which covered amino acid esters of the antiviral compound acyclovir; the other, the selection patent, covered valacyclovir (marketed as VALTREX), which is a valine ester of acyclovir allegedly having improved oral bioavailability. Although the court found the selection patent was valid on the basis of anticipation and obviousness, it held that GSK had failed to establish that the patent was a valid selection because the evidence that GSK presented in support of the claimed utility did not speak to the advantage of valacyclovir over the genus from which it was chosen. Indeed, GSK's selection patent only

presented comparative oral bioavailability data for valacylovir against three esters chosen from the genus. The court found that this was insufficient evidence to support GSK's claim that valacylovir had unique oral bioavailability properties over the genus of compounds in its earlier patent. The Judge noted that a patentee of a selection patent need not test every compound in a genus but rather must determine the selection based on "sufficient representative testing" that a person skilled in the art could soundly predict would not be expected to be found amongst other members of the genus.

Given the two decisions from the lower courts, the Supreme Court of Canada, in a late 2008 decision, weighed in on the issue. In *Apotex Inc. v. Sanofi Synthelabo Canada Inc.*,[24] Sanofi held a patent to a class of over 250,000 possible compounds useful in inhibiting platelet aggregation activity in the blood. In a subsequently filed patent, Sanofi claimed a selected member of the earlier claimed genus, PLAVIX (clopidogrel bisulphate) as an anti-coagulant that exhibits platelet aggregation inhibiting activity. PLAVIX is an optical isomer obtained from a mixture of isomers (e.g. a racemate) that was selected based on less toxicity and better tolerance than the other optical isomer or the racemate. Apotex had alleged that the patent was invalid for anticipation, obviousness and double patenting.

For a successful anticipation claim, the Supreme Court outlined and affirmed the two-step approach, namely that the requirements of "prior disclosure" and "enablement" should be considered separately and proven. With respect to prior disclosure, where there is no disclosure of the special advantages of the selection patent, the genus patent does not anticipate. For "enablement", the person skilled in the art must have been able to perform the invention without "undue burden". How much trial and error or experimentation is permitted before it becomes an "undue burden"? The skilled person may use his or her common general knowledge of the relevant art at the relevant time to supplement information contained in the prior genus patent and may conduct routine trials without being considered an undue burden, but prolonged or arduous trial and error experiments would not be considered routine. In this case, there was no anticipation since there was no evidence that a person skilled in the art would know, from reading the earlier genus patent of the specific beneficial properties associated with the more active isomer and that it would be less toxic than the racemate or other isomer. While not necessary to consider enablement further, the Supreme Court did conclude, however, that based on the evidence submitted, separating the racemate into its isomers, identifying clopidrogel, its bisulfate salt and their advantageous properties required "…extensive investigation over a period of months".

"For a successful anticipation claim, the Supreme Court outlined and affirmed the two-step approach, namely that the requirements of 'prior disclosure' and 'enablement' should be considered separately and proven."

The allegation that the selection patent was invalid on the basis of obviousness was also considered. In considering this, a court must further consider whether the nature of the invention was such that it would have been 'obvious to try'. For a finding that an invention was 'obvious to try', there must be evidence to convince a judge on a balance of probabilities that it was more or less self-evident to try to obtain the invention. Mere possibility that something might turn up is not enough. In this case, the invention was not self-evident from the prior art and common general knowledge. In particular, there was no evidence that a person skilled in the art would have known which of the established separation techniques would work with this racemate. "The course of conduct and the time involved throughout demonstrate that the advantage of the dextro-rotatory isomer was not quickly or easily predictable."

Finally, the challenge to selection patents based on the ground of double patenting had to fail. A selection patent may be sought by a party other than the inventor or owner of the original genus patent. In addition, selection patents encourage improvements over the subject matter of the original genus patent because that selection does something better than what was claimed in the genus patent. There is no "same invention" double patenting because the claims of the two patents were not identical or coterminous and the former is broader than the latter. Further, as the claims in the selection patent reflect a patentably distinct compound in the patent case, the invention was not invalid for "obviousness" double patenting.

PAY ATTENTION TO DETAILS (PART 1): BEWARE THE BOILERPLATE. According to a Federal Court decision, applicants should be wary of using form letters as a "quick fix" to minimize the risk of not addressing a specific issue. In *Acetlion Pharmaceuticals Ltd v. Canada (Commissioner of Patents)*,[25] the Federal Court of Appeal dismissed an appeal to revive an abandoned patent application despite vague language to pay any applicable fee.

"When applicants rely on vague correspondence, CIPO will not accept responsibility if it is subsequently misconstrued."

As a result of incorrect internal docketing, the agent missed the due date for paying a maintenance fee. Within the necessary time period, the agent responded with what the agent believed to be instructions to CIPO to pay the

outstanding maintenance fee and the reinstatement fee. In its response, however, the agent did not state that the applicant desired reinstatement of the abandoned patent application, as required by the *Patent Act*. Instead, the letter merely authorized the Commissioner to "...debit any additional fee…associated with this communication..." The application went irretrievably abandoned because CIPO did not construe the letter to contain explicit instructions to reinstate the abandoned application. While the agent argued that the "boilerplate" instructed it to pay the required reinstatement fee, CIPO disagreed, claiming that the letter did not contain *explicit instructions* to reinstate the abandoned application.

Drawing on *Wicks v. Canada (Commissioner of Patents),*[26] the court underscored the importance that all requisitions to CIPO must comply with the *Patent Act*. When applicants rely on vague correspondence, CIPO will not accept responsibility if it is subsequently misconstrued.

PAY ATTENTION TO DETAILS (PART 2): TAKE CARE WHEN RESPONDING TO CIPO OFFICE ACTIONS AND COMMUNICATIONS. A Federal Court of Appeal decision underscores the importance of addressing and responding to each issue raised by CIPO in their Office Actions and Communications. The consequences of not doing so may include irretrievable abandonment of patent applications resulting in the permanent loss of potential patent rights in Canada. Much like the *Dutch Industries*[27] decision, the decision in *DBC Marine Safety Systems Ltd. v. Commissioner of Patents*[28] will likely have an impact on all future correspondence with CIPO.

As reported in our *The IP Year 2007 in Review*,[29] the applicant in this case failed to respond to a request for prior art. As a result, the application was deemed abandoned. The lower court held that the applicant could not avoid the legal consequences of failing to satisfy all its obligations. In a short and to the point decision, the court of Appeal dismissed the appeal. The court noted that the patent regime is "… firmly established by the *Patent Act* and the *Patent Rules*. Together, the various legislative provisions set out a complete code governing the duties of an applicant for a patent, the consequences of a failure to comply with those duties, and the steps that may be taken to avoid those consequences." In agreeing with the lower court that there is no discretionary decision, the Court of Appeal concluded that where an applicant fails to respond to a requisition and the application is not reinstated within the year provided to rectify the situation, the patent application is abandoned as a matter of law.

PAY ATTENTION TO DETAILS (PART 3): CANNOT DELETE PRIORITY DATE TO EXTEND NATIONAL PHASE ENTRY IN CANADA. Under Canadian patent practice, it is possible to request late National Phase entry into Canada up to 42 months from the earliest priority date. In *Antiballistic Security and Protection Inc. v. The Commissioner of Patents*,[30] the Federal Court refused to allow an Applicant to withdraw a priority claim to extend the time required for late national phase entry in Canada from an International PCT Application.

"…where an applicant fails to respond to a requisition and the application is not reinstated within the year provided to rectify the situation, the patent application is abandoned as a matter of law."

The PCT application at issue claimed priority from three separate applications. Having missed the 42-month deadline for entering the National Phase in Canada as calculated from the filing date of the first application, the applicant sought to "disclaim" priority from the first application while retaining priority from the second and third applications. The applicant then attempted to enter into the National Phase in Canada based on the request being made within 42 months of the filing date of the second application. Upon reviewing this request for late entry, the Commissioner of Patents (the "Commissioner") refused the request, stating that it was unable to accept the "disclaimer" of priority from the first application as the regulations under the PCT only allowed for a withdrawal of a priority claim prior to the expiration of 30 months from the priority date. The Commissioner therefore maintained that the applicant had not entered the National Phase in Canada within the allowable time of 42 months from the earliest priority date. The Applicant challenged the Commissioner's decision on the basis that nothing prohibited it from "disclaiming" the applicable priority date.

The Federal Court also rejected the applicant's arguments since the relevant priority date for the applicant's entry into the National Phase in Canada was the filing date for the first application. Under the *Patent Rules*, upon payment of a late payment fee, the National Phase application must be filed within 42 months after that priority date. Finding the definition of "priority date" to be critical, the Court held that the "priority date" of the International Application is the "filing date of the earliest application whose priority is so claimed", which in this case was the filing date of the first application.

FOR MAXIMUM COSTS AWARD, PURSUE ALL ALLEGATIONS OF INVALIDITY. In *Shire Biochem Inc. v. Canada (Minister of Health),*[31] the Federal Court dismissed an application under the *NOC Regulations* to prohibit the Minister of Health (the "Minister") from issuing an NOC to Apotex for modafinil tablets until after the expiration of the relevant patent. The patent holder, Cephalon, granted a license to Shire Biochem to market modafinil as ALERTEC to treat sleep disorders. Apotex challenged the va-

lidity of the patent on several grounds: anticipation, obviousness, lack of invention, lack of utility, mere discovery, sufficiency of disclosure, and overly broad claims. In its defense, Shire Biochem challenged the validity of Apotex's Notice of Allegation ("NOA") alleging that it failed to act on an additional number of alleged grounds of invalidity including double patenting, improper selection patent, and "patent fraud" under the *Patent Act*.

At issue were the essentiality of the particle size and the consistency of the particle size of modafinil, and the effect particle size has on modafinil's potency and safety profile. The court found that the claims to modafinil's particle size and use in a pharmaceutical composition were anticipated by a previously published PCT application and noted that on that finding alone Cephalon's patent should fall. Shire Biochem argued that prior art did not disclose the dosage range of modafinil of between 50mg and 700mg. The court disagreed stating that, in fact, somnolent disorders were commonly treated using doses in this range. Furthermore, the court concluded that it would be obvious for a person of ordinary skill in the art to investigate particle size when preparing a drug. Shire Biochem also failed to prove that the "invention" had the requisite utility, that is, that the modafinil of the claimed particle size range was more potent or safer than previous versions.

In conclusion, the court found that Cephalon's patent was invalid on the grounds of anticipation, obviousness and utility. Interestingly, even though the court awarded costs to Apotex, they were reduced by 25% for failure to pursue all the allegations of invalidity, including an implication of fraud under the *Patent Act* that the NOA raised. The Judge underscored the fact that if such an allegation of fraud under the *Patent Act* is raised but not pursued, there should a cost penalty to the applicant.

SECTION 8 INTERPRETED AT LONG LAST. In *Apotex Inc. v. Merck & Co., Inc. et al*,[32] a decision of first instance, the Federal Court has ruled on the type of compensation contemplated by section 8 of the *NOC Regulations*. Section 8 provides a mechanism by which a generic is entitled to seek compensation for losses incurred due to an innovator company commencing a prohibition proceeding against them pursuant to the *NOC Regulations*, which is later withdrawn, discontinued or dismissed by the court. This is the first action of its kind to go to trial, and to date there has been little in-depth judicial commentary as to section 8 specifically.

In February 2003, Apotex sent a NOA to Merck Frosst Canada Ltd. and Merck Frosst Canada & Co. (collectively "Merck") with respect to its generic "alendronate". Merck subsequently commenced proceedings to prohibit the issuance of a NOC, which otherwise would have permitted Apotex to sell its generic version of the alendronate drug in Canada (the "Prohibition Proceedings"). On February 3, 2004 (the "Certification Date") the Minister advised Apotex that its application was approved, subject to the Prohibition Proceedings. On May 26, 2005, the court dismissed the Prohibition Proceedings.

Apotex thereby brought an action against Merck for losses as a result of the Prohibition Proceedings, under section 8.

In its decision, the court first had to find that: section 8 was within the competence of the Federal Court to hear and determine an action brought thereunder; enabled by the *Patent Act*; and *intra vires* the constitutional authority of the Federal Parliament of Canada.

The court then went on to consider issues with respect to the nature and extent of the remedy afforded by section 8. The main issues were (1) whether Apotex, since it was successful under the NOC proceeding, was entitled to make an election as to its profits; (2) the appropriate length of the period of liability for Merck and the date upon which damages would begin running (whether the "start" date should be the Certification Date or another more appropriate date); and (3) whether Apotex could recover damages for loss of future profits or permanent market share.

In his decision dated October 21, 2008, Justice Hughes ordered that Apotex was entitled to claim damages or its lost profits for the period from February 3, 2004 (the Certification Date) to May 26, 2005 (the dismissal of the Prohibition Proceedings), but was not entitled to elect an account or the disgorgement of the profits of Merck. Apotex was also entitled to claim damages for lost sales and lost permanent market share for a period beyond May 26, 2005, provided the evidence demonstrates that such loss was not rectified and could not have been rectified before that date. No costs were awarded to either party.

The quantification of the damages or lost profits will be the subject of a trial at a later date.

SCOPE OF DISCOVERY IN *NOC PROCEEDINGS.* The decision in *Pfizer Canada Inc. v. Pharmascience Inc*.[33] has confirmed that in relation to documentary discovery, the issues in NOC Proceedings are restricted to those issues raised in the Notice of Allegation. In this case, Pharmascience had filed a submission with the Minister for a NOC in respect of amlodipine mesylate products, in part, to Pfizer's NORVASC™ 5 and 10 mg tablets. The filing certificate issued by the Minister recorded the submission as an abbreviated new drug submission ("ANDS"). However, Pharmascience asserted that the certificate was in error, and characterized the submission as a new drug submission ("NDS").

Following this submission, Pharmascience served a NOA on Pfizer in respect of certain patents relating to its NORVASC™ product. In response, Pfizer filed an application under the *NOC Regulations* for an order prohibiting the Minister from issuing a notice of compliance. However, Pfizer also alleged that Pharmascience's originating submission was an ANDS, not a NDS, and on this basis, demanded extensive production of documents from Pharmascience in the proceeding, including all correspondence between Health Canada and Pharmascience. Pharmascience did not provide all of the documents requested, and Pfizer commenced a motion for production which was refused by the Prothonotary. On appeal, the Prothonotary's ruling was confirmed by the Federal Court, citing the Federal Court of Appeal decision in *G.D. Searle & Co. v. Novopharm Ltd*.[34] which stated that the NOA defines the issues to be determined in proceedings under the *NOC Regulations*. On this basis, the court concluded that even though it was pleaded in Pfizer's notice of application, the question as to whether Pharmascience's originating submission was an ANDS or a NDS was not raised in the NOA, and was therefore not an issue to be determined in the proceeding. The court justified this decision on the basis that whether or not the originating submission was an ANDS or a NDS had no bearing on the key issues of infringement and validity.

NEED TO BE SPECIFIC IN PATENT LISTS. As noted in *The IP Year 2006 in Review*,[35] the *NOC Regulations* were previously amended to impose timing, relevance and subject-matter requirements for patents to be added to a patent list maintained on the Patent Register. Essentially, there must now be a link between the subject-matter of a patent on a patent list and the content of the submission. Patents must be relevant to the strength, dosage form or route of administration of the drug that the innovator is approved to sell. Patents can be listed in relation to supplemental new drug submissions only if the purpose is to obtain approval for a change in use, formulation or dosage form and the patent contains a claim thereto. In *Canada (Attorney General) v. Abbott Laboratories Ltd.*,[36] the Federal Court of Appeal was asked to determine whether the Minister properly applied the 2006 amendments when the Minister deleted one of Abbot's patents from the Patent Register.

Following an original New Drug Submission ("NDS"), the Minister issued to Abbott in 1995, an NOC with respect to PREVACID™ (lansoprozole), for use in treatment of duodenal ulcers, gastric ulcers and reflux esophagitis. In early 2006, Abbott filed a Supplementary New Drug Submission ("SNDS"), seeking the approval for a new indication for PREVACID™, namely healing and reduction of risk of Non-Steroidal Anti-Inflammatory Drug ("NSAID")-associated gastric ulcers. This SNDS was followed by a patent list, which included a patent that had been filed two years after Abbott's initial NOC.

The appeal raised two questions. The Court of Appeal had first to determine whether the amendments to the *NOC Regulations* published on June 16, 2006 and in force since October 5, 2006 were applicable to the patent list filed on July 20, 2006. The Appellate Court found that the relevant section of the *NOC Regulations* indeed applied to Abbott's patent as it was on a patent list filed between the publication date of the amendments and the date such amendments came into force.

The Federal Court of Appeal then went on to determine whether the Minister was correct in deleting Abbott's patent from the patent register. The patent contained a claim for the treatment of ulcers. The evidence before the lower court showed that a person skilled in the art would have recognized that the term "ulcer" would be broad enough to include NSAID ulcers. However, the Court of Appeal found that it was not sufficient for the patent to comprise non-specific claims broad enough to include the changed use in order to comply with the amended regulations. The *NOC Regulations* require a patent to *specifically* claim the change in use. Since Abbott's patent did not include such specific claims, the appeal was dismissed.

AN OBSCURE REFERENCE, EVEN IF PUBLICLY AVAILABLE, IS NOT ADMISSIBLE AS PRIOR ART. According to the Federal Court of Canada, a poster presented during a scientific symposium was not considered "prior art" for the purpose of an obviousness analysis. The court appears to be suggesting that an obscure reference, even if publicly available, may not be admissible as prior art if a skilled person is not able to locate it.

In *Janssen-Ortho Inc. and Daiichi Sankyo Company Limited v. Apotex Inc.,*[37] the court indicated that, by definition, prior art must be publicly available. The two criteria for public availability are: (1) the art must be in public domain (e.g. a publication that is private or restricted, for example, is not admissible as prior art for the purpose of an obviousness analysis); and (2) *a skilled person conducting a reasonably diligent search must have been able to locate the art*.

With respect to the poster, the court upheld that "…the poster was not published by way of distribution and could not have been found using a reasonably diligent search as of 1985. A public display for three hours at a scientific meeting does not mean that the poster has entered into the body of prior art of which a person skilled in the art could be said to possess or of which they could make themselves aware through a reasonably diligent search".

NO INDUCEMENT TO INFRINGE FOR SALES OUTSIDE CANADA. In *Laboratoires Servier v. Apotex*,[38] Laboratoires Servier asserted that

Pharmachem and Apotex Inc. (collectively "Apotex") infringed and induced infringement of one of its Canadian patents by the manufacture of its drug perindopril which is sold under the trademark COVERSYL™. In its defense and counterclaim, Apotex asserted that the patent was invalid.

"…only if some part of the activity takes place in Canada can an act of infringement be completed by the direct infringer."

Apotex claimed that there was no issue of inducement. Apotex's sales to affiliated foreign companies did not in Apotex's view, constitute an act of inducing infringement of the patent. According to the evidence, Apotex and the foreign entities did not intend title of the product to pass in Canada. According to the court, only if some part of the activity takes place in Canada can an act of infringement be completed by the direct infringer. The court was not persuaded, therefore, on the basis of the evidence that the product sold by Apotex passed to the foreign purchasers *in Canada*.

Apotex was also successful in convincing the court that it should not be liable for any infringement relating to specific amounts of perindopril that were produced *during commercialization* because these amounts fell under the experimental and regulatory use exemption of section 55.2(1) of the *Patent Act*. The court was satisfied that the amounts which were generated for submission, analytical, testing and the like, as may be required by the regulatory authorities in Canada, the United States and other jurisdictions, constituted uses of perindopril which qualified under the statutory exemptions of the *Patent Act*.

Apotex was less successful in arguing that the patent was invalid for obviousness. The Federal Court maintained the approach with respect to obviousness espoused in the 2007 *Janssen-Ortho Inc.*[39] case. However, Apotex was relying on art outside of the relevant field of the drug. The court indicated that "it cannot be assumed that the unimaginative, non-inventive technician skilled in the art would consider art in other fields". The court further indicated that "there must be some reason, supported by evidence, which would justify a person skilled in the art to look beyond the field at issue". Here, there was no such evidence.

ISSUE ESTOPPEL: NO ESTOPPEL BASED ON FOREIGN PATENT LITIGATION IN CANADIAN PATENT LITIGATION. According to the Federal Court of Canada, a patentee cannot be estopped from alleging infringement based on similar litigation in foreign jurisdictions. In *Johnson & Johnson Inc. v. Boston Scientific Ltd.,*[40] the Federal Court found that an admission made in a foreign patent proceeding, which is expressly stated to be for the purpose of that proceeding only, cannot be relied upon in Canada.

Since 1997, Boston Scientific sold stent devices in Canada. Johnson & Johnson asserted that the sale by Boston Scientific of stents in Canada had infringed rights in two of its Canadian patents. Boston Scientific denied infringement and countered that, by virtue of admissions made by Johnson & Johnson and findings of fact in litigation in other jurisdictions relating to corresponding foreign patents, it is estopped from alleging that the Boston Scientific stents infringed.

With regard to issue estoppel, the court found that issue estoppel was not applicable to the current case. As "… patents are 'among the most complex legal documents that can be produced'…" differences in practice and procedure in each country can result in different documents. Corresponding patents are not identical since there are distinctions in claimed subject matter arising from these differences. More importantly, claim construction is a question of Canadian law and since it is antecedent to issues of infringement and validity, *res judicata* cannot apply.

In another case involving issue estoppel, the Federal Court of Appeal grappled with whether, in reaching its conclusion that a Canadian patent was anticipated, the lower court erred in its application of the doctrine of issue estoppel based on an earlier 2005 decision. In *Calgon Carbon Corporation v. Corporation of North Bay (City)*,[41] the Federal Court of Appeal considered an appeal of a lower court decision in which that court found the Canadian patent invalid on the basis of anticipation and thus dismissed the claim for infringement by the patentee Calgon Carbon. In the 2005 decision, the Federal Court of Appeal found that patent recited valid subject matter but specifically declined to deal with the issue of whether the patent was invalid on the basis of anticipation. In the 2008 case, as the Federal Court simply considered the issue of anticipation and since there was no issue of contradictory claim construction, the Federal Court of Appeal found there was no case for issue estoppel.

IMPACTED THIRD PARTIES MAY NOT INTERVENE IN APPEAL. In 2007, the Federal Court found in *Pfizer Canada Inc. v. Canada (Health)*,[42] that the "Saccharin Doctrine" applied not only to processes but also to products.[43] The Saccharin Doctrine provides that there is patent infringement in Canada where a patented process is used in the production of a substance that was then imported into Canada for sale, provided, however, that the use of the patented processes in the production was not "merely incidental". As a result of the Federal Court decision in that case, both parties appealed the decision. In *Ranbaxy Laboratories Limited v. Pfizer Canada Inc.*,[44] Apotex sought leave to intervene on the basis that its rights would be impacted by the decision. Apotex had been sued for patent infringement by Eli Lilly in an unrelated patent and claimed an issue in that trial would be

affected by the decision in the *Ranbaxy* case. Pfizer opposed the motion on the basis that the legal issue raised by Apotex had not been raised by the parties to the appeal and that Apotex, if allowed to intervene, would be seeking to have this court answer a legal question which was not raised by any of the parties.

In dismissing Apotex's application to intervene, the Federal Court of Appeal found that if Apotex were allowed to intervene, one would expect Eli Lilly to require the same relief. It would be difficult for this court to exclude Eli Lilly if Apotex was allowed to transport the main issue in its proceeding with Eli Lilly into this appeal. Allowing both Apotex and Eli Lilly to intervene would undoubtedly complicate and delay the appeal.

WHAT'S THE "USE"? With respect to many drugs, "use" claims are commonly employed to overcome or avoid objections based on methods of medical treatment, which are not patentable in Canada. What happens, however, when there are multiple uses, some of which are patented and others are not? In 2008, Canadian courts had two opportunities to revisit the issue of infringement of use claims.[45]

In *Sanofi-Aventis Canada Inc. v. Laboratoire Riva Inc.*, Laboratoire Riva Inc. ("Riva") wanted to sell its generic version of ramipril (Riva-Ramipril) in Canada. In accordance with the *NOC Regulations*, Riva served a NOA on Sanofi-Aventis asserting that the patents listed in respect of Sanofi's drug would not be infringed. Sanofi opposed the application on the basis that Riva would induce physicians, pharmacists and patients to infringe Sanofi's "use" patents.

Citing *Pharmascience v. Sanofi-Aventis Canada Inc.*,[46] the court affirmed that, under the *NOC Regulations*, infringement can be direct or induced. In that case, the Court of Appeal held that the *NOC Regulations* are not intended to prevent all infringement, only infringement by, or induced or procured by, generic drug manufacturers. In *Sanofi-Aventis Pharma Inc. v. Apotex*,[47] the Court of Appeal found that the mere sale by a generic pharmaceutical drug producer of a medicine subject to a "use" patent is insufficient to constitute infringement under the NOC Regulations. Something more was needed in the way of conduct to make a manufacturer liable in an action for infringement, such as procuring or inducing others to infringe. The issue in this case, therefore, was whether Sanofi could prove on the balance of probabilities that Riva had done something more. In this case, the requirement for "something more" was not met since mere passive recognition that "off-label" prescription or consumption will occur is not enough.

"…the mere sale by a generic pharmaceutical drug producer of a medicine subject to a "use" patent is insufficient to constitute infringement under the NOC Regulations."

In *Solvay Pharma Inc v. Apotex Inc.*,[48] Solvay Pharma Inc. and Altana Pharma AG ("Solvay") sought an order prohibiting the issuance of a NOC for Apotex's enteric coated tablets of pantoprazole sodium. Altana failed to establish any causal link between Apotex' actions (and its proposed monograph) and the direct infringement the court was asked to assume. Further, Altana had failed to establish, on a balance of probabilities, that the tablets would be marketed or promoted to doctors, pharmacists or others to be used in an infringing manner.

THE "X" FILE - THE TRUTH IS OUT THERE. Are there circumstances in which a statement of claim should be allowed to issue against a known corporation identified only as Company "X", involving a known patent identified only as the "X" patent, for a known drug identified only as the "X" drug? This was the question before the Federal Court in *Novopharm Limited v. Company "X".*[49]

In this case, Novopharm intended to commence an action to impeach the "X" patent on various grounds of invalidity. However, prior to having the statement of claim issued, Novopharm brought an *ex parte* motion for a protective order prohibiting the disclosure of the identity of the defendant, the defendant's patent, and the drug that was the subject of the patent. In support of the motion, Novopharm alleged that it was currently developing a generic version of the "X" drug, and that no other generic versions of the drug were on the market or under development. In this context, Novopharm argued that if its competitors were aware of its plans to impeach the "X" patent and potentially enter the market with a generic version of the "X" drug, those competitors would also develop a generic version of the "X" drug and Novopharm would therefore lose its competitive advantage.

The Federal Court denied Novopharm's motion, citing the Supreme Court of Canada decision in *Atomic Energy of Canada Limited v. Sierra Club of Canada.*[50] The Supreme Court decision determined that in order to obtain a protective order, it is necessary to establish: (1) that public disclosure presents a serious risk to an important interest, and (2) that the granting of the protective order creates a beneficial result which outweighs the injurious effect of precluding open and accessible court proceedings. In the case of Novopharm's motion, the Federal Court found that while Novopharm's own commercial strategy was potentially at risk, protective orders are intended to protect a greater public interest. Protecting Novopharm's commercial interest did not outweigh the public's right to know the identity of parties before the courts and the issues in the proceedings, including the name of a drug in issue.

KEY CANADIAN DEVELOPMENTS IN TRADE-MARKS

SEE YOU IN – *CANADIAN ATHLETES FUND CORPORATION* V. *CANADIAN OLYMPIC COMMITTEE.* *Canadian Athletes Fund Corporation v. Canadian Olympic Committee*,[51] was an appeal and cross-appeal from a decision of the Federal Court to set aside the decision of the Registrar of Trade-marks (the "Registrar") to publish three official marks of the Canadian Olympic Committee ("COC"). The official marks "See You in Torino", "See You in Beijing" and "See You in Vancouver" were published on October 13, 2005, and effectively terminated the See You In – Canadian Athletes Fund Corporation ("SYI Fund") application to register these words as trade-marks. Although SYI Fund got the outcome it was looking for and the Registrar's decision to publish the marks was set aside, it still appealed the Order in its favour, while the COC cross-appealed the correctness of the judge's decision.

The lower court found that the COC had not "adopted and used" the marks as required by Section 9 of the *Trade-marks Act*, since no evidence of use was put before the Registrar. The letter from the COC requesting publication of the marks simply asserted that such use had taken place. The court found that the term "use" involves a public display of the marks in question. In this case, the mark had only been applied to pen and flashlight sets which the COC had ordered. It was not clear whether these sets had been received prior to the publication date and the evidence regarding distribution to the public was so equivocal that the Judge concluded that the COC had not established use. It is now necessary for public authorities requesting publication of a Section 9 mark to produce evidence that they have adopted and used the mark prior to advertisement.

"It is now necessary for public authorities requesting publication of a Section 9 mark to produce evidence that they have adopted and used the mark prior to advertisement."

SYI Fund appealed because it had advanced another argument, namely that the COC was a licensee of the International Olympic Committee, which the judge had rejected. The Federal Court of Appeal, however, refused to grant SYI Fund's appeal, reasoning that a party who has obtained the relief it sought is not normally entitled to appeal the judge's reasons.

***FAIRMONT RESORT PROPERTIES LTD.* V. *FAIRMONT HOTEL MANAGEMENT*, L.P.**[52] Fairmont Hotel Management, L.P. (the "Hotel") is the owner of three trade-mark registrations which include the word FAIRMONT, for use with hotel services. Fairmont Resort Properties Ltd. (the "Resort") is a developer of timeshare properties near Fairmont Hot Springs in British Columbia. The Resort had moved to strike three trade-mark registrations in the name of the Hotel (the "Hotel Marks"), one day before the expiry of the five year period of registration of the Hotel Marks, at which point the marks would have become incontestable in the face of previous concurrent use.

In dismissing the application, the court found that the Resort did not have standing as it was not a "person interested" under the *Trade-marks Act* in order to challenge the registration. In order to be considered a person interested, the party must be affected by the entry on the register or reasonably apprehend that it may be affected by any act or omission or contemplated act or omission under or contrary to the *Trade-marks Act*. The Resort acknowledged that it used the word FAIRMONT as a geographic indicator rather than as a trade-mark and that it had never applied for a trade-mark utilizing this element. No evidence was put forward to show that the Resort ever objected to the use by the Hotel or any other business of the word FAIRMONT, and it had not opposed the trade-mark applications for the Hotel Marks. Since the Resort had waited until only one day short of five years after registration to commence the proceeding, the court found that the Resort had "simply not acted as if it perceives itself to be a person affected, or who reasonably apprehends that it may be affected, by the entry

of the Hotel Marks on the register, or, indeed, by the use of 'Fairmont', at least until quite recently, by any other business operating in the same geographical area."

The court went on to say that if its decision is appealed and the judge's determination that the Resort is not a "person interested" is reversed, then in any event, the marks were not confusing at the date of registration with the unregistered marks of the Resort, the marks were distinctive of the services of the Hotel at the time the proceeding was commenced and the Hotel was entitled to secure registration of the marks.

"…it confirmed that trade-mark protection was not available for a mark or get up that was 'purely' functional."

CROCS CANADA INC.* V. *HOLEY SOLES HOLDINGS LTD. In *Crocs Canada Inc. v. Holey Soles Holdings Ltd.,*[53] the defendant Holey Soles brought a motion for summary judgment against the plaintiff Crocs, seeking dismissal of its claims for passing off under the *Trade-marks Act* and allegations of copyright infringement. The court looked at two issues: (i) whether Crocs' claims in passing off under paragraph 7(b) and (c) of the *Trade-marks Act* were defeated by application of the doctrine of functionality; and (ii) whether Crocs was barred from claiming copyright by virtue of subsection 64(2) of the *Copyright Act* or could Crocs benefit from the exceptions in subsection 64(3).

The court dismissed both issues on the motion for summary judgment. With respect to the issue of passing off, the court considered the recent Supreme Court of Canada decision in *Kirkbi AG v. Ritvik Holdings Inc.*,[54] where trade-mark protection for the plaintiff's toy building blocks was denied on the ground that the alleged "distinguishing guise" was, in fact, purely functional in nature. The court distinguished the *Kirkbi* decision, stating that the decision did not exclude from protection any and every mark which displayed some functional features, but rather that it confirmed that trade-mark protection was not available for a mark or get up that was "purely" functional. The court found that that the similar circles and semi circles found on both the defendant's and plaintiff's clogs had a functional role, the question of whether or not the design and pattern of the plaintiff's clogs were *primarily* functional ought to be left to the trial judge.

With respect to the second issue, in order to benefit from the protection of subsection 64(3)(b) or (c) of the *Copyright Act*, the designs in question must be used as a trade-mark or for material suitable for making wearing apparel. The court concluded that as Crocs' designs alone or in combination form its claimed distinctive trade dress, they therefore qualified as a trade-mark pursuant to the section 2 definition in the *Trade-marks Act*. Since shoes are clearly "wearing apparel" and the design was incorporated into the shoes, the court held that the plaintiff had raised sufficient evidence that there was a serious issue to be tried as to whether or not Crocs could claim one of the exceptions in subsection 64(3) of the *Copyright Act*, and the application for summary judgment was dismissed on this basis.

NOVA SCOTIAN (NEE SCOTCH) WHISKY. In April 2008, in *Scotch Whisky Association v. Glenora Distillers International Ltd.*,[55] the Federal Court of Canada ruled against the Canadian makers of a single-malt whisky named Glen Breton.

Though Glen Breton looks, smells and tastes like scotch, and though it's distilled and matured in the Scottish tradition, it is made in Cape Breton, Nova Scotia. The parties did not dispute that the Glen Breton whisky could not be labelled as "Scotch", a term that since 1998 has been reserved as a geographic indication denoting spirits distilled and matured in Scotland. Rather, the present case arose after Glenora filed an application, to protect Glen Breton as a trade-mark.

"…the Federal Court determined that confusion arose over use of the word 'glen', which it found to be recognized today as referring to whiskies from Scotland."

The Federal Court did not agree with the Scotch Whisky Association that the proposed trade-mark deceptively described Glen Breton's place of origin and its character or quality. Although the word "glen" had first been used with reference to the narrow valleys of Scotland and Ireland, the court recognized that it now has equal application to regions around the world of similar geographic character. The court also determined that casual consumers would not be confused by the positioning of the whisky on liquor store shelves, or on restaurant and bar drink lists.

Instead, the Federal Court determined that confusion arose over use of the word "glen", which it found to be recognized today as referring to whiskies from Scotland. The court pointed to Glenfiddich and Glenlivet as scotch whiskies well-known to Canadian consumers. As a result, the Federal Court overturned the decision of the Trade-Marks Opposition Board. The name "Glen Breton" was found to be not registrable under section 12(1)(e) of the *Trade-Marks Act* because its

adoption is prohibited by section 10, which forbids the adoption of trade-marks that have by ordinary commercial usage become recognized in Canada as designating the place of origin of any wares of the same general class.[56]

COUNTERFEITER GETS ITS DAY IN COURT (AND LOSES). Louis Vuitton originally brought a Federal Court action against two defendants, Lin and Tim Yang Wei-Kai (a.k.a. Wei-Kai Yang) who were together carrying on business as K2 Fashions for the sale of counterfeit LOUIS VUITTON bags. Neither Lin nor K2 Fashions filed a defence to the Statement of Claim. In rendering its decision[57] on a motion for default judgment brought by Louis Vuitton, the Federal Court was unimpressed with Lin's "dismissive attitude towards [the] proceeding" and towards the infringement of another's intellectual property rights. The Federal Court awarded Louis Vuitton a whopping $263,000 in damages, and issued a permanent injunction against the defendants, preventing any further sales of the counterfeit bags.

"Since the marks were not present in the same marketplace, the court found no likelihood of confusion between these two marks."

Shortly afterwards, Lin brought a motion seeking to have the default judgment set aside, arguing that she had merely leased the store to K2 Fashions, and denying that she had been served with the original Statement of Claim.

In *Louis Vuitton Malletier S.A. v. Lin*,[58] the motions judge questioned Lin's credibility and was not persuaded that she had a reasonable explanation for having failed to file a Statement of Defence. Instead, the motions judge seemed convinced that Lin was, in fact, associated with K2 Fashions and, moreover, that she may have exercised a position of some control over the business.

The motions judge therefore refused to set aside the default judgment, refused to grant leave for Lin to file a Statement of Defence, and refused to stay the execution judgment against her. The motions judge also awarded additional costs in the motion, to Louis Vuitton according to the tariff. This decision is a sign that the Federal Court may be taking a tougher stance against counterfeit product sales.

NO CASE FOR CONFUSION: CMAC MORTGAGES LTD./ ONTARIO MORTGAGE ACTION CENTRE LTD. V. CANADIAN MORTGAGE EXPERT CENTRES LTD. In January 2008, Canadian Mortgage Expert Centres Ltd. successfully defended a motion for an interlocutory injunction brought by Ontario Mortgage Action Centre Ltd., and CMAC Mortgages Ltd., due to alleged confusing similarity between OMAC, CMAC and CMEC, when used with mortgage brokerage services.[59] The owners of the OMAC and CMAC marks were seeking to restrain the use of the acronym CMEC by Canadian Mortgage Expert Centres Ltd., in association with its mortgage brokerage business in Ontario and had at the same time filed an action against them alleging trade-mark infringement and passing-off of the marks CMAC and OMAC contrary to sections 7 and 20 of the *Trade-marks Act*.

The court dismissed the injunction application with respect to the marks CMAC and CMEC, holding that the plaintiffs had failed to demonstrate that there was even a serious issue to be tried in respect of trade-mark infringement and passing-off with respect to these two marks due to the fact the marks were not in use in the same province. The court held that although the plaintiffs had incorporated the business CMAC Mortgages Inc. in Ontario, they had never carried on business under that name or used the trade-mark CMAC in Ontario. In fact the only evidence of use of the CMAC mark by the plaintiffs was in Alberta. Since the marks were not present in the same marketplace, the court found no likelihood of confusion between these two marks.

The court found that the plaintiffs had met the low threshold for a serious issue to be tried with respect to the likelihood of confusion as between the marks OMAC and CMEC for the two businesses operating in Ontario. However, the court noted that OMAC's case was weak in terms of confusion, both likelihood and actual, due to the lack of similarity between the corporate names of OMAC and CMEC, the fact that the logos were different, and that the marks themselves (acronyms) were inherently weak.

The court would not grant an injunction in any event, on the basis that the plaintiffs had not led sufficient evidence to establish loss of goodwill, in order to make out irreparable harm. The court held that the evidence led by the plaintiffs was in many instances speculative. The court also found that the defendants would suffer the greater harm from the granting of an injunction.

The court ordered costs in favour of the defendants, payable forthwith and taxed at the upper number of units of column IV. This case is a cautionary tale for mark owners that seek to assert common-law marks used in one province against another company that adopts or uses a confusingly similar mark in another part of the country. Further, it is risky to bring an action for infringement based on having prior

rights, when it might turn out that the defendants were the first to use the mark.

KEY CANADIAN DEVELOPMENTS IN DOMAIN NAMES AND THE INTERNET

IDENTIFYING THE ANONYMOUS DEFENDANT. Internet service providers ("ISPs") are often called upon by plaintiffs to disclose the identities of subscribers who have allegedly violated intellectual property rights. Two recent Ontario cases highlight the privacy issues that often exist in such situations: *R. v. Ward*,[60] and *R. v. Kwok*.[61] While *Ward* and *Kwok* are criminal law cases, these decisions are potentially significant for all situations in which a party seeks to identify an anonymous Internet user for the purpose of bringing a claim against them. Such claims are common in trade-mark, copyright, confidential information and defamation cases. *Ward* and *Kwok* emphasize the importance of looking to the language of the ISP policy or subscriber agreement in determining whether a reasonable expectation of privacy exists in the information sought.

In the past, Canadian courts have sought to balance the interests of the plaintiff, the anonymous defendant and the ISP in deciding whether to order the ISP to disclose the identity of the allegedly-infringing internet user. See *BMG Canada Inc. v. Doe.*[62]

Ward and *Kwok* address the issue of whether individuals have a reasonable expectation of privacy in relation to information held by their ISPs, such as their name and address. In *Kwok*, no evidence was led about the ISP's subscriber agreement. The individual was held to have a reasonable expectation that his name and address would not be disclosed by his ISP without a warrant. In *Ward*, the court held that the individual's "subjective expectation [of privacy] was not objectively reasonable having regard to all contextual factors and the totality of the circumstances." The ISP's subscriber agreement permitted disclosures of the kind that took place in this case, thereby negating any objectively reasonable expectation of privacy.

NEW WHOIS POLICY FOR ".CA" DOMAIN NAMES. In June 2008, the Canadian Internet Registration Authority ("CIRA") implemented a new policy for its online WHOIS search tool used to look up information about domain names and domain name holders on the dot-ca Registry database.[63] The new policy is designed to balance individuals' privacy rights against, among other things, the needs of intellectual property rights holders to obtain information about the owners of infringing domain names and websites.

Information typically provided through an online WHOIS search includes the registrant's name, address, phone number, e-mail address and administrative and technical contact information. This information is important for intellectual property owners interested in contacting domain registrants particularly for the purpose of pursuing trade-mark enforcement actions or initiating domain name dispute proceedings.

The "WHOIS" information for corporate registrants is still displayed by default, though such registrants can request protection in certain circumstances, however, under its new WHOIS policy, CIRA will no longer post information about individual registrants of domain names, although individual registrants can choose to 'opt-in' to release this information.

As a result of the new WHOIS policy, IP rights holders now have to go through additional and potentially time consuming steps in order to obtain information about registrants whose websites or domain names may be infringing on their rights. In order to contact a registrant, the IP rights holder must first attempt to contact the registrant through the CIRA website using its "Interested Party Contact - Message Delivery Form". This form permits any entity to send a message to an individual registrant without revealing their "WHOIS" information.

Once no response is received from the registrant, only then can the IP rights holder request disclosure of the registrant's information directly from CIRA using the Request for Disclosure of Registrant Information Form. A requestor, however, must be an intellectual property owner in a dispute involving a registered trademark, registered copyright, issued patent or registered corporate, business or trade name, and other enumerated disputes. Holders of common law trade-marks do not qualify.

CIRA has not indicated how long is a sufficient amount of time to wait for a response from the registrant to the Interested Party Contact - Message Delivery Form or how long it will take to respond to the Request for Disclosure of Registrant Information. As a result, by the time an IP rights holder obtains the registrant's WHOIS information, the registrant may have already transferred the domain name to another party, forcing the IP rights holder to begin the process over again. Since this policy is in its infancy, it remains to be seen whether this will prove to be a problem for IP rights holders going forward.

GROUNDBREAKING EXPANSION OF DOMAIN NAME SYSTEM EXPECTED IN 2009. There are currently twenty-one generic top level domain names ("gTLDs"), including the well-known

.com, .net, .org, .biz, and .info. In 2009, the Internet Corporation for Assigned Names and Numbers ("ICANN") plans to begin accepting applications for a significantly larger number of new top level domain names.[64]

Although many details remain to be settled, applicants are expected to be able to apply for a new top level domain for their exclusive use or to operate as a registrar to permit third party use. For example, Fasken Martineau could apply to operate the top level domain name <.fasken>. The firm could use this top level domain exclusively, or it could permit others to register <.fasken> domains.

ICANN has published a detailed Applicant Guidebook for comment and plans to begin accepting applications for new top level domains in mid-2009. Trade-mark and other intellectual property owners should consider evaluating their online branding and enforcement strategies and monitor the ICANN process carefully.

On one hand, the new gTLDs offer trade-mark owners the ability to control domains that reflect their brand (e.g. <.fasken>) or to participate in new gTLDs appropriate to their business (e.g. <.lawyers>). However, with an increased number of top level domain names, trade-mark owners will have to monitor new gTLD applications for infringement as they are submitted, and then monitor a wider range of second level domains for possible infringement.

Intellectual property owners should be thinking ahead to the launch of the new gTLD and developing affirmative and defensive intellectual property strategies now.

WEB 2.0 – THE TAX MAN COMETH. In the new generation of Web 2.0 service providers – including Facebook™, YouTube™, Wikipedia™ and iTunes®, among others – users supply online content (e.g., profiles, videos, podcasts, photos, product listings and customer reviews) to fill virtual space on the host's servers. Web 2.0 service and content providers have struggled to find new ways to protect themselves, and to profit, in this emerging commercial environment.

In *eBay Canada Ltd. et al. v. Minister of National Revenue*, [65] the Federal Court of Appeal upheld the earlier decision[66] of Justice Hughes, which afforded Revenue Canada access to confidential information concerning some of the biggest Canadian eBay® sellers, including a disclosure of gross sales, for use in verifying their income tax information.

The information, although stored on computer servers in foreign jurisdictions, was not considered "foreign-based information", since it was available for display on the company's computer screens in Canada with the entry of a few keystrokes.

Notably, and consistent with the SOCAN decision of the Supreme Court of Canada,[67] the court here viewed its role as one of interpreting existing legislation "in light of contemporary technology and, if necessary, ['transposing'] its terms to take into account the changed technological environment in which it is to be applied."[68] The decision may have a lasting impact upon Web 2.0 service providers for years to come.

KEY CANADIAN DEVELOPMENTS IN COPYRIGHT

CANADIAN WEBSITE OPERATOR SEEKS COPYRIGHT RULING. The owner of a popular BitTorrent indexing website has applied to the British Columbia Supreme Court, seeking an Order that his website located at <Isohunt.com> does not infringe Canadian copyright law. The website at issue searches the Internet locating and indexing BitTorrent files, a technology commonly used to quickly transfer large media files that are often protected by copyright. Last May, the website's owner received a letter from the Canadian Recording Industry Association ("CRIA") claiming that posting these links to copyrighted materials was a violation of the *Copyright Act*. Instead of waiting for CRIA to attempt to enforce that claim, the website owner applied to the court seeking a declaration that the site does not violate any copyright laws.

The website owner's position is that Isohunt.com is merely an indexer, much like Google™ or Yahoo™, since it only provides links to media files and does not provide the files themselves, or any software for creating or using them. He also claims that Isohunt.com has a policy similar to that of video-sharing website YouTube™, of removing links to copyrighted materials upon receiving a complaint from the copyright owner. Conversely, CRIA claims that the website is responsible for "causing, authorizing, and contributing to a staggering amount of illegal music uploading, downloading and file sharing".

"…transmission of identical ringtones to different users was a "communication to the public"

The outcome of this case could have serious implications for search engines and other websites that provide links to online digital content. If the outcome is not favourable for Isohunt.com, the court could be placing a number of the Internet's biggest players on the wrong side of copyright law.

SOCAN TARIFF 24 – RINGTONES. In January, the Federal Court of Appeal upheld a decision of the Copyright Board which ruled that the transmission of musical ringtones by wireless telephone companies to their customers was a "communication to the public by telecommunication", within the meaning of the *Copyright Act*.[69] In September, an application for leave to appeal was denied by the Supreme Court of Canada. The underlying question in this proceeding was whether the Society of Composers, Authors and Music Publishers of Canada ("SOCAN") is entitled to collect royalties for the transmission of musical ringtones to cell phone users under its proposed SOCAN Tariff 24.

In seeking judicial review of the Copyright Board's tariff decision, representatives of the Canadian cellular phone industry attempted to convince the court that the transmission of a ringtone to a cell phone was not a "communication". The applicants argued that a "communication" requires a transmission heard or perceived by a recipient simultaneously with the transmission. The Federal Court of Appeal, however, found that this was too narrow an interpretation of the word "communication" and held that the transmission of a musical ringtone to a cell phone was a communication "whether the owner of the cell phone accesses it immediately or at some later time". In the case of downloading ringtones, the communication would occur once the transmission had been received.

In the alternative, the applicants argued that because cell phone customers receive ringtones individually on a one-on-one basis, the transmission of the ringtones constitutes a private communication. In rejecting this argument, the Federal Court of Appeal agreed with the Copyright Board that the repeated transmission of identical ringtones to different users was a "communication to the public". The court found that it made no difference whether the transmission occurred simultaneously to all customers who had requested it, or if it was done on a one-on-one basis at different times.

The result of this decision is that a series of unique transmissions to individuals who, together comprise a group that could be said to constitute the public, is a "communication to the public" for the purpose of the *Copyright Act*.

COPYRIGHT BOARD DECISION ON TARIFFS 22.B TO 22.G (MUSIC OVER THE INTERNET). On October 24, 2008, the Copyright Board of Canada released its decision regarding the royalties to be paid for the use of musical works on the Internet.[70] The Board certified six tariffs (Tariffs 22.B to 22.G) requiring the payment of royalties to SOCAN, the collective society that administers the right to communicate musical works to the public by telecommunication.

The Copyright Board adopted a "user-based" approach that set rates for six different classes of users transmitting music using the Internet. These include: commercial radio stations; commercial and specialty television broadcasters, pay audio services and satellite radio services; the Canadian Broadcasting Corporation and educational broadcasters; non-commercial and campus radio stations; audio websites; and game sites. The tariffs apply for the period January 1, 1996 to December 31, 2006.

The royalty rates range from a high of 12.35 per cent of Internet revenues for pay audio services, to a low of 0.8 per cent of revenues for game sites. As a result of the Copyright Board's new "user-based" approach, websites that do not fall under one of the six categories are not required to pay any royalties for the use of music for the period January 1, 1996 to December 31, 2006. This includes popular sites such as Facebook™ and YouTube™.

COMMERCIAL RADIO REDUX. Earlier this year the Copyright Board released its re-determination of the amount of royalties that commercial radio stations are required to pay SOCAN and the Neighbouring Rights Collective of Canada ("NRCC").[71]

In its 2005 decision, the Board had increased the rate payable to SOCAN from 3.2% of total advertising revenues, which had applied since 1978, to 4.4% of all advertising revenues in excess of $1.25 million. The Board decided to raise the existing rate because it found that the rate had historically undervalued the contribution of SOCAN music to the revenues of commercial radio stations and did not reflect the efficiencies gained by stations through their use of music.

On judicial review of the Board's decision, the Canadian Association of Broadcasters ("CAB") argued that the Board's reasons did not provide an adequate explanation for the amount of the royalty increase. In a unanimous decision, the Federal Court of Appeal agreed, finding that the Board's reasons were inadequate.

In the re-hearing the only two issues addressed by the Board were the precise amount by which the royalty rates should be increased to account for the historical undervaluation of music, and the efficiencies achieved by radio stations through the use of music. The Board held the new hearing to consider the economic evidence filed by the parties relating to the value of music to Canadian commercial radio stations. Even though new evidence was presented, the Board came to the same conclusion and repeated its belief that the value of music to radio stations had increased significantly over time.

As a result of these proceedings the Board, in its tariff decisions, must now provide adequate reasons explaining how it arrives at specific royalty rates. In the recent SOCAN Tariffs 22.B to 22G decision, discussed above, the Board invoked this rule to justify why it could not set a tariff for social networking and video sharing websites such as Facebook™, MySpace™ and YouTube™.

PROPOSED AMENDMENTS TO THE COPYRIGHT ACT. On June 12, 2008, the Conservative Government introduced sweeping new amendments to Canada's Copyright Act, designed to update the law to reflect the development of digital technologies and in particular, the Internet. Bill C-61, An Act to Amend the *Copyright Act*, died on the Order Paper when Parliament was dissolved and a federal election was called on September 7, 2008.[72]

This is the second time in the last three years that copyright amendments have failed to be passed as the result of an election. The previous Liberal minority government introduced similar legislation in June 2005, but the legislation died when that Government fell later that year.

During its election campaign, the Conservative party promised to reintroduce the copyright amendments if re-elected. While the timing of the new copyright bill has not yet been announced by the returning Conservative government, it is possible that any reintroduced legislation will be similar to those introduced previously.

The issues the proposed amendments will address, include:

- "digital locks" or technological protection measures that record companies, movie studios, software companies and other content distributors use to protect the creative works;
- New exclusive rights for performers and record companies, including the right to make sound recordings available on the Internet;
- New "personal use" exceptions to allow individuals to record television programs, make digital copies of music, and move content from one format to another without infringing copyright;
- Limits to the amount of damages that can be awarded against an individual who infringes copyright for private use;
- Clarification on the role of Internet Service Providers (ISPs) with respect to copyright infringement by exempting ISPs from copyright liability, but requiring them to forward notices of alleged copyright infringement to subscribers and to retain the records necessary to determine the subscribers' identity;
- New exceptions for the educational use of material accessed from the Internet.

WHO SAYS CANADA'S LAX ON ENFORCEMENT? ACCESS COPYRIGHT V. U-COMPUTE. The decision in *The Canadian Copyright Licensing Agency ("Access Copyright") v. U-Compute and Riaz A. Lari*[73] marks the end of a long legal saga between the copyright protection agency Access Copyright and the individual Riaz A. Lari who, for close to 10 years, was alleged to have operated a business of copying academic textbooks. The ruling in this case is notable because it imposes the most severe and rare sanction for copyright infringement: imprisonment.

Since 1999, Lari had run a business called U-Compute, located next to Concordia University. In addition to supplying computer equipment, the business offered textbook copying services to the students. In order to accelerate the copying process, Lari had created a database of the digitized pages of several of the volumes most in demand which he then printed using commercial photocopiers.

In 1999, Access Copyright initiated legal proceedings against U-Compute to force it to cease its illegal copying activities. On November 5, 1999, Lari agreed to cease the illegal copying, but resumed its activities several months later. Access Copyright then decided to take more serious measures by requesting an injunction from the Federal Court. The Federal Court ruled in favour of the Access Copyright and enjoined U-Compute and Lari to sell, distribute or advertise for sale the unauthorised textbook copies.

Despite the Federal Court ruling, Lari continued to operate his business which led to contempt proceedings and an Order for payment of a $2,500 fine with an additional $10,000 imposed for costs. As this still did not stop Lari, Access Copyright then obtained a subsequent order for payment of a $5,000 fine as well as legal costs. Still the activities continued. In 2003, Access Copyright decided to change tactics, and obtained an Anton Piller Order, which was soon expanded to cover additional locations. This Order led to the discovery of even more of Lari's operation.

"…many businesses remain unaware that they owe significant sums to this collective, in addition to the fees they have already paid to SOCAN."

Despite all of these proceedings, Lari continued to copy and sell pirated textbooks. Access Copyright therefore filed a motion for contempt of court. In light of Lari's complete failure to comply with various Orders, the Federal Court sentenced him to six months' imprisonment, suspended on condition that he complete 400 hours of community service within a specified time limit. Of the 400 hours necessary to avoid imprisonment, Lari succeeded in completing only 64. This year, as a result of his actions, a warrant was issued to have Lari arrested and incarcerated for six months.

While this may seem extreme, it is a useful illustration of the capabilities of the Canadian judicial system to put a definitive end to copyright infringement and ensuring compliance with the court orders issued by its judges.

GET TO KNOW YOUR NEIGHBOURS – THE NEIGHBOURING RIGHTS COLLECTIVE OF CANADA. Most retailers and businesses that use sound recordings for ambient music are aware of the requirement to pay royalties to SOCAN. However, since 2005, the Neighbouring Rights Collective of Canada ("NRCC") has been getting tariffs granted to it with retroactive effect to January 1, 2003. Due to the fact that NRCC has not been established for as long and has not been as high profile as SOCAN, many businesses remain unaware that they owe

significant sums to this collective, in addition to the fees they have already paid to SOCAN.

What is the difference between SOCAN and NRCC? SOCAN and its predecessors have been representing the rights of musical composers and music publishers in Canada as a copyright collective since 1925, ensuring that artists and publishers are paid royalties, by collecting copyright licensing fees from individuals, businesses and organizations that play, broadcast or transmit music to the public, whether in public venues, on television or by telecommunication. On the other hand, NRCC was created in 1997, to represent the interests of musical performers and makers of published sound recordings embodying musical works and performers' performances of such works on behalf of five member collectives. NRCC is primarily engaged in the collection of licensing fees to pay royalties to the member collectives for the benefit of their constituent members.

Some of NRCC's most recent tariffs include Tariff No. 1.A, issued on February 23, 2008.[74] This tariff grants both NRCC and SOCAN the right to collect royalties for the years 2003-2007, to be paid each month by commercial radio stations for their respective repertoires of music.

Another tariff that many businesses are currently not aware of, but are likely going to be within the next year or so, is Tariff No. 3, issued on October 20, 2006.[75] This is an NRCC music supply and background music tariff for published sound recordings of musical works for the years 2003 to 2009. NRCC is aggressively seeking to collect the royalties owed under this tariff from all establishments that use background music in Canada. Tariff No. 3 is not only applicable to music played within an establishment, it also applies to music played when a customer is on "hold" on the telephone.

Tariff No. 3 is subject to some rather complex calculations, and a few exceptions. Depending on how the music is supplied, royalties may be based on a percentage of ticket sales, admissions or attendance, if these can be easily ascertained, or the royalty may be a multiplier based on square footage of the area to which the public has access, multiplied by the number of days of operation during which the music was played. These royalties based on square footage can result in a significant figure for big box stores and warehouse operations playing radio broadcasts in their stores, particularly as the levy is retroactive to 2003.[76]

Vancouver

Au-Yeung, Janet

Bayrakal, Karam

Chow, Anne

Curtis, David

Fancourt-Smith, Mark

Hefford, Alfred

Ingalls, Doran J.

Kuypers, Roger A.C.

MacNeil, Janine

Morrison, Lesley

Pisko, J. Erin

Polonenko, Daniel R.

Wotherspoon, David

Toronto

Benitah, Armand M.

Cameron, Alex

Cheng, May M.

Gouthro, Elizabeth E.

Holbeche, Kevin E.

Nahm, Tai W.

Penner, Mark D.

Romano, Benjamin

Shaughnessy, Leanne

Squire, Timothy M.

Ottawa

Acker, Stephen B.

Kerr-Wilson, Gerald (Jay)

Ko, Anne

O'Neill, J. Aidan

Montréal

Abecassis, Alexandre

Bouchard, Pascal

Bursanescu, Silviu

Chevalier, Cécile

Desrosiers, Julie

Dussault, Alain Y.

OUR INTELLECTUAL PROPERTY GROUP

THINK OF US FOR IP. Comprised of a specialized group of lawyers, patent agents and trade-mark agents, our multidisciplinary group advises clients on all aspects of intellectual property and is dedicated to understanding the technology and business environment of our clients. Our combined technical training and experience offer a breadth of patent expertise in the life sciences, physical and logical systems, software, business methods, mechanical and electromechanical devices as well as manufacturing systems, methods and processes.

We also have trade-mark lawyers, registered agents and clerks who file and prosecute trade-mark applications in Canada and internationally through an established network of associate law firms. Our trade-mark professionals are also experienced in validity/infringement opinions, availability/clearance reports, litigation and commercial transactions.

Professionals in our Intellectual Property Group are active committee members of various legal and industry associations, and frequently present and publish on topics of interest in the field of intellectual property law. Our IP litigators have extensive tribunal and litigation expertise having litigated on both the provincial and federal levels, and are experienced with all courts at all levels of common law and civil law, including Québec, in a wide range of intellectual property disputes.

THE FASKEN MARTINEAU INTELLECTUAL PROPERTY GROUP KEEPS GROWING! In 2008, we again increased our IP bench strength by adding several new professionals to the group: Tim Squire (partner), Jeremy Morton (partner), Cécile Chevalier (technical advisor), Kevin E. Holbeche (lawyer, patent and trade-mark agent), Erin Pisko (patent agent), Olivier Provost-Cao (technical advisor), and Philip Swain (patent agent).

Jeremy Morton is a partner in our London Office. Jeremy advises on all aspects of intellectual property and related areas such as data protection and privacy. Much of his work focuses on the technology sector. In addition to advisory and transactional work, he has handled many high value disputes for household name clients, including patent, trade mark, design, copyright and passing-off cases. His work has frequently entailed multi-jurisdictional coordination.

Prior to joining the firm in September 2008, Timothy Squire was the Chair of the Intellectual Property Group at another large Toronto law firm. Tim's practice involves the protection and commercialization of intellectual property, with a particular focus on medical and biomedical devices and other health and life science innovation.

Kevin E. Holbeche is skilled at drafting and prosecuting patent applications and providing patentability, infringement and validity opinions. He has experience with a wide-range of technologies, and also provides legal advice for trade-mark, design, copyright and licensing matters. Kevin specializes in IP portfolio management and works closely with foreign associates in numerous jurisdictions.

Cécile Chevalier practices in the area of photonics and instrumentation while Olivier Provost-Cao focus in the field of mechanical engineering with a concentration in aeronautics.

Erin Pisko has more than 10 years of experience in the Canadian Biotech Industry. Her current practice includes patent drafting and prosecution in the fields of life sciences.

Montréal (cont'd)

El Ayoubi, Hilal

Gagné, Mathieu

Gilker, Stéphane

Lafleur, Marie

Lapointe, Serge

Latulippe, Chloé

Leblanc, Christian

Mikus, Jean-Philippe

Nadon, Marc-André

Nitoslawski, Marek

Provost-Cao, Olivier

Swain, Philip

Turgeon, David

Québec City

Mercier, Charles

Roy, Sébastien

Tétreault, Marie Carole

London, U.K.

Boateng-Muhammad, Francesca

Booth, Allistair

Cox, Ralph

Cuffaro, Antonina

Glancy, Anna-Louise

Hadded, Yasmina

Heaviside, Lucy

Howes, Gary

Loosley, Roger

Morton, Jeremy

Richards, Stuart

Dr. Swain's practice focuses on the life sciences, in particular pharmaceuticals, biotechnology, biochemistry, agriculture, and organic chemistry. In addition to his life sciences practice, Dr. Swain has considerable experience obtaining patent protection for medical devices, telecommunications, software, electrical, mechanical devices and designs.

Pascal Bouchard, Silviu Bursanescu and Anna-Louise Glancy also joined us this year as associates. They practice in the fields of protection and commercialization of intellectual property, commercial litigation, health and life science innovations, drugs, medical devices, and media and communications law. They represent and advise clients on various aspects of intellectual property law, notably copyrights, trade secrets, patents and trademarks.

FASKEN MARTINEAU IN THE NEWS.

Congratulations to Stephane Gilker and Marek Nitoslawski of our Intellectual Property Group who were both recently included in The Best Lawyers in Canada 2008 and Legal LEXPERT Directory 2008. *The Best Laywers in Canada 2008* directory lists 114 of the firm's lawyers nominated by their peers in various areas of practice. Stephane Gilker and Marek Nitoslawski were recently selected by their peers for inclusion in *The Best Lawyers in Canada 2008*. *The Best Lawyers in Canada* publication is based on an exhaustive peer-review survey in which lawyers cast votes on the legal abilities of other lawyers in their specialties. Inclusion in *Best Lawyers* is considered a singular honour. Both Stephane Gilker and Marek Nitoslawski were also ranked as *repeatedly recommended* lawyers in the intellectual property category by *Legal LEXPERT Directory 2008*. LEXPERT's Canadian Legal Directory identifies leading law firms and practitioners in each practice area on the basis of a comprehensive survey process. The research includes professionals familiar with the provision of such legal services as well as informed users of these services. It is not possible to purchase a designation as a leading firm or practitioner.

Our IP Group among the Top IP practices in Canada. *Managing IP*, one of the world's most prestigious IP publications, has ranked Fasken Martineau as Tier 4 in the "Trade Mark / Copyright Contentious" category of its World IP Survey 2008 and placed our IP group among the top ten largest IP practices in Canada. The article states that the growth in the firm's IP practices reflects an increase in patent and trade mark filings as well as increasing workloads in practices such as litigation and technology transfer.

Fasken Martineau also obtained the 4th position in *LEXPERT*'s bull's-eye chart for its IP practice in Montréal. We also have to mention that five members of our intellectual property practice group have been Peer Review Rated by Martindale Hubbell in 2008.

Recognition for Fasken Martineau IP and Life Sciences teams. The partners in our London office's IP group are recognized leaders in the field in the *Chambers 2008 UK Directory* and are also recommended by *Legal 500 UK*. Our expertise in patent litigation is recognized by its ranking amongst leading London firms in the *Chambers 2008 UK Directory*, with Ralph Cox being named as a leading individual in the field. *Chambers 2008 UK Directory* also gives a high ranking for the life sciences team with Gary Howes and Paul Ranson being highly rated leading individuals. *Legal 500 UK* also ranks our London office in tier 3 of 4 for TMT (technology, media and telecoms) for pharmaceuticals and biotechnology with special mention for Gary Howes, Paul Ranson and Ralph Cox.

ABOUT FASKEN MARTINEAU

OVERVIEW Fasken Martineau is one of Canada's leading national business law and litigation firms. Internationally, our London office makes Fasken Martineau a leader among Canadian firms with an established presence in the major financial centers of the world and our Johannesburg office makes Fasken Martineau unique, as the only Canadian law firm with an office on the African continent.

Our Global Mining Group has been ranked Number One globally for fourth consecutive year by Who's Who Legal; the International Who's Who of Business Lawyers. Many of the firm's lawyers are acknowledged leaders in their fields of expertise. Sixty-nine of our lawyers are recognized in the Canadian Legal LEXPERT Directory. Eighteen are ranked among the 500 leading lawyers in Canada. Twenty-eight of the firm's partners are cited in the prestigious Chambers Global "The World's Leading Lawyers" Directory. Six lawyers of Fasken Martineau are named in the 2008 edition of *Canada's Employment Lawyers Directory.* Fasken Martineau is acknowledged for its particular experience in cross-border M&A and securities work, banking and financial services, information technology law and intellectual property, insolvency and restructuring, tax, litigation, labour, estates and trusts, and arbitrations.

The firm provides services in virtually all areas of Canadian law to clients located within Canada and internationally, and in almost all industry sectors. Fasken Martineau also has expertise in both of Canada's legal systems, common law and civil law, and offers services in both English and French.

CO-EDITORS: MARK D. PENNER AND LEANNE SHAUGHNESSY. Any questions or comments regarding this publication as well as requests for reproductions should be directed to the editors.

NOTES

[1] MONDAQ (http://www.mondaq.com/) awarded Fasken Martineau's *The IP Year 2007 In Review* the most popular Canadian article on its site in February, 2008. See http://www.mondaq.com/content/awards.asp?id=0539E265-6379-41AB-B278-66CBB5FF3769

[2] http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr01464.html

[3] http://www.wipo.int/pct-safe/en/

[4] http://www.wipo.int/pct-safe/en/certificates.htm

[5] https://strategis.ic.gc.ca/cgi-bin/allsites/registration/mainScreen.cgi

[6] http://www.wipo.int/pct/guide/en/gdvol1/annexes/annexc/ax_c_ca.pdf

[7] http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr01221.html. For a more detailed review, please see the Fasken Martineau practice notice at http://www.fasken.com/Publications/Detail.aspx?publication=4347.

[8] See http://laws.justice.gc.ca/en/P-4/SOR-96-423/index.html

[9] http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr01383.html

[10] http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr01467.html

[11] See note 9

[12] http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr00347.html

[13] *State Street Bank & Trust Co. v. Signature Financial Group, Inc.* 47 U.S.P.Q.2d 1596

[14] http://www.aipla.org/Content/ContentGroups/About_AIPLA1/AIPLA_Reports/20084/bilski.pdf . For a more detailed review, please see the Fasken Martineau practice notice at http://www.fasken.com/ip_bulletin_nov2008/

[15] See *The IP Year 2007 in Review* http://www.fasken.com/ip_the_year_2007_in_review/ Briefly, the New Rules issued by the USPTO on August 1st, 2007 were crafted to significantly limit the number of continuation applications, continuation-in-part applications and requests for continued examination (RCEs) that could be filed by an applicant. The New Rules were also designed to strongly discourage applicants from filing more than five independent claims or more than 25 total claims.

[16] *Sarnoff Corporation v. A.G. (Canada),* 2008 FC 712 (Fed. Crt)

[17] *Charles D. MacLennan and Quadco Equipment Inc. v. Les Produits Gilbert Inc*., 2008 FCA 35 (Fed. Crt. Apl)

[18] See *The IP Year 2007 in Review* http://www.fasken.com/ip_the_year_2007_in_review/

[19] *Genencor International, Inc. v. Commissioner of Patents and A.G. (Canada)*, 2008 FC 608 (Fed. Crt)

[20] *Pfizer Canada Inc. v. Canada (Health),* 2008 FCA 108; *Glaxosmithkline Inc. v. Pharmascience Inc*., 2008 FC 593; and *Apotex Inc. v. Sanofi Synthelabo Canada Inc*., 2008 SCC 61

[21] *See The IP Year 2006 in Review* http://www.fasken.com/publications/detail.aspx?publication=2694

[22] See note 20

[23] See note 20

[24] See note 20

[25] *Actelion Pharmaceuticals Ltd. v. Canada*, 2008 CAF 90 (Fed. Crt. Apl)

[26] See *The IP Year 2007 in Review* http://www.fasken.com/ip_the_year_2007_in_review/

[27] See *The IP Year 2006 in Review* and *IP Year 2007 in Review* http://www.fasken.com/publications/detail.aspx?publication=2694; http://www.fasken.com/ip_the_year_2007_in_review/

[28] *DBC Marine Safety Systems Ltd. v. Commissioner of Patents and A.G. (Canada)* 2008 FCA 256 (Fed. Crt. Apl)

[29] See *The IP Year 2007 in Review* http://www.fasken.com/ip_the_year_2007_in_review/

[30] *Antiballistic Security and Protection Inc. v. Commissioner of Patents* 2008 FC 587 (Fed. Crt.)

[31] *Shire Biochem Inc. and Cephalon Inc. v. The Minister of Health and Apotex Inc*. 2008 FC 538 (Fed. Crt.)

[32] *Apotex Inc. v. Merck & Co. Inc., Merck Frosst Canada Ltd. and Merck Frosst Canada & Co*., 2008 FC 1185 (Fed. Crt.)

[33] *Pfizer Canada Inc., Pfizer Limited and Pfizer Research and Development Company, NV/SA v. Pharmascience Inc. And the Minister of Health*, 2008 FC 950 (Fed. Crt.)

[34] *G.D. Searle & Co. and Pfizer Canada Inc. v. Novopharm Limited and the Minister of Health* [2008] 1 F.C.R. 529 (Fed. Crt. Apl)

[35] See *The IP Year 2006 in Review* http://www.fasken.com/publications/detail.aspx?publication=2694

[36] *A.G. (Canada) and the Minister of Health v. Abbott Laboratories Limited, TAP Pharmaceuticals Inc. and TAP Pharmaceutical Products Inc*. 2008 FCA 244 (Fed. Crt. Apl)

[37] *Janssen-Ortho Inc. and Daiichi Sankyo Company, Limited v. Apotex Inc. and the Minister of Health* 2008 FC 744 (Fed. Crt.)

[38] *Les Laboratoires Servier, Adir, Oril Industries, Servier Canada, Inc., Servier-Laboratories (Australia) PTY Ltd. and Servier Laboratories Limited v. Apotex Inc. and Apotex Pharmachem Inc*. 2008 FC 825 (Fed. Crt.)

[39] *Novopharm Limited v. JanssenOrtho Inc*. 2007 FCA 217 (Fed. Crt. Apl.) See also *The IP Year 2007 in Review* http://www.fasken.com/ip_the_year_2007_in_review/

[40] *Johnson & Johnson Inc., Expandable Grafts Partnership and Cordis Corporation v. Boston Scientific Ltd.* 2008 FC 552 (Fed. Crt.)

[41] *Calgon Carbon Corporation v. the Corporation of the City of North Bay and Trojan Technologies Inc*. 2008 FCA 81 (Fed. Crt. Apl)

[42] *Pfizer Canada Inc and Warner-Lambert Company LLC v. the Minister Health and Ranbaxy Laboratories Limited* 2007 FC 898 (Fed. Crt.).

[43] See *The IP Year 2007 in Review* http://www.fasken.com/ip_the_year_2007_in_review/

[44] *The Minister Health and Ranbaxy Laboratories Limited v. Pfizer Canada Inc and Warner-Lambert Company LLC* 2008 FCA 138 (Fed. Crt. Apl)
[45] *Sanofi-Aventis Canada Inc. v. Laboratoire Riva Inc.*, 2008 FC 291; and *Solvay Pharma Inc v. Apotex Inc.*, 2008 FC 308
[46] *Pharmascience Inc. v. Sanofi-Aventis Canada Inc. and Sanofi-Aventis Deutschland GmbH and the Minister of Health and Schering Corporation* 2006 FCA 229 (Fed. Crt. Apl). See *The IP Year 2006 in Review* http://www.fasken.com/publications/detail.aspx?publication=2694
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