FASKEN MARTINEAU

The Year 2007 in Review
INTELLECTUAL PROPERTY

Following our very successful *Intellectual Property: The Year 2006 in Review*, rated most popular Canadian article on the MONDAQ® website (www.mondaq.com) in February 2007, Fasken Martineau's Intellectual Property ("IP") Group is pleased to present *Intellectual Property: The Year 2007 in Review.* Our synopsis of the year's significant IP related decisions and noteworthy developments in IP law is helpful and informative for those doing business in Canada. Many of these recent developments reflect the ever-changing international aspects of commerce as well as the influence of technology, electronic media and the internet on IP acquisition, maintenance, protection and enforcement.

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KEY DEVELOPMENTS IN PATENTS

A number of significant patent developments occurred in 2007. Of particular note, recent legislative changes amended the *Patent Rules* in order to streamline the patenting process and to provide a mechanism for top-up payments for incorrect small entity status claims. In a Canadian first, the Commissioner of Patents (the "Commissioner") granted the first licence to a Canadian generic drug manufacturer to manufacturers and export a combination AIDS therapy to Rwanda. The Canadian Intellectual Property Office ("CIPO") issued a statement regarding its position on the patentability of electromagnetic and acoustic signals. In the vein of 2006, judicial activity in 2007 focused mostly on pharmaceutical patent disputes under the *Patented Medicines (Notice of Compliance) Regulations* ("NOC Regulations"). [2] However, there were also a number of interesting decisions dealing with abandonment and reinstatement of cases.

There were other important developments in the United States in 2007 that will be followed in Canada, including the injunction to stop the most significant amendments to the U.S. Patent Rules in several decades.

"In the vein of 2006, judicial activity in 2007 focused mostly on pharmaceutical patent disputes under the Patented Medicines (Notice of Compliance) Regulations ('NOC Regulations')."

IMPORTANT PRACTICE NOTICES & AMENDMENTS TO THE PATENT RULES

SMALL ENTITY 2.0: UPDATING THE PATENT RULES As of June 2, 2007, there were a number of amendments to the Canadian *Patent Rules*,[3] which attempted to address a number of concerns, most notably, ongoing "small entity" concerns and changes to sequence listing requirements.[4]

The *Patent Rules* now require a small entity declaration to be submitted either as part of the petition or as a separate document. The declaration must state that the applicant believes that it is entitled to pay fees at the small entity level. It will now be possible for the Commissioner to provide an extension of time allowing correction of fees mistakenly paid on or after June 2, 2007 at the small entity level. In its October practice notice[5], the Patent Office provided a further update with respect to claiming "small entity" status. According to the notice, where a fee (e.g. maintenance fee) is paid at the small entity level after June 2, 2007, CIPO will only accept that fee if there is either a signed small entity declaration on file or a signed small entity declaration is filed concurrent with that fee payment. More importantly, CIPO now takes the position that if the fee is required to maintain a patent application or issued patent in good standing and the fee is paid at the small entity level without there being a signed small entity declaration on file, the patent application or issued patent will be considered abandoned and must be reinstated on or before the one year reinstatement period. CIPO will not identify all cases where a previously filed declaration is inadequate and thus will not be taking the active step of rejecting the payment.

Whereas prior to June 2, 2007, any changes in title or ownership that occurred prior to the filing of an application for a patent required evidence such as an assignment, applicants now need only provide a declaration indicative of the chain of title events. We recommend that applicants still file assignment documents with CIPO as a means of maintaining a complete chain of title with CIPO.

The Canadian format for sequence listings has now been amended to comply with the Patent Cooperation Treaty standard provided under the World Intellectual Property Organization ("WIPO").

PATENT OFFICE PRACTICE REGARDING SIGNALS In its August practice notice[6], CIPO indicated its position on claims to electromagnetic and acoustic signals. According to CIPO, electromagnetic and acoustic signals are forms of energy and do not contain matter even though the signal may be transmitted through a physical medium. As such, electromagnetic and acoustic signals do not constitute statutory subject matter within the meaning of the definition of invention in section 2 of the *Patent Act*.

CANADIAN DRUG HELP MAY BE ON THE WAY In 2005, Canada became one of the first countries to amend its *Patent Act*[7] and the *Food & Drugs Act*[8] to include provisions whereby a manufacturer could produce patented pharmaceutical products for export to countries experiencing public health crises under the Canadian *Access to Medicines Regime Program* ("CAMR"). The

"...the Commissioner granted the first licence under CAMR in September to manufacture and export APOTRIAVIR™..."

goal of CAMR was to assist under developed and developing countries with little or no pharmaceutical manufacturing capacity to obtain access to drugs to combat HIV/AIDS, tuberculosis, malaria and other diseases. As one of the first countries to enact such a regime, Canada created a model for addressing the problems created by the intersection of significant public health issues and patent rights for pharmaceutical products. These 2005 amendments set out a mechanism whereby an applicant may apply for, and be granted "authorization" to make, construct and use a patented invention solely for sale or export to specified countries. The authorization once granted is valid for a period of two years, is nonexclusive, non-transferable, and renewable for a further two-year period.

In another Canadian first, the Commissioner granted the first licence under CAMR in September to manufacture and export APOTRIAVIR™, a triple combination AIDS therapy, to Rwanda.[10]

NOTEWORTHY PATENT DECISIONS

NO REVIVAL OF DEAD APPLICATIONS AFTER FAILURE TO MAKE PAYMENTS WITHIN REINSTATEMENT PERIOD *In Harry O. Wicks v. The Commissioner of Patents*[11], the Federal Court found that curative provisions of the *Patent Act* provide a remedy for deficient payments only, not for the failure to pay the applicable government fee. As noted in last year's Review,[12] Section 78.6 of the *Patent Act* came into force on February 1, 2006, to address the harshness of the Dutch Industries decision, and allowed a one-year window of opportunity (extending from February 1, 2006 to February 1, 2007) for patent holders and applicants to "fix" their applications by topping up their payments. This window of opportunity is now closed, but CIPO has introduced new regulations to address deficient fee payments as noted above[13].

In *Wicks*, the applicant of a number of abandoned Canadian patent applications attempted to revive them by arguing that Section 78.6 of the *Patent Act* applied retroactively to cure missed maintenance fee payments. The applicant had failed to pay annuity fees and, as a result, the patent applications were deemed abandoned. Within one year of the deemed date of abandonment, the applicant submitted a form claiming small entity status and requested reinstatement of the patent applications submitting the appropriate fees as a small entity. Later when the applications were abandoned again, the applications were not revived and were allowed to lapse.

In order to revive the applications, the applicant argued that the maintenance fee payments should have been made at the large entity rate all along, and the enactment of subsection 78.6(1) provided a remedy by allowing a one-year window of opportunity for patent holders and applicants to "fix" their applications by topping up their payments, thereby allowing for the reincarnation of the dead patent applications.

In refusing to allow the revival, the Federal Court found that the applicant could not bring himself within the purview of subsection 78.6(1) since "[i]t is evident that section 78.6, on its face and in accordance with Parliament's intent, was enacted to remedy the harsh effects of the *Dutch Industries* decision…. If the applicant had

"...curative provisions of the Patent Act do not provide a remedy for the failure to pay the applicable government fee..."

continued to pay small entity maintenance fees, albeit in error (as a result of Dutch Industries), the applicant would come within the purview of section 78.6."

LAST MINUTE REPRIEVE FOR CONTROVERSIAL AMENDMENTS TO U.S. PATENT RULES In a surprising turn of events, the U.S. District Court for the Eastern District of Virginia delivered what is perhaps the most significant ruling in U.S. patent law this year[14]. The Court granted GlaxoSmithKline's motion for a temporary restraining order and preliminary injunction to prevent the U.S. Patent and Trademark Office ("USPTO") from implementing its contentious amendments to the U.S. Patent Rules[15]. The retroactive amendments were set to be implemented on November 1st, 2007.

The amendments are significant in that they restrict the number of claims and the number of patent applications that can be filed to the same invention. While in the past, there was no limit on the number of applications that could be filed in a patent family, these amendments restrict the

number of applications to one original application and two continuations or continuations-in-part and restrict an applicant to only a single request for continued examination. The new rules also restrict applicants to no more than five independent claims and 25 claims in total. The USPTO will not only consider the total number of claims directed towards an invention disclosed in a single specification, but will consider all the claims of any co-pending application containing one claim that is not patentably distinct from a claim in a different application.

"...obviousness should be determined on the basis of the evidence, sound judgment and reason, and the weight, if any, to be given to the listed factors and any additional factors that may be presented."

GlaxoSmithKline filed a preliminary injunction to stop the amendments coming into force before their effective date. On October 31, 2007, the U.S. District Court delivered an oral decision temporarily enjoining the USPTO from implementing the new rules. Therefore, the changes to the rules did not go into effect on November 1st, 2007 and the USPTO employees were instructed to continue processing and examining patent applications under the rules and procedures in effect on October 31, 2007, until further notice.

Of course, this decision is only preliminary. Further hearings have been set for mid February 2008 and it is possible that there will be a decision in late winter or early spring. Since it can be expected that the unsuccessful party will appeal, it is conceivable that the ultimate fate of the new rules will not be determined until summer 2008. If this hasn't been done already, we strongly recommend that applicants begin working with their patent counsel as soon as possible to devise strategies for protecting their inventions in the event the new rules are implemented.

BROADENING THE TEST: CONSIDERING OBVIOUSNESS IN THE UNITED STATES

While strictly speaking not a Canadian decision, the decision of the U.S. Supreme Court in *KSR International Co.* v. *Teleflex Inc.* may have an impact on Canadians trying to obtain patent protection in the United States. In this case, KSR International Co. challenged the validity of Teleflex's patent directed to adjustable pedal technology. The Court of Appeals for the Federal Circuit had employed the traditional "TSM test" (i.e. teaching, suggestion or motivation) under which a patent may be obvious only if the prior art, the nature of the problem or the knowledge of a skilled person revealed some motivation or suggestion to combine the prior art. The U.S. Supreme Court noted that the Court of Appeals had applied the TSM test too strictly. More importantly, the U.S. Supreme Court noted that a court, when considering obviousness "…must ask whether the improvement is more than the predictable use of prior art elements according to their established functions". To achieve that "…it will often be necessary to look at interrelated teachings of multiple patents; to the effects of demands known to the design community or present in the marketplace; and to the background knowledge possessed by a person having ordinary skills in the art." By effectively broadening the field of inquiry, it may now be easier to invalidate U.S. patents or U.S. patent applications on the arguably more expansive test of obviousness under U.S. patent law.

In an attempt to provide some clarity, the USPTO released guidelines in late 2007 as to how examiners are to apply the new obviousness test in view of *KSR International* when considering patent applications[16].

MAINTAINING A NARROWER APPROACH: CONSIDERING OBVIOUSNESS IN CANADA

While the U.S. Supreme Court appears to be broadening the test for obviousness in the United States, Canadian courts appear to be maintaining a narrower approach. In an appeal of a 2006 decision of the Federal Court of Canada, the Federal Court of Appeal reviewed and considered the obviousness test in Canada.

In *Novopharm Limited v. JanssenOrtho Inc.*[17], the Court of Appeal listed six principal factors and two secondary factors when considering obviousness. According to the Court, this list was "…a useful tool, but no more. *It is not a list of legal rules to be slavishly followed; nor is it an exhaustive list of the relevant factors.*" In each case, obviousness should be determined on the basis of the evidence, sound judgment and reason, and the weight, if any, to be given to the listed factors and any additional factors that may be presented. The Court of Appeal noted that catchphrases, such as "worth a try", "directly and without difficulty" and "routine testing" are not to be treated as if they are rules of law. The principal issues include (a) considerations of what is the invention (i.e. what is claimed as construed by the Court); (b) the skills possessed by the hypothetical person skilled in the art; (c) the knowledge of that person; (d) the climate in the relevant field at the time of the alleged invention was made; (e) the motivation at the time of the alleged invention to solve the recognized problem (e.g. the reason why the claimed inventor made the claimed invention, or it may mean the reason why one might reasonably expect the hypothetical person of ordinary skill in the art to combine elements of the prior art to come up with the claimed invention); and (f) the time and

"...catchphrases, such as 'worth a try', 'directly and without difficulty' and 'routine testing' are not to be treated as if they are rules of law."

effort involved in the invention. The secondary factors, which may be relevant, generally bear less weight because they relate to facts arising after the date of the alleged invention and include: (a) commercial success; and (b) meritorious awards.

Following the *Novopharm* case, the Federal Court in *Pfizer Canada Inc. v. Apotex, Inc.*[18] also considered the obviousness factors outlined above. The patent at issue was directed to the use of sildenafil (VIAGRA™) for erectile dysfunction. Despite the caution about "catchphrases", the Court was of the view that the prior art taught only that it was "worth a try" to use oral sildenafil as a treatment for erectile dysfunction, which is not enough to constitute obviousness in Canada.

U.S. SUPREME COURT LIMITS THE EXTRATERRITORIAL REACH OF U.S. SOFTWARE PATENTS In a significant patent decision, the U.S. Supreme Court dealt with the issue of whether Microsoft was liable for damages for patent infringement on a worldwide basis under the U.S. *Patent Act*[19]. *In Microsoft Corp v. AT&T Corp,* the issue revolved around whether Microsoft's liability under U.S. patent law extended to computers made in another country when loaded with WINDOWS™ software copied abroad from a master disk or electronic transmission dispatched by Microsoft from the United States. While this case deals with a specific section of the U.S. *Patent Act*, and applies to allegedly infringing exporting activity carried out in the U.S., it will nevertheless be of interest to Canadian technology companies with research and development facilities based in the U.S. and elsewhere.

AT&T held a U.S. patent on a computer used to digitally encode and compress recorded speech, and had brought a patent infringement suit against Microsoft alleging that Microsoft's WINDOWS™ operating system included code that when loaded into a computer would render the computer capable of infringing AT&T's patent. In the lower courts, Microsoft was found to infringe AT&T's patent for installing the WINDOWS™ operating system on its own computers during its software development process in the U.S., and also for inducing infringement by licensing the operating system to manufacturers of computers sold in the U.S. However, in addition to damages for infringement within the U.S., AT&T sought damages from Microsoft for each computer running the WINDOWS™ operating system overseas, on the basis that Microsoft had exported a component of a patented invention for combination abroad in contravention of the U.S. *Patent Act*. The Court of Appeals for the Federal Circuit had affirmed that software could be a "component" of a patented invention and that software replicated abroad from Microsoft's master version exported from the U.S. was caught within the U.S. *Patent Act*, thereby effectively extending the reach of AT&T's U.S. patent to encompass foreign sales of Microsoft's WINDOWS™ operating system.

"Canadian companies with global operations should, however, continue to be alert to how the U.S. Patent Act may be interpreted..."

In overturning the lower court, the U.S. Supreme Court held that "[t]he master disk or electronic transmission Microsoft sends from the United States is never installed on any of the foreign-made computers in question. Instead, copies made abroad are used for installation. Because Microsoft does not export from the United States the copies actually installed, it does not 'suppl[y]… from the United States' 'components' of the relevant computers, and therefore is not liable under §271(f) as currently written." According to the U.S. Supreme Court, the "…presumption that United States law governs domestically but does not rule the world applies with particular force in patent law. The traditional understanding that our patent law 'operate[s] only domestically and d[oes] not extend to foreign activities,' is embedded in the *Patent Act* itself, which provides that a patent confers exclusive rights in an invention *within the United States*."

With this decision, the U.S. Supreme Court appears to have clarified the limits of extraterritorial reach of U.S. software patents, based on a technical interpretation of whether the master disk itself was ever used for installation abroad. Canadian companies with global operations should, however, continue to be alert to how the U.S. *Patent Act* may be interpreted when patented software code is shared between their research and development operations in the U.S. and elsewhere.

NO DISCRETION TO REFUSE A DISCLAIMER FILED BY A PATENTEE The *Patent Act* provides that a patentee may narrow the scope of its patent by effectively disclaiming a portion of the issued claims[20]. In *Richards Packaging Inc. v. Canada (Attorney General)*[21], the Federal Court concluded that the Commissioner has no discretion to refuse entry or recordal of disclaimers. In this case, the applicant, Richards Packaging Inc., filed a disclaimer with respect to its Canadian patent but CIPO refused to consider the disclaimer on the basis that the proposed amended claims would result in claiming more than what was originally protected in the patent. The Federal Court, in overturning the Commissioner, held that although it is a possibility that a disclaimer filed by the patentee may be defective and thus subject to litigation, the words of the *Patent Act* are clear and unambiguous and provide no discretion to refuse to accept the filing or recordal of an applicant's disclaimer. The Court affirmed that that the *Patent Act* "…does not empower the Commissioner to make any decision; nor does it vest him with any discretion; it merely imposes on him the duty to record certain documents."

AVOIDING "SELF-INFLICTED WOUNDS" IN THE SPECIFICATION The Federal Court of Appeal has affirmed that claim ambiguity is resolved by determining the intention of the inventor. This case illustrates the importance of drafting both the patent specification and claims with a view to covering as many scenarios as possible.

" If the inventor has misspoken or otherwise created an unnecessary or troublesome limitation in the claims, it is a self-inflicted wound."

In *Astrazeneca AB et al. v. Apotex Inc.*[22], AstraZeneca AB and AstraZeneca Canada Inc. were seeking an order prohibiting the Minister of Health (the "Minister") from issuing a notice of compliance ("NOC") to Apotex Inc., with respect to Apotex's omeprazole tablets. The claim at issue covered an oral pharmaceutical dosage form comprising, *inter alia*, a core material containing a proton pump inhibitor *and* an alkaline reacting compound. Apotex's formulation used omeprazole as both the proton pump inhibitor and the alkaline reacting compound. Apotex argued that the grammatical structure of the claim made it clear that the proton pump inhibitor and the alkaline reacting compound are two separate components. The patentee, on the other hand, argued that one compound could fulfill both roles as the claim did not preclude both functions in one compound and to do so would be "…tantamount to asking the Court to read in additional requirements that are not present on a fair reading of the claim."

In following well known Canadian jurisprudence that claims are to be interpreted in a "purposive" fashion[23], the purpose of the patent, based on the disclosure and expert testimony, was that the two functions are to be found in separate and discrete components. "Such a construction is sympathetic to the accomplishment of the inventor's purpose, expressed or implicit, in the text of the claims and it does not require that anything be read in. If the inventor has misspoken or otherwise created an unnecessary or troublesome limitation in the claims, it is a self-inflicted wound." On appeal, Astra argued that the trial judge, having recognized that the recited language could include a single substance that functions as both a proton pump inhibitor and an alkaline reacting compound, was not entitled to consider any other interpretation. The Federal Court of Appeal, however, found that when faced with such an ambiguity, the trial judge properly considered the language of the patent claim and the disclosure, informed by a detailed analysis of conflicting expert evidence.

UNDERTAKING AVOIDS INFRINGEMENT OF "USE" CLAIMS By offering an undertaking not to sell their drug product for patented uses, Apotex avoided infringement of Pfizer's "use" patents. In *Pfizer Canada Inc. v. Canada (Health)*[24], Pfizer had obtained a patent directed to the treatment of cardiac and vascular hypertrophy and hyperplasia by administration of angiotensin converting enzyme ("ACE") inhibitors. Apotex in its product monograph for APO-QUINAPRIL™, an ACE inhibitor, indicated that it is "…intended to be used for both hypertension and congestive heart failure." In its Notice of Allegation ("NOA"), Apotex undertook that it would "… ensure that the only indication is for treatment of hypertension and that any use for treatment of cardiac and/or vascular hypertrophy, and/or hyperplasia [would be] excluded."

Pfizer argued that the use of the undertaking noted above was not permitted under the *NOC Regulations*. Pfizer contended that in view of the nature of the diseases, the use of the Apotex's product would infringe Pfizer "use" patent. As noted in last years *Year In Review*, it is well established that incidental treatment of a patented use through the administration of medicine to treat a non-patented use is not grounds, on its own, to prohibit the grant of the NOC; something more was needed[25]. According to Pfizer that "something more" in this case, was the product labels and draft product monograph which would induce infringement.

According to the Court, the undertaking provided in the NOA was a complete answer to infringement. Secondly, if physicians engage in "off label" use by prescribing Apotex's product for something other than the approved use, Apotex can only be said to infringe Pfizer's patent if it is implicated in inducing the infringing use by a physician or pharmacist. There was no evidence that Apotex would "…actively induce physicians to prescribe quinapril pills to treat hypertrophy." As such, the Court dismissed Pfizer's application and allowed Apotex's NOC provided that the undertaking was included.

NEED TO PUT YOUR "BEST FOOT FORWARD": PROCEEDINGS UNDER THE NOC REGULATIONS In 2007, the Federal Court attempted to limit pharmaceutical litigation under proceedings involving the *NOC Regulations*[26]. In a series of decisions both at the appellate and trial level, the Federal Court applied the doctrine of estoppel in several cases to deny the right of parties to bring forward new arguments on the validity of patents where they

"...By offering an undertaking not to sell their drug product for patented uses, Apotex avoided infringement of Pfizer's 'use' patents..."

previously had opportunities to present such arguments and had failed to do so.

In *Pharmascience Inc. v. Canada (Health)*[27], the Federal Court of Appeal upheld a lower court decision where Pharmascience was attempting to raise, for a second time, the issue of invalidity of a patent by relying on grounds of invalidity not brought forward

in previous proceedings. The lower court held that Pharmascience was precluded by the doctrine of estoppel from relying on the allegations in a second NOA regarding the patent and prohibited the Minister from issuing an NOC to Pharmascience. On

"...a party must 'put its best foot forward by raising all arguments with respect to an issue at first instance.'"

appeal, the Court of Appeal held that generic drug manufacturers should be precluded by the doctrine of estoppel from of Pfizer's "use" patents alleging for a second time that a patent is invalid, even on new grounds, unless *the basis relied upon for the subsequent allegation could not be determined with reasonable diligence at first instance, or some special overriding circumstance exists to warrant a judge exercising discretion not to do so.* In essence, a party must "put its best foot forward by raising all arguments with respect to an issue at first instance."

Similarly, in *Sanofi-Aventis v. Pharmascience et al*[28], Pharmascience unsuccessfully alleged invalidity of Sanofi's patent on the basis of double patenting. Other generics were subsequently successful in challenging the patent on the basis of lack of sound prediction[29]. Pharmascience then tried to follow on the successful invalidity findings. Relying on the *Pharmascience* case noted above[30], Sanofi-Aventis argued that Pharmascience should be estopped from alleging the invalidity of its patent in the second NOC proceeding. Pharmascience submitted that the decisions of the Court in favour of the other generic companies constituted a change in the law which allowed the Court to exercise its discretion not to apply the principle of issue estoppel. In addition, Pharmascience provided that it would be unfair if it were the only generic that was unable to benefit from the decisions that invalidated the patent.

The Federal Court applied the principle of issue estoppel which was applicable even though the issues were not exactly the same. In finding that the previous decisions did not constitute a change in law, the Court concluded that Pharmascience had to live with its strategic decision to move quickly as it should have known that it would have been precluded from advancing other grounds of invalidity.

But the burden to deliver the best arguments not only lies on those alleging invalidity of a patent. In *Sanofi-Aventis Canada Inc. v. Novopharm et al*[31]., the main issue related to the scope of the principle of abuse of process. In previous NOC proceedings involving Apotex, Sanofi-Aventis failed to persuade the court that Apotex's allegation of invalidity on the basis of lack of sound prediction was unjustified. Novopharm then alleged invalidity on the basis of lack of sound prediction. In response, Sanofi-Aventis filed additional evidence to that filed in the Apotex case. Novopharm successfully moved to dismiss Sanofi-Aventis's application on the ground that it constituted abuse of process since the issue of lack of sound prediction had already been decided in the earlier case and Sanofi-Aventis' intention was to relitigate this issue.

In upholding the lower court's decision, the Court of Appeal found that the issue of lack of sound prediction was an issue of fact and that, unlike a question of law, one court's finding of fact is not binding on another judge considering a similar issue. Nonetheless, the majority held that Sanofi-Aventis, who had control over the evidence, could not hold back evidence in the first proceeding and use it in a second one in relation to virtually the same. Sanofi Aventis had to put its best foot forward in the earlier proceeding.

Based on these decisions, it can be expected that generic manufacturers will take no chances and allege any ground of invalidity possible in their NOA and that, as a corollary, the patent holders will file the strongest evidence they can against the first generic in an NOC proceeding. Since it is typical of the NOC proceedings to involve various generic companies, one can expect that these will be filing motions for summary judgements on the basis of abuse of process when issues can be found sufficiently similar between two proceedings.

CHALLENGES TO THE DATA PROTECTION REGULATIONS As reported in our *Year 2006 In Review*,[32] the Regulations under the Canadian *Food & Drug Act*[33] (the "Data Protection Regulations") were amended in 2006 to provide increased "data protection" for information submitted pursuant to regulatory approval. Shortly thereafter, two separate actions were initiated challenging the validity of these amendments. In *Apotex Inc. v. Canada (Governor in Council)*[34] and *Canadian Generic Pharmaceutical Association v. Canada (Governor in Council)*[35] , Apotex and the Canadian Generic Pharmaceutical Association challenged the legislation on the basis that these regulations were *ultra vires* the enabling legislation, namely subsection 30(3) of the *Food and Drugs Act*[36].

"...Apotex and the Canadian Generic Pharmaceutical Association challenged the legislation on the basis that these Regulations were ultra vires the enabling legislation..."

In the *Canadian Generic Pharmaceutical Association* case, the Association filed an application for judicial review seeking an order that the 2006 amendments were *ultra vires*. The Federal Court found that it was the decision to enact the *Data Protection Regulations* that was being challenged, not a specific decision with respect to a specific drug submission. In other words, the Court was "…being called upon to determine the validity of the Regulations in a factual vacuum." The

Government moved for an order striking the judicial review proceedings on the grounds that the Association had no standing as it is not a drug manufacturer and the *Data Protection Regulations* could not possibly apply to it. The Court dismissed the motion on the basis that the Association had raised serious issues and it was not plain and obvious that it lacked standing in its own right or as representing a class of litigants.

"...the Court was '...being called upon to determine the validity of the Regulations in a factual vacuum.'"

In *Apotex*, the Government was more successful with its motion for an order striking out the application and dismissing the proceeding on the basis that Apotex had no standing to make this judicial review application. Unlike the *Canadian Generic Pharmaceutical Association* case, the Federal Court found that such an application could only be made by a person directly affected. Until the situation arises in which a manufacturer (e.g. Apotex) has sought a NOC and the Minister has acted on it, or refused to act on it, pursuant to the *Data Protection Regulations*, the "matter" will have no direct effect, and no party will be directly affected.

In November, the Court of Appeal issued decisions in both cases[37]. In considering the *Canadian Generic Pharmaceutical Association* case, the appeal was dismissed while the appeal was successful in Apotex. In *Apotex*, the Court of Appeal found that it was unclear how Apotex could seek a NOC since the *NOC Regulations* require Apotex to file a submission while the *Data Protection Regulations* prohibit Apotex from filing an NDS or ANDS until six years after the date of the first NOC issued to the innovator's drug. As a result, the Court found that it was not plain and obvious that Apotex was not directly affected by the *Data Protection Regulations* therefore allowing the appeal.

ONLY FAILURE TO MATERIALLY REPLY IN "GOOD FAITH" LEADING TO ABANDONMENT As reported in last year's Review[38], the Federal Court of Appeal in *Pason Systems Corp. v. Varco Canada Limited* held that failure to respond to the Examiner's prior art requisition could be considered a failure to "act in good faith" before the Patent Office. The *Patent Act* provides that an application will become abandoned should an applicant not reply in good faith to any requisition made by an Examiner.

The Federal Court, in *G.D. Searle & Co, v. Novopharm Limited*[39], again considered this issue in deciding whether the failure to respond to an Examiner's prior art requisition could fall under section 73(1)(a).

"The Federal Court of Appeal reinstated the patent, on the basis that the disclosed reference was not material to patentability..."

Novopharm alleged that Searle's Canadian patent was invalid, as Searle misled the Examiner by stating the European Patent Office ("EPO") had allowed more of the claims than it actually had, and by misrepresenting particulars about a reference disclosed prior to the filing date of the patent. The Court found that the failure to correctly state which claims had been allowed by the EPO was not material, and that evidence of intent was lacking, as the only claims remaining in issue for the Canadian patent had, in fact, been allowed by the EPO and that Searle had later provided the correct information. However, the Court concluded that Searle's failure to disclose the particulars of the published reference was not acting in "good faith"; therefore, the application had been abandoned and the patent was invalid.

The Federal Court of Appeal[40] reinstated the patent, on the basis that the disclosed reference was not material to patentability as it had been made by the applicant, and therefore was entitled to the "grace period" of one year under Canadian law. As such, no disclosure was required.

MISSING A MINOR PRIOR ART REQUISITION CAN HAVE MAJOR CONSEQUENCES The decision in *DBC Marine Safety Systems Ltd v. the Commissioner of Patents et al*[41]. underscores the importance of complete responses to each and every requisition by Canadian patent examiners. Following on the heels of *G.D. Searle & Co.*, the Federal Court held that when there is a complete failure to reply to a requisition, there cannot be a reply in "good faith".

During prosecution of the subject patent in *DBC Marine*, the Patent Office issued an office action in which there were a number of requisitions, including a call for the "…identification of any prior art cited in respect of the United States and United Kingdom applications describing the same invention on behalf of the applicant… ." The applicant had no connection to the U.K. application to which the requisition

"...while the Patent Office erred in failing to follow their normal practice of providing a timely 'courtesy' notice, the applicant was not relieved of its legislated obligations..."

referred; the document had been referenced in another pending Canadian patent application for a similar invention. The requisitioned information for the corresponding U.S. application was either already before the examiner in the application materials or was readily available to him through online access to the USPTO.

The Applicant's patent agent responded to all of the requisitions in the official action, but inadvertently omitted a response to the request for the prior art. As a result, the application was deemed abandoned for

the failure to completely respond to each requisition. Subsequently, the applicant paid and CIPO accepted a maintenance fee payment without providing the applicant with a courtesy notice indicating that the application was considered abandoned. Once the abandonment was identified, the applicant attempted to reinstate the application by providing a reply to the earlier requisition. The request was rejected by the Commissioner on the basis that CIPO did not have the discretion to reinstate an application after the reinstatement period had expired. Upon judicial review of the Commissioner's decision, the Federal Court held that, while the Patent Office erred in failing to follow their normal practice of providing a timely "courtesy" notice, the applicant was not relieved of its legislated obligations nor could it avoid the legal consequences of failing to satisfy those obligations, even though CIPO did not follow its guidelines. Consequently, the application was abandoned by operation of law and the Court was unable to provide a remedy.

HOW SWEET IT IS: THE SACCHARIN DOCTRINE IN CANADA APPLIES TO PRODUCTS Based on earlier U.K. case law, 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". In *Pfizer Canada Inc. v. Canada (Health)*[42], the Federal Court extended this doctrine to apply not only to processes but also to products.

Ranbaxy Laboratories Limited, manufacturing its atorvastatin (LIPITOR™) in India, applied for NOC approval to sell in Canada. In contesting the issuance of Ranbaxy's NOC, Pfizer Canada Inc. contended that Ranbaxy used a patented intermediate in its process to make the amorphous material contained in its formulation and thus infringed under the Saccharin doctrine. Ranbaxy argued that there could be no infringement since the Saccharin doctrine should be limited to process claims and could not be extended to products that are used as intermediates.

The Federal Court, however, held after reviewing the "evolving jurisprudence", focus should be "… on whether the inventor has been deprived, even in part or even indirectly, of the full enjoyment of the invention." The Court went on to state that "… as a matter of Canadian law, the Saccharin doctrine is not limited to process claims." In addition, "…there must be a strong link established between the use of the patented process or product and the product sold into Canada." As the function of the intermediates was not incidental in this case, the Federal Court held that the use of the intermediate in India constituted infringement.

THIRD PARTIES HAVE LIMITED ROLE IN RE-EXAMINATIONS Re-examination is a process by which any person may request post-issuance examination of any claim of an issued patent. According to the Federal Court of Appeal in *Genencor International Inc. v. Commissioner of Patents*[44], third parties may initiate the process but they have no right to be involved in the process.

A re-examination of Genencor's patent was requested by Novozymes in which Novozymes argued its patent anticipated the claims of the Genencor patent. The Patent Re-examination Board ("PRB") concluded that all of the claims of Genencor's patent were indeed anticipated by Novozymes' patent and issued a certificate cancelling all the claims. When Genencor appealed the PRB decision, Novozymes sought to be added as respondent.

In denying respondent status to Novozymes, the Federal Court of Appeal reiterated that re-examination is a two step process. The first step involves the filing of a request for re-examination by a requester followed by the establishment of the PRB and a preliminary assessment of the request. Once the PRB has established that there is a question as to patentability, the second step involves the patentee, who is given notice of the determination and is entitled to make submissions (e.g. amendments) after which the PRB proceeds to re-examine the claims. Although a third party can trigger the re-examination process, it cannot, according to the Court of Appeal, participate in the second step. The *Patent Act* did not intend that parties requesting re-examination participate in any process nor did it intend to such parties a role in subsequent appeal.

Having been denied party status, Novozymes then sought intervener status in 2007[45]. In applying the test for intervener status, the Federal Court found that, although Novozymes pecuniary interests may be sufficient in an impeachment action pursuant to the *Patent Act*, such economic interest is not a direct legal interest. The impeachment action would therefore be the appropriate vehicle for Novozymes to submit the question to the Court and, as such, denied intervener status.

"Although a third party can trigger the re-examination process, it cannot, according to the Court of Appeal, participate in the second step."

KEY DEVELOPMENTS IN TRADE-MARKS

There were a number of noteworthy 2007 Federal Court cases involving trade-marks. Following the *Mattel* and *Veuve Clicquot* decisions in 2006, the Federal Court of Appeal had the opportunity to consider trade-mark dilution and "famous" trade-marks. With the Winter Olympics coming to Vancouver in 2010, there has been the introduction of new legislation for the protection of Olympics related marks. There have also been indications Canada will be participating in a multilateral agreement against counterfeiting and piracy. Finally, there have been some important practice notices issued by CIPO dealing with official marks, disclaimers and opposition proceedings.

"With the Winter Olympics coming to Vancouver in 2010, there has been the introduction of new legislation for the protection of Olympics related marks."

IMPORTANT PRACTICE NOTICES & AMENDMENTS

TRADE-MARKS OFFICE REQUIRES EVIDENCE OF ADOPTION AND USE OF AN OFFICIAL MARK It will now be more onerous for public authorities to obtain their "Official Marks" under the *Trade-marks Act*[46]. Not only are public authorities now required to file evidence sufficient to establish public authority status, pursuant to a recent Practice Notice; they are now also required to file evidence of actual use and adoption pursuant to recent case law.

In August, the Registrar of Trade-marks (the "Registrar") issued a practice notice regarding the publication of Official Marks and the notice of public authority status.[47] An "Official Mark" is any badge, crest, emblem or mark adopted and used by any public authority and designation as such prevents third parties from using or registering the Official Mark, or a confusingly similar mark, for *any* goods or services. As such, these marks have greater scope of protection than traditional trade-marks. Further, an Official Mark is not subject to examination in the same manner as a regular trade-mark.

According to the recent Practice Notice, the Registrar now requires entities to submit evidence of public authority status before allowing an Official Mark. A three-part test is set out to establish public authority status: (1) the entity must be a public authority in Canada; (2) the appropriate government must exercise a significant degree of control over the entity's activities; and (3) the entity's activities must benefit the public. The second test for government control, requires that the government be enabled directly or through its nominees to exercise a degree of ongoing influence in the public entity's governance and decision making. The fact that an entity is statutory and that its objects and powers may be amended by a legislature or that the entity is a non-profit corporation, is not sufficient evidence of "government control". For the "public benefit" test, the Registrar considers the entity's objects, duties and powers, including the distribution of its assets. The entity must show it does something of public benefit, regardless of whether or not there is a corresponding public duty to do so.

CASE OF OLYMPIC PORTIONS Interestingly enough, this year the Federal Court of Canada weighed in on whether Olympics-related marks were entitled to protection as Official Marks. In *See You In – Canadian Athletes Fund Corporation v. Canadian Olympic Committee*,[54] the Federal Court of Canada quashed the Registrar's decision to grant several marks, including the mark SEE YOU IN VANCOUVER "Official Mark" protection in the absence of adequate evidence of adoption and use of these marks. The Court held that although "adoption" and "use" were not defined in the *Trade-marks Act*, "… [a] common feature of both 'use' and 'adoption' is that there is an element of public display…". The Court found that there was insufficient evidence public display. The internal use of a mark in correspondence, e-mails and memoranda was not considered evidence of adoption and use of an official mark.

The Practice Notice discussed above, along with this decision confirm that the Registrar now has increased the onus in order to grant Official Mark protection.

SPEEDING UP OPPOSITIONS Prosecution of a trade-mark opposition before the Canadian Trade-marks Opposition Board ("TMOB") can be an extremely long and drawn out process. Since CIPO's Practice Notice issued on October 1, 2007, trade-mark opposition in Canada may just be a little faster.[48] Oppositions for marks advertised before October 1, 2007, will now be treated differently than those advertised after that date.

The practice notice shortens the traditional periods for extensions of time at the various stages of the opposition. It also limits the number of extensions that will be granted. Substantive reasons necessitating an extension must now be provided to the TMOB at the time of the request, even if the consent of the other party has been obtained. Endless numbers of extensions of time will not be granted.

"Substantive reasons necessitating an extension must now be provided to the TMOB at the time of the request, even if the consent of the other party has been obtained."

What does this mean in practice? If you are serious about opposing a trade-mark owned by another party, be ready to put the time into preparing the evidence so that extensions of time are not necessary. If you think settlement is a viable option, actively engage in settlement negotiations (or provide instructions to counsel to do so) so that extensions of time are either not necessary or will be granted on the grounds that substantive reasons have been provided. Either way, it's in everyone's best interest to speed up the opposition process.

DISCLAIMERS NO LONGER REQUIRED In August, the Registrar also issued a practice notice regarding disclaimers under the *Trade-marks Act*. Generally, a trade-mark is not registrable if it is clearly descriptive (whether in depiction, writing or sound) of the wares or services with which it is sought to be registered. Previously, if a trade-mark had been filed containing both descriptive and non-descriptive words, as long as the mark is distinctive as a whole, the applicant would have to disclaim the right to the exclusive use of the descriptive words. Under the new practice, the Registrar has eliminated this requirement and while voluntary disclaimers will still be accepted, an applicant for a trade-mark is no longer required to enter disclaimers.

This change will hopefully result in applications moving faster through the examination process as examiners will no longer be issuing office actions when the disclaimer requirement is the only issue.

PREPARING FOR THE VANCOUVER OLYMPICS: TAKING AIM AT "AMBUSH MARKETING" The *Olympic and Paralympic Act (the "OPA")* takes aim at "ambush marketing" by companies or individuals who try to improperly associate themselves with the Olympic Games without paying for the privilege of doing so.

Upon receiving Royal Assent on June 22, 2007 and coming into force on December 17, 2007, the *OPA* and the Rules promulgated thereunder, provide greater protection for official marks of the Canadian Olympic Committee and Canadian Paralympic Committee (collectively the "COC").

"The Olympic and Paralympic Act (the OPA) takes aim at ambush marketing by companies or individuals..."

Schedules I and II of the *Act* identify the words and symbols protected by the new legislation[49] that cannot be used by entities other than the COC (a "COC Mark") and prevents companies that are not "Official Sponsors" from using them in proximity to other marks.

The *OPA* prevents adoption, use or registration of a trade-mark that so nearly resembles or would likely be mistaken for a COC Mark or is a translation of any of the COC Marks, unless the mark had been first used prior to March 2, 2007 and is being used with the same or same general class of wares and/or services with which it had already been used or registered. This means that the owner of a regular trade-mark that resembles a COC Mark, can continue to use its mark but only with respect to the same goods or services and cannot expand its use into other areas unless they are of the same "general class". The *OPA* also prohibits a person from promoting or otherwise directing public attention to their business, wares or services in a manner that is likely to mislead the public into believing they are authorized by the COC or that a business association exists with the COC.

The remedies provided under the *OPA* are also significant. An interim or interlocutory injunction may be granted to an applicant who is not required to prove that it will suffer irreparable harm. The threshold set by the Canadian courts to prove irreparable harm has traditionally been quite high and centres on the issue that monetary damages alone will not fully compensate the injured party. Under the traditional rules it would have been less likely that COC would be able to obtain injunctions.

It remains to be seen how the courts will interpret the *OPA*. As the Winter Olympics of 2010 draw nearer and more advertising hits the marketplace, it will be interesting to see how aggressively the COC attempts to enforce its rights under this new *Act*.

PIRACY AND COUNTERFEITING IN CANADA The past year has seen an increase in attention to the issue of counterfeiting and piracy in Canada. It has been suggested that the protections afforded to trade-mark, copyright and other intellectual property right holders in Canada are insufficient and in need of reform. Two committees of the House of Commons, the Public Safety and National Security and the Industry, Science and Technology Committees, released reports on counterfeiting and piracy this year. The reports made a number of recommendations, including criminal remedies for trade-mark and copyright infringement[51].

In October, the Canadian Government responded by expressing its support of the anti-counterfeiting measures proposed by the two reports. In particular, Canada stated its intention to bring its intellectual property

"In October, the Canadian Government responded by expressing its support of the anti-counterfeiting measures..."

regime into conformity with WIPO treaties. In addition, the Canadian government announced that Canada would participate in discussions with the United States, Mexico, the European Union and others towards producing an Anti-Counterfeiting Trade Agreement. The objective of such an agreement is to develop unified international standards that could be used to combat the trade in counterfeit trade-marked and pirated goods. It remains to be seen whether the various nations committed to negotiating this agreement will be able to reach a firm agreement on the varied and complex issues at play.

NOTEWORTHY TRADE-MARK DECISIONS

NO USE FOR YOU! BMW FAILS TO ESTABLISH USE OF "M" In March of this year, the Federal Court rejected BMW Canada Inc.'s claim against Nissan Canada Inc. for trade-mark infringement and depreciation of goodwill of BMW's registered M3, M5 and M & Design trade-marks based on Nissan's use of the letter M and M6 with automobiles, parts and accessories. In *Nissan Canada Inc. v BMW Canada Inc*[52]., the Court found that there was no likelihood of confusion and no evidence of lost sales or other measurable loss of goodwill in BMW's registered marks. The Court did however, allow BMW's claim for passing-off, codified under Section 7(b) of the *Trade-marks Act*, claiming proprietary rights in the trade-marks M, M6. The Court accepted that goodwill existed based on testimony of an auto journalist and individual BMW car enthusiasts. Based on the same testimony, the trial judge accepted that BMW and Nissan were in the same market and that Nissan's use of the letter M and the descriptor M6 caused a likelihood of confusion between the wares of Nissan and BMW. The Court held that the requirements for passing-off had been satisfied and ordered that Nissan be restrained from using the M and M6 trade-marks in association with automobiles, parts and accessories and ordered a reference as to damages.

On appeal this July, the Federal Court of Appeal allowed Nissan's appeal finding that the trial judge had erred in two ways.

Although Section 7(b) of the *Trade-marks Act* makes no mention of trade-marks, the Federal Court of Appeal stated that to attack Nissan on the basis of this section

"...use of the letter M in association with numbers, letters, words or the M Design, was not equivalent to the "use" of M alone trade-mark..."

BMW first had to have a valid trade-mark. In order to have a valid trade-mark as defined in the *Trade-marks Act* one must have "use" of the mark. The Federal Court of Appeal found that the trial judge had erred because he did not assess whether the M and M6 marks had actually been "used" in accordance with the special and notoriously restrictive meaning given to this term in the *Trade-marks Act*. The trial judge had simply reviewed the traditional criteria for passing off. The Federal Court of Appeal first cautioned that "use " of the letter M in association with numbers, letters, words or the M Design, was not equivalent to the "use" of M alone trade-mark. It then held that BMW's display of the letter M on its own was limited to advertisements and promotional materials. The Federal Court of Appeal held that such display of the M would only constitute "use" under the *Trade-marks Act* if such notice of association was given at the time of purchase, for example if promotional materials displaying the M were given out at the point of sale. Since there was no evidence of such association with the M or M6, the Federal Court of Appeal held that there was no "use" of the M or M6 as a trade-mark by BMW.

The trial judge was also found to have erred in presuming damages to BMW. The Federal Court of Appeal confirmed that actual or potential damage is a necessary element in finding liability under Section 7(b) of the *Trade-marks Act*. Since a reference as to damages had been requested, the plaintiffs had not submitted evidence of damages, so no evidence of damages was put before the trial judge. Since there was no evidence demonstrating actual or potential damages and no finding of such damages, the test for passing-off had not been met.

The Court of Appeal made clear that a plaintiff must first demonstrate "use" of the allegedly infringing marks before moving on to establish the three components of passing-off: the existence of goodwill, deception of the public due to a misrepresentation and actual or potential damage to the plaintiff.

This may not be the final word on this case. An application for leave to appeal has been filed with the Supreme Court of Canada.

PROTECTION OF FAMOUS MARKS AGAINST DILUTION BY BLURRING: MYTH OR REALITY? One year after the Supreme Court of Canada decisions in the *Veuve Clicquot* and *Mattel* cases recognizing the protection of "famous" trade-marks, the Federal Court of Appeal was confronted with the delicate issue of determining the extent to which famous marks should be .

"...the Federal Court of Appeal was confronted with the delicate issue of determining the extent to which famous marks should be granted protection in Canada."

In *Remo Imports Ltd. v. Jaguar Cars Ltd. et al.*, the Federal Court of Appeal was asked by Remo Imports Ltd. to overturn a lower court decision expunging its JAGUAR trade-mark registration and permanently

restraining them from using the famous JAGUAR marks.

One of the main legal issues for the Federal Court of Appeal was whether it was proper for the lower court to expunge Remo's registered JAGUAR trade-mark based on a finding of likelihood of depreciation of goodwill of Jaguar Cars Ltd. famous JAGUAR mark.

Since depreciation of goodwill is not a statutory ground of invalidity of a registered trade-mark under section 18 of the *Trade-marks Act*, the Federal Court of Appeal concluded that depreciation of goodwill was not grounds for invalidity. Sadly, no further explanation was given to justify this rationale even though other non-statutory grounds of invalidity have previously been accepted in expungement proceedings.

The Federal Court of Appeal also held that Remo's trade-mark could not be held to be invalid based on it being calculated to deceive and mislead the public, since Remo was not aware of the Jaguar Cars' trade-mark when it originally filed its JAGUAR mark. The Federal Court of Appeal left open the possibility, however, that on an appropriate set of facts, a trade-mark could be vulnerable to expungement if the use is calculated to deceive and mislead the public.

The Federal Court of Appeal also found that the trial judge improperly decided that the use of the JAGUAR mark by Remo in connection with luggage wares was likely to depreciate the goodwill attaching to Jaguar Cars' trade-mark registrations for automobiles. The burden of showing depreciation of goodwill is on the party claiming infringement. Where a likelihood of confusion with a famous trade-mark entitled to wide protection has been established, overcoming that evidence is a difficult task to assume. Further, the fact that the parties' may operate in different markets was not sufficient to overrule the judge's finding of likelihood of confusion since the registrations themselves did not confine the parties' operations in a particular market. Although while assessing confusion the Federal Court of Appeal did not reject the trial judge's finding that luggage wares were in Jaguar Cars' "zone of natural expansion", it decided that Jaguar Cars had not met the evidentiary burden to prove depreciation even though there was linkage between the parties' marks and filing of several thousand exhibits.

While assessing damages, the Federal Court of Appeal decided that Jaguar Cars had not met its evidentiary burden of proving depreciation, adding that depreciation is not to be presumed and evidence of at least likelihood of depreciation of goodwill is required. The Federal Court of Appeal was not prepared to conclude that a likelihood of deprecation of goodwill had been established solely on the basis of the unequal quality or price of the parties' goods.

POLICING TRADE-MARKS ON THE INTERNET The year 2007 saw a dramatic rise in the number of WIPO domain name complaints. As of December, there have been 2025 cybersquatting complaints with the arbitration forum run by WIPO, representing the highest number of cases ever recorded. The spike in cases can be attributed to the introduction of new top level domains ("TLD") in 2006 and 2007. A new .asia TLD was released in late 2007, which is intended to provide a regional TLD for the Pan Pacific region.

In addition, "supersquatters" are now engaging in questionable domain name practices such as "*tasting*", "*kiting*" *and* "*spying*". *Tasting* involves the practice of trying out domain names for less than 5 days without paying for them, made possible by a domain name registry rule called "add grace period" or "AGP". Originally intended to allow for the correction of on-line errors in registration, the AGP allows domain name buyers to try out a domain and return it within 5 days and fully recover registration fees. *Kiting* involves the practice of taking tasting to the next level by re-registering, potentially *ad infinitum*, the same domain name only for the five day AGP, taking the ad revenue and never paying for the cost of registration. *Spying* involves the practice of collecting data on unregistered domain names that appear to have value, in order to snap them up before brand owners do. Some Internet Service Providers (ISPs) sell this type of data to cybersquatters, which shows which addresses are frequently misspelled called Non existent Domains ("NXDs").

"...'supersquatters'are now engaging in questionable domain name practices such as 'tasting', 'kiting' and 'spying.'"

Current strategies for resolving domain name disputes continue to rely primarily on the use of demand letters and on-line arbitration complaints for all those top level domains ("TLDs") that are subject to the Uniform Dispute Resolution Policy ("UDRP") adopted by the Internet Corporation for the Assignment of Names and Numbers ("ICANN") for domain name dispute resolution. In addition to its role in dispute resolution for .com, .net, .org., .biz, .info., and .mobi, among others, another 50 countries have opted-in to the policy. The Canadian Internet Registration Authority ("CIRA") has a Canadian Dispute Resolution Policy ("CDRP"), that is a variant

"One new challenge is that some Registrars offer a 'privacy shield' for WHOIS enquiries...."

of the UDRP, although many would say less effective and more difficult to successfully invoke. There is a much narrower definition of bad faith registration under the CDRP, and it is seen as more distinct from lack of legitimate interest than under the UDRP.

One new challenge with the use of demand letters and dispute resolution is that some Registrars offer a "privacy shield" for WHOIS enquiries, allegedly to block spam and for privacy concerns. The practice of many Registrars in offering anonymity for domain name owners is being used to the

significant advantage of counterfeiters and others engaged in illegal activities on the Internet. It also poses a significant impediment to the filing of domain name complaints in many cases where Registrars allow use of a proxy registrant and are then

"...it is good advice for brand owners to register a domain before filing a public trade-mark application."

non-responsive to allegations of infringement. One fundamental assumption of the UDRP is that a respondent can be readily found using the WHOIS service.

There remains a shortage of cases in Canada addressing the issue of the use of trade-marks on search engines. We continue to look to the U.S., where the Courts are being faced with these issues ahead of Canada. In a 2006 decision *Merck & Co v. MediPlan Health Consulting Inc.*, a U.S. court denied Merck the right to protect its mark ZOCOR from use by on-line pharmacies who paid Google and Yahoo! for keyword links to sell generic ZOCOR. The decision affirmed that keyword linking simply does not constitute use in commerce of the trade-mark because it is an unseen automated function that does not involve publicly using the mark anywhere on or in connection with the goods or services.

We can expect that a similar decision would result in Canada, based on the application of the "use" definition of the *Trade-marks Act*. This would be consistent with the approach taken in earlier Canadian case law, which held that passive use of a mark on a web site does not constitute "use" as defined by the statute (see also **NO USE FOR YOU! BMW FAILS TO ESTABLISH USE WITH "M" MARKS**, which held that mere advertisements and promotional materials do not suffice as evidence of use if the marks do not, appear on the wares at the time of transfer.)

In Canada, we have witnessed a proliferation of new complaints arising from clients filing trade-mark applications on-line, only to discover that the domain name is registered as soon as the data is available through the Canadian Intellectual Property Office's web site. Therefore, it is good advice for brand owners to register a domain *before* filing a public trade-mark application.

Regrettably, Canada is still without any form of anti-cybersquatting legislation, requiring brand owners to resort to traditional trade-mark infringement and passing-off claims to assert their rights. In the U.S., the *Anti-cybersquatting and Consumer Protection Act* has significant extraterritorial reach and has been used successfully against bad faith registrants since its introduction in 1999. Similar legislation in Canada would add significant clout to our courts in granting remedies for domain name disputes, particularly in light of the narrow interpretation of trade-mark "use" afforded by our legislation.

DESCRIPTIVE TRADE-MARKS AS DOMAIN NAMES In *Emall.Ca Inc. (CheapTickets.Ca)* v. *Cheap Tickets and Travel Inc.*[53] the Canadian Federal Court had opportunity to consider the use of descriptive trade-marks as domain names. The dispute between Emall.Ca Inc., a Montreal based provider of online shopping services, and Cheap Tickets and Travel Inc., a retail travel agency from British Columbia, involved a dispute over the domain name CHEAPTICKETS.CA

Emall.Ca Inc. registered the domain name CHEAPTICKETS.CA with CIRA in 1999. Cheap Tickets and Travel, Inc., although incorporated in 1998, only obtained trade-mark protection for its marks CHEAP TICKETS AND TRAVEL and CHEAP TICKETS AND TRAVEL & Design in 2002. After registering its marks, Cheap Tickets commenced a proceeding under CIRA's dispute procedures to have Emall.Ca's registered domain name transferred to Cheap Tickets based on its registrations and prior date of first use. The CIRA, citing the earlier registration of Emall.Ca's domain name, dismissed the claim.[54]

In 2004, Cheap Tickets commenced an action in the B.C. provincial court against Emall.Ca citing trade-mark infringement. Emall.Ca then brought an application in the Federal Court to expunge Cheap Ticket's trade-marks. The Federal Court summarily found that the marks were descriptive, and, therefore, not registrable. The Federal Court had no difficulty concluding that the phrase "Cheap Tickets" was descriptive of its business, and intended to be an indication of low prices. The trade-marks of Cheap Tickets were subsequently expunged. As a result of this Federal Court decision, when viewed in light of the previous CIRA decision, descriptive trade-marks, while not registrable *per se*, may still be protected as domain names in Canada and thus can maintain value provided such domain names are registered in compliance with CIRA policy.

"...descriptive trade-marks, while not registrable per se, may still be protected as domain names in Canada..."

KEY DEVELOPMENTS IN COPYRIGHT

As a result of significant judicial and legislative action, the year 2007 saw several important developments in Canadian copyright law. As a result of amendments to the *Criminal Code* stemming from complaints by movie industry groups such as the Canadian Motion Picture Distributors Association, "camcording" a film in a movie theatre was made a criminal offence. There were also rumblings of more substantial upcoming amendments to the *Copyright Act*. The Supreme Court of Canada also addressed whether an exclusive copyright licensee can stop parallel importation of "grey market" chocolate bars. In addition, the Federal Court awarded record damage awards in two cases under the statutory damages provision of the Canadian *Copyright Act*. Finally, a number of decisions of the Copyright Board set the tariffs applicable to various electronic media used for recording and downloading music.

IMPORTANT COPYRIGHT RELATED AMENDMENTS

"...Canada made the act of recording a film in a movie theatre, without authorization, an offence under the Criminal Code..."

"CAMCORDING" CRIMINALIZED In a response to complaints by the Canadian movie industry, the Federal Government of Canada made the act of recording a film in a movie theatre ("camcording") without authorization, an offence under the *Criminal Code*[56]. In June, *An Act to Amend the Criminal Code (Unauthorized Recording of a Movie)*,[57] came into force with the stated purpose of closing a perceived loophole in Canadian copyright law and deterring the creation of illegal movie recordings in Canada.

Under the *Copyright Act*,[58] camcording is an infringement of copyright, and anyone who knowingly makes for sale or rental, sells or rents, or otherwise distributes an infringing copy of a work is subject to criminal sanctions. Industry groups have long argued, however, that these sanctions are insufficient.

Upon coming into force, two new offences have been added to the *Criminal Code*. The first offence, referred to as "simple camcording", prohibits the recording of a "cinematographic work" (as defined by the *Copyright Act*) or its soundtrack in a movie theatre without the consent of the theatre manager. The second offence, referred to as "camcording for the purpose", prohibits the recording of a "cinematographic work" or its soundtrack in a movie theatre without the consent of the theatre manager for the purpose of sale, rental or other commercial distribution of a copy. In addition to creating these new offences, the amendments also grant courts the authority to order the seizure of anything used in the commission of these offences, such as the recording device itself.

"It is expected that the upcoming copyright reforms may seek to protect the rights of copyright holders in the digital and online marketplace."

Already someone has been charged, wearing night vision goggles and in possession of recording equipment and tools to upload data to the internet, which gave him the dubious honour of being the first individual in Canada to be charged under these new provisions!

DISCUSSING COPYRIGHT LAW REFORMS Under growing domestic and international pressure, new copyright legislation may soon be introduced in Canada. In its current form, the *Copyright Act* does not encompass downloading and sharing music files. It is expected that the upcoming copyright reforms may seek to protect the rights of copyright holders in the digital and online marketplace. The Canadian Recording Industry Association has long campaigned for changes that would protect the interests of copyright holders by facilitating the prosecution of those who share files of copyright protected material. However, not all industry groups share this perspective. For example, the Canadian Music Creators Coalition is promoting amendments that would allow file-sharing in certain circumstances that are of benefit to the Canadian copyright holder. While it is unclear what the reforms will be, it is hoped that any amendments will take into account the digital marketplace and help to determine issues arising therefrom.

NOTEWORTHY COPYRIGHT DECISIONS

EXCLUSIVE COPYRIGHT LICENSEE CANNOT STOP PARALLEL IMPORTATION In 2007, the Supreme Court of Canada considered copyright as a means of stopping parallel imports. *In Euro-Excellence Inc. v. Kraft Canada Inc.*[59], the Supreme Court held that Kraft Canada Inc. could not use copyright law to prohibit the parallel importation of "grey market" chocolate bars from Europe. Kraft was granted an exclusive license in Canada for the copyright in "logos" printed on the labels of TOBLERONE™ and COTE D'OR™ chocolate bars. Kraft had previously been successful in obtaining damages for copyright infringement and obtained an injunction forcing former Canadian exclusive distributor Euro-Excellence Inc. to cover up the copyright material on chocolate bars bought in Europe and imported into Canada.

"All judges recognized logos as legitimate subjects of copyright protection..."

The Supreme Court had to consider "secondary" infringement under the *Copyright Act*. Kraft Canada was not claiming that Euro-Excellence had printed infringing labels or had obtained infringing labels from a source outside of Canada. Kraft Canada instead relied on the provisions of the *Copyright Act* that secondary infringement in Canada occurs when a retailer or distributor deals in goods manufactured abroad that would infringe copyright had they been hypothetically manufactured in Canada. As Justice Rothstein pointed out, the purpose of this provision is to prevent dilution of the independent value of the Canadian copyright through foreign imports.

All judges recognized "logos" as legitimate subjects of copyright protection, but the majority of the Court agreed that Kraft Canada as exclusive licensee of copyright in the logos could not prevent parallel importation of chocolate bars. Although the majority judges agreed on the end result, it was for two very different sets of reasons. Justice Rothstein wrote one set of reasons that held that the exclusive licensee does not gain a property interest and, therefore, merely has a contractual claim against the copyright owner if the promised exclusivity is not respected by reason of the copyright owner's action. In Rothstein's view, the *Copyright Act* did not permit exclusive licensees to sue the copyright owner-licensor for infringement of its own copyright. As a result, secondary infringement under the *Copyright Act* does not prohibit Euro-Excellence's importation because Kraft Canada's European affiliates could have hypothetically reproduced the logos in Canada without infringing copyright law. Justice Bastarache, writing for the other half of the majority judges, held that the section of the *Act* restraining parallel importation does not apply where the copyrighted work is merely incidental to the consumer good. According to Justice Bastarache, Kraft Canada's status as owner or exclusive licensee therefore had no bearing on the outcome of the case.

"...foreign copyright owners may wish to consider whether to assign copyright to their Canadian affiliates..."

As a result of this case, foreign copyright owners may wish to consider whether to assign copyright in Canada to their Canadian affiliates in order to provide such affiliates with a remedy for "grey market" goods. Had Kraft Canada owned copyright in Canada a majority of judges (those adhering to Justice Rothstein's views and the minority judges) would apparently have upheld the copyright infringement claim.

WHAT A DIFFERENCE A YEAR MAKES! RECORD STATUTORY DAMAGES AGAINST COUNTERFEITERS As reported in our year 2006 Review, the Federal Court previously resisted granting the maximum amount possible under the statutory damages provisions of the *Copyright Act*.[60] However, the maximum amount of statutory damages permitted under the *Copyright Act* has been awarded in recent decisions of the Federal Court which may signal that the Federal Court is willing to enforce the *Copyright Act* to its maximum extent. In *Microsoft Corp. v. 9038-3746 Quebec Inc.*[61], and *Louis Vuitton Malletier S.A. v. Yang*[62], the Federal Court found the counterfeiters liable for the maximum statutory damages as well with punitive damages."

Microsoft commenced a copyright and trade-mark infringement suit against the sellers of alleged counterfeit software. The Federal Court found that the vast majority of the items seized were counterfeit and that both defendants knew or should have known that the items were counterfeit and infringed copyright. The Court found not only that the counterfeit items had been imported into Canada, which was an infringement under the *Copyright Act*, but also that the "sale of such counterfeit items at low prices prejudicially affected Microsoft's relationship with its chain of legitimate suppliers."

"...the Federal Court found counterfeiters liable for the maximum statutory damages along with punitive damages."

Regarding damages, Microsoft had elected to recover an award of statutory damages, which normally ranges from $500 to no more than $20,000 with respect to each work infringed. After reviewing the factors to be considered by the court in determining the appropriate amount of statutory damages to award (i.e. good or bad faith, the conduct of the parties before and during the proceedings, and the need to deter other infringements of the copyrights in question), the Court concluded that the facts justified the maximum amount available and granted statutory damages of $500,000 against the defendants. Further,

the Court determined that the defendants' conduct before and during the proceedings was "outrageous", and that consequently Microsoft was entitled to punitive damages of $100,000 from each defendant. However, while Microsoft had also requested that the Court permanently enjoin the defendants and all related companies from dealing in any Microsoft products whether or not they currently existed, the Court considered this injunction too broad and instead enjoined only the defendants (their officers, directors, servants, employees, and agents) from dealing with the copyrights at issue in the proceedings and counterfeit Microsoft trade-marks.

The Federal Court, in the later case *Louis Vuitton Malletier S.A. v. Yang*[63], endorsed the approach of its earlier decision in *Microsoft Corp. v. 9038-3746 Quebec Inc*, regarding the appropriate quantum of statutory damages to award for copyright infringement. The Court in *Louis Vuitton* concluded that the deliberate and malicious conduct of the defendants warranted an order for the maximum amount of statutory damages permitted under the *Copyright Act* for each violation of the plaintiff's copyright. In granting the maximum statutory award, the Court considered the deliberate and conscious decision of the defendants to infringe, and continue infringing, the plaintiff's copyright. The Court was of the view that a high award was required to deter similar future infringement and encourage respect for the copyright laws of Canada. In considering punitive damages, it determined that statutory damages did not sufficiently penalize the defendants for their egregious and wilful disregard of the plaintiff's rights and the copyright laws of Canada. The Court granted the plaintiff's request for punitive damages totalling $100,000.

PREVIEWING SONGS FROM ONLINE MUSIC SERVICES NOT INFRINGING In a decision that marks the second stage of a 10-year process to consider SOCAN's Tariff 22, the Copyright Board has found that by providing 30-second previews of songs, online music services do not infringe copyright. In October, the Copyright Board released its reasons with respect to a portion of a proposed tariff for the use of music over the internet[64].

"...the Copyright Board has found that by providing 30-second previews of songs, online music services do not infringe copyright..."

This tariff established the royalties that the Society of Authors, Composers and Music Publishers of Canada ("SOCAN"), the collective society that administers the performing rights of the world repertoire of music in Canada, can collect for communication over the Internet of musical works from 1996 to 2006. SOCAN had proposed a very broad tariff which could apply to conceivably every use of music on the internet including music downloads, audio and video webcasts, on-demand applications, gaming sites, and TV and radio simulcasts. In its October 18 decision, the Board only addressed the application of SOCAN Tariff 22 to the use of music by online music services, with an indication that the rest of the uses would be covered in a second set of reasons to be released at an undetermined later date.

"...the use of 30-second previews by online music services is 'fair dealing for the purpose of research' within the meaning of the Copyright Act..."

In a previous decision, the Copyright Board ruled that internet service providers are not liable for the payment of copyright royalties to SOCAN for the transmission of music over the internet. Now the Copyright Board was considering the rates payable for the various uses covered by SOCAN's proposed tariff. The tariff was opposed by a broad group of objectors including broadcasters, online music services, wireless carriers, the Canadian Recording Industry Association, campus and community radio stations, the entertainment software industry, and the Canadian Broadcasting Company.

First, the Board disagreed with objectors who argued that the downloading by an individual consumer of a file containing a musical work does not constitute a communication to the public by telecommunication. The Board made a similar finding in its decision with respect to ring tones (segments of songs that are downloaded to cell phones and are used to signal an in-coming call)[65].

The Board also ruled that the use of 30-second previews by online music services is "fair dealing for the purpose of research" within the meaning of the *Copyright Act*. As a result, SOCAN was not entitled to compensation from the use of previews. The purchase of a full track music download involved "searching, investigation, identifying sites that offer those products, selecting one, finding out whether the track is available, ensuring that it is the right version or cover and so on. Listening to previews assists in this investigation." The Board reasoned that if copying a judicial decision for the purpose of advising a client is fair dealing under the *Copyright Act,* then so is listening to a 30-second preview to decide whether or not to purchase a download or a CD.

BETTER LATE THAN NEVER? NEW TARIFF FOR ONLINE MUSIC SERVICES The Copyright Board released its decision establishing the royalties to be paid to the Canadian Musical Reproduction Rights Agency Ltd. ("CMRRA") and Société du droit de reproduction des auteurs, compositeurs et éditeurs au Canada ("SODRAC") by online music services, such as Puretracks and iTunes®, for the right to reproduce musical works[66].

CMRRA and SODRAC (collectively "CSI") filed a joint proposed tariff seeking royalties imposed on online music services' gross revenues for permanent downloads of musical works, on-demand streams and limited downloads. CSI based its proposed royalties on the reproduction royalties

payable for ring tones. The proposed tariffs were opposed, not surprisingly, by many of the online music industry's biggest players.

The Copyright Board agreed with the objectors and rejected CSI's comparison with ring tones, finding that the market for ring tones is too different from the market for full track downloads to serve as a useful proxy. However, the Board also rejected a number of the adjustments that the objectors had proposed to the rate in the pre-recorded CD market. It concluded that the appropriate rate is 8.8 per cent of the amount paid by consumers to download a music file. Taking into account that this was the first time the tariff was being certified, the Board decided to phase-in its impact by applying a 10 per cent discount for the initial period, resulting in a final, certified rate of 7.9 per cent of the amount paid by consumer.

"The Board's decision highlights the challenges of establishing copyright royalties in an environment of rapidly changing technological developments."

The Board's decision highlights the challenges of establishing copyright royalties in an environment of rapidly changing technological developments. Online music services entered the market and established a dominant retail price of 99 cents per track. It has taken several years for the copyright regulatory system to catch up and to establish the price for the rights that are inputs to the final product. It will be interesting to see whether the rates set by the Board in this proceeding and the related *SOCAN Tariff 22* decision noted above, will have an impact on the operations and pricing strategy of the online music services in Canada.

PRIVATE COPYING LEVY MAY NOW APPLY TO PORTABLE MEDIA PLAYERS In Canada, individuals can make private copies of musical works embodied in sound recordings (e.g. pre-recorded CDs), pursuant to the private copying exception established under the *Copyright Act*. The Copyright Board of Canada has ruled that the private copying levy can apply to "digital audio recorders" (e.g. MP3 players and iPOD® portable media players) despite a 2005 decision by the Federal Court of Appeal which states that such devices are not subject to the levy[67]. The *Copyright Act* provides a right of remuneration in the form of a levy collected from manufacturers and importers of blank audio recording media (e.g. audio cassettes, digital audio tapes, recordable compact discs, and rewritable compact discs). In 2005, the Canadian Private Copying Collective ("CPCC") proposed that the levy be applied to non-removable memory cards, non-removable flash memory storage media, and non-removable hard drives incorporated into portable media devices with which the Copyright Board agreed. The Canadian Storage Media Alliance ("CSMA") sought judicial review of the Board's decision on the grounds that the Board erred in applying the levy to the non-removable memory incorporated into such devices. In its 2005 decision, the Federal Court of Appeal set aside the Board's decision on the basis that portable media players are not audio recording media; it would be up to Parliament to decide whether such devices should be brought into the class of items that can be levied.

In January 2007, CPCC filed its proposed private copying tariff for 2008 and 2009. In addition to the usual list of audio recording media such as recordable CDs, CPCC again sought to apply the levy to "products that can record, store and play back sound recordings without the need for an external recording medium ('digital audio recorders')", such as MP3 players and iPOD® portable media players. CSMA and the Retail Council of Canada ("RCC") brought motions before the Board on the basis that the Federal Court of Appeal had already ruled that such devices were not "audio recording media" and could not be subject to the levy. The Board dismissed the motion and found that the Federal Court of Appeal's earlier statements were obiter and therefore not binding on the Board.

In considering whether a digital audio recorder is an audio recording medium, the Copyright Board found that it is, based on the very broad definition of "audio recording medium" set out in the *Act*. The Board based its decision on the finding that digital audio recorders store reproductions of sound recordings and it does not matter that they can also make or play such reproductions.

We will have to wait to get further word on this issue as the Board's decision is now back before the Federal Court of Appeal on a judicial review application brought by CSMA and RCC.

"The Copyright Board of Canada has ruled that the private copying levy can apply to 'digital audio recorders' (e.g. MP3 players and iPOD® portable media players)..."

OUR INTELLECTUAL PROPERTY GROUP

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Gagné, Mathieu
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Leblanc, Christian
Mikus, Jean-Philippe
Nadon, Marc-André
Nitoslawski, Marek
Turgeon, David

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Roy, Sébastien
Tétreault, Marie Carole

THE FASKEN MARTINEAU INTELLECTUAL PROPERTY GROUP KEEPS GROWING! In 2007, we again increased our patent bench strength by adding three patent agents to the group: Alexandre Abecassis, Serge Lapointe and Lesley Morrison. Alexandre practices in the area of high technology while Serge Lapointe is responsible for patents and patent applications in the biotechnology, pharmaceutical and chemical industries. Our most recent addition, Lesley practices in the area of high technology. All of our new patent agents draft, file and prosecute patent applications before CIPO, the USPTO and WIPO.

Chloé Latulippe and Marc-André Nadon have also joined us. Chloé and Marc-André practice in the fields of intellectual property, media and communications law. They represent and advise clients on various aspects of intellectual property law, notably copyrights, trade secrets, patents and trade-marks.

On February 1, 2007, Fasken Martineau merged with U.K.'s Stringer Saul LLP, a London-based firm that specializes in listing companies on the Alternative Investment Market (AIM), the junior listing arm of the London Stock Exchange. The firm's London office, Fasken Martineau Stringer Saul (FMSS), is the world's first ever full service U.K.-Canadian law partnership and provides lawyers that practice both English and Canadian law. The office comprises more than 50 lawyers, many of whom are recognised specialists in their field of expertise.

The office provides a broad-based capability in commercial law including company and corporate, commercial agreements, intellectual property, information technology, tax, commercial property, employment, international trade and litigation services. The firm has a strong reputation, born out of specialist legal and commercial expertise, in a number of specific business areas including the AIM market, life sciences, mining and natural resources, publishing and retail property. Its expertise in patent litigation is recognised by its ranking amongst leading London firms in the Chambers 2008 directory, with Ralph Cox being named as a leading individual in the field. Chambers 2008 also gives a high ranking for the life sciences team with Gary Howes and Paul Ranson being highly rated leading individuals.

FMSS provides a gateway for businesses in the U.K. seeking to enter the Canadian market or faced with a Canadian legal issue. Similarly, it provides strategic legal advice on a wide range of Canadian business initiatives to the U.K., Europe and Africa.

In addition to our merger with U.K.'s Stringer Saul, Fasken Martineau also merged on April 1st, 2007 with the Ottawa firm of Johnston & Buchan LLP, a highly regarded Ottawa practice founded in 1980. The new Ottawa office of Fasken Martineau is comprised of 13 lawyers with extensive experience in communications, trade and business law as well as in a number of other areas of public law. With the new office, Fasken Martineau has added a substantial capability in intellectual property in the Ottawa region. In addition to their communications practices, Stephen Acker has an ancillary practice in trade-mark prosecution and oppositions while Aidan O'Neill, Jay Kerr-Wilson and Robert Buchan practice extensively in copyright law, particularly before the Canadian Copyright Board.

FASKEN MARTINEAU IN THE NEWS. Christian Leblanc of our Intellectual Property Group named Rising Star in the legal industry by *Lexpert*. Christian is a partner in our Montreal Office. He practices commercial and civil litigation, with a particular emphasis on intellectual property, high technology, media law, communications and defamation. Honouring Canada's Leading Lawyers Under 40 from law firms and in-house, this Lexpert annual award recognizes the country's best and brightest lawyers under 40. The Lexpert Leading Lawyers Under 40 was featured in the November/December issue of Lexpert magazine.

Ottawa

Acker, Stephen

Kerr-Wilson, Gerald (Jay)

O'Neill, J. Aidan

Vancouver

Curtis, David

Fancourt-Smith, Mark

Hefford, Alfred

Ingalls, Doran J.

Kuypers, Roger A.C.

MacNeil, Janine

Morrison, Lesley

Polonenko, Daniel R.

Wotherspoon, David

Calgary

Grace, Peggy

Peters, Richard

Wyke, Karen

London, U.K.

Boateng-Muhammad, Francesca

Booth, Allistair

Cox, Ralph

Heaviside, Lucy

Howes, Gary

Richards, Stuart

Congratulations to Stephane Gilker and Marek Nitoslawski of our Intellectual Property Group who were both recently included in *The Best Laywers in Canada 2008.* *The Best Laywers in Canada 2008* directory lists 79 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.

Fasken Martineau awarded Best Integration Award by the Marketing Research and Intelligence Association (MRIA) On June 15, 2007, the Marketing Research and Intelligence Association (MRIA) granted Fasken Martineau and Corbin Partners Inc. its prestigious Best Integration Award. The award came as a result of the efforts of May Cheng, Julie DesRosiers and Leanne Shaughnessy for their innovative work in a trade-mark infringement case involving trade-marks owned by Victoria's Secret and La Senza. In conjunction with Corbin Partners Inc., the team integrated different sources of information including a mystery shopping survey which was accepted by the Ontario Superior Court of Justice as evidence of confusion on the interlocutory injunction application. This represented the first time a Canadian court has accepted mystery shopping as expert survey evidence in an intellectual property dispute.

Recognition for Fasken Martineau Stringer Saul's IP and Life Sciences teams. The partners in our London office's IP group are recognised leaders in the field in Chambers 2008 and the IP and Life Sciences group is also recommended by Legal 500. Our expertise in patent litigation is recognised by its ranking amongst leading London firms in the Chambers 2008 directory, with Ralph Cox being named as a leading individual in the field. Chambers 2008 also gives a high ranking for the life sciences team with Gary Howes and Paul Ranson being highly rated leading individuals.

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.

ABOUT FASKEN MARTINEAU

OVERVIEW Fasken Martineau is one of Canada's leading national business law and litigation firms. Internationally, our London and New York locations make Fasken Martineau a leader among Canadian firms with an established presence in the two major financial centres 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 three years in a row 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. Seventy-five of our lawyers are recognized in the Canadian Legal Lexpert Directory. Nineteen are ranked among the 500 leading lawyers in Canada. Fourteen of the firm's partners are cited in the prestigious Chambers Global "The World's Leading 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.

[1] MONDAQ (http://www.mondaq.com/) awarded Fasken Martineau's The IP Year 2006 In Review the most popular Canadian article on its site in February, 2007 (see http://www.fasken.com/news/detail.aspx?news=5734 or at http://www.mondaq.com/content/awards.asp?id=58A5765B-45A3-41CF-96C9-2EB4E300F91B).

[2] Patented Medicines (Notice of Compliance) Regulations (http://laws.justice.gc.ca/en/showtdm/cr/SOR-93-133)

[3] SOR/96-423 (http://laws.justice.gc.ca/en/showtdm/cr/SOR-96-423)

[4] Canada Gazette (http://canadagazette.gc.ca/partII/2007/20070516/html/sor90-e.html)

[5] CIPO Practice Notice (http://strategis.gc.ca/sc_mrksv/cipo/patents/notice_oct02_07-e.html)

[6] Canadian Patent Office Record (http://napoleon.ic.gc.ca/cipo/patgazarc.nsf/arcEd-e?openform&[08/14/2007])

[7] R.S.C. 1985, c. P-4, as amended. http://laws.justice.gc.ca/en/showdoc/cs/P-4//en/en?page=1

[8] R.S., 1985, c. F-27 , as amended (http://laws.justice.gc.ca/en/showtdm/cs/F-27).

[9] Canadian Intellectual Property Office http://strategis.ic.gc.ca/sc_mrksv/cipo/jcpa/p5-e.html.

[10] Canadian Intellectual Property Office http://strategis.ic.gc.ca/sc_mrksv/cipo/jcpa/p4-e.html and Apotex's website http://www.apotex.com/apotriavir/default.asp.

[11] 2007 FC 222 (http://decisions.fct-cf.gc.ca/en/2007/2007fc222/2007fc222.html)

[12] See "Correct Small Errors" in The IP Year 2006 In Review (see note 1)

[13] See note 4.

[14] See United States Patent & Trade-mark Office website (www.uspto.gov)

[15] See United States Patent & Trade-mark Office website, Changes to Practice for Continued Examination Filings, Patent Applications Containing Patentably Indistinct Claims, and Examination of Claims in Patent Applications, Final rule http://www.uspto.gov/web/offices/com/sol/notices/72fr46716.pdf

[16] U.S. Federal Register (http://www.uspto.gov/web/offices/com/sol/notices/72fr57526.pdf)

[17] 2007 FCA 217 (http://decisions.fca-caf.gc.ca/en/2007/2007fca217/2007fca217.html)

[18] 012007 FC 971 (http://decisions.fct-cf.gc.ca/en/2007/2007fc971/2007fc971.html)

[19] Section 271(f) (http://www.uspto.gov/web/offices/pac/mpep/documents/appxl_35_U_S_C_271.htm)

[20] Section 48 of the Patent Act (http://laws.justice.gc.ca/en/showdoc/cs/P-4/bo-ga:s_48//en#anchorbo-ga:s_48)

[21] 2007 FC 11 (http://decisions.fct-cf.gc.ca/en/2007/2007fc11/2007fc11.html)

[22] 2006 FC 7 (http://decisions.fct-cf.gc.ca/en/2006/2006fc7/2006fc7.html) and 2007 FCA 327 (http://decisions.fca-caf.gc.ca/en/2007/2007fca327/2007fca327.html).

[23] For more detailed discussion of purposive construction, see Whirlpool Corp. v. Camco Inc., [2000] 2 S.C.R. 1067 (http://scc.lexum.umontreal.ca/en/2000/2000scc67/2000scc67.html) and Free World Trust v. Electro Santé Inc., [2000] 2 S.C.R. 1024 (http://csc.lexum.umontreal.ca/en/2000/2000scc66/2000scc66.html).

[24] 2007 FC 642 (http://decisions.fct-cf.gc.ca/en/2007/2007fc642/2007fc642.html)

[25] See "What's the Use" in The IP Year 2006 In Review (see note 1).

[26] See note 2.

[27] 2007 FCA 140 (http://decisions.fca-caf.gc.ca/en/2007/2007fca140/2007fca140.html)

[28] 2007 FC 1057 (http://decisions.fct-cf.gc.ca/en/2007/2007fc1057/2007fc1057.html)

[29] See "When Is A Prediction Sound?" in The IP Year 2006 In Review (see note 1). See also note 31

[30] See note 27.

[31] 2007 FCA 163 (http://decisions.fca-caf.gc.ca/en/2007/2007fca163/2007fca163.html)

[32] See "Data Protection" in The IP Year 2006 In Review (see note 1).

[33] See note 8.

[34] 2007 FC 232 (http://decisions.fct-cf.gc.ca/en/2007/2007fc232/2007fc232.html)

[35] 2007 FC 154 (http://decisions.fct-cf.gc.ca/en/2007/2007fc154/2007fc154.html). A Notice of Appeal respecting that decision was issued February 19, 2007.

[36] See note 8.

[37] 2007 FCA 375 (http://decisions.fca-caf.gc.ca/en/2007/2007fca375/2007fca375.html) and 2007 FCA 374 (http://decisions.fca-caf.gc.ca/en/2007/2007fca374/2007fca374.html)

[38] See "Patent Fraud Now Available in Canada?" in The IP Year 2006 In Review (see note 1).

[39] 2007 FC 81 (http://decisions.fct-cf.gc.ca/en/2007/2007fc81/2007fc81.html), overturned at 2007 FCA 173 (http://decisions.fca-caf.gc.ca/en/2007/2007fca173/2007fca173.html) Novopharm's leave to appeal was denied by the Supreme Court of Canada (http://scc.lexum.umontreal.ca/en/news_release/2007/07-11-01.3/07-11-01.3.html)

[40] See note 39.

[41] 2007 FC 1142 (http://decisions.fct-cf.gc.ca/en/2007/2007fc1142/2007fc1142.html)

[42] 2007 FC 898 (http://decisions.fct-cf.gc.ca/en/2007/2007fc898/2007fc898.html)

[43] Sections 48.1 to 48.5 of the Patent Act (http://laws.justice.gc.ca/en/showdoc/cs/P-4/bo-ga:s_48_1//en#anchorbo-ga:s_48_1)

[44] 2006 FC 1021 (http://decisions.fct-cf.gc.ca/en/2006/2006fc1021/2006fc1021.html), confirming 2006 FC 876; affirmed 2007 FCA 129 (http://decisions.fca-caf.gc.ca/en/2007/2007fca129/2007fca129.html) ; leave to appeal to the SCC dismissed

[45] 2007 FC 376 (http://decisions.fct-cf.gc.ca/en/2007/2007fc376/2007fc376.html), appeal dismissed at 2007 FC 843 (http://decisions.fct-cf.gc.ca/en/2007/2007fc843/2007fc843.html)

[46] R.S., 1985, c. T-13, as amended. (http://laws.justice.gc.ca/en/showtdm/cs/T-13)

[47] CIPO Practice Notice (http://strategis.gc.ca/sc_mrksv/cipo/tm/tm_notice/tmn2007-08-22-e.html)

[48] CIPO Practice Notice (http://strategis.gc.ca/sc_mrksv/cipo/tm/tm_notice/tmn2007-10-01-e.html)

[49] http://strategis.gc.ca/sc_mrksv/cipo/new/new-e.html#dec20

[50] Canada Gazette (http://canadagazette.gc.ca/partI/2007/20071006/html/regle2-e.html)

[51] See Counterfeit Goods In Canada - A Threat To Public Safety, (http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=10804&Lang=1&SourceId=209854) and Counterfeiting and Piracy are Theft, (http://cmte.parl.gc.ca/cmte/CommitteePublication.aspx?COM=10476&Lang=1&SourceId=213200)

[52] 2007 FC 262 (http://decisions.fct-cf.gc.ca/en/2007/2007fc262/2007fc262.html); 2007 FCA 255 (http://decisions.fca-caf.gc.ca/en/2007/2007fca255/2007fca255.html)

[53] 2007 FC 243 (http://decisions.fct-cf.gc.ca/en/2007/2007fc243/2007fc243.html)

[54] CIRA Decision (http://www.cira.ca/en/dpr-decisions/00004_B_cheaptickets_ca_decision_en.pdf)

[55] 2007 FC 406 (http://decisions.fct-cf.gc.ca/en/2007/2007fc406/2007fc406.html)

[56] R.S., 1985, c. C-46, as amended. (http://laws.justice.gc.ca/en/C-46/)

[57] c. 28 (Bill C-59) (http://www.parl.gc.ca/39/1/parlbus/chambus/house/bills/summaries/c59-e.pdf)

[58] R.S., 1985, c. C-42, as amended. (http://laws.justice.gc.ca/en/C-42/index.html)

[59] 2007 SCC 37 (http://csc.lexum.umontreal.ca/en/2007/2007scc37/2007scc37.html)

[60] See "Statutory Damages Under The Copyright Act" in The IP Year 2006 In Review (see note 1).

[61] 2007 FC 659 (http://decisions.fct-cf.gc.ca/en/2007/2007fc659/2007fc659.html); affirmed at 2007 FCA 76 (http://decisions.fca-caf.gc.ca/en/2007/2007fca76/2007fca76.html)

[62] 2007 FC 1179 (http://decisions.fct-cf.gc.ca/en/2007/2007fc1179/2007fc1179.html)

[63] 2007 FC 1179 (http://decisions.fct-cf.gc.ca/en/2007/2007fc1179/2007fc1179.html)

[64] http://www.cb cda.gc.ca/decisions/m20071018-b.pdf

[65] See "Ring Tones Cash In" in The IP Year 2006 In Review (see note 1). An application for judicial review of the Ring Tone decision was heard by the Federal Court of Appeal on October 22, 2007. The Court has yet to release its decision.

[66] http://www.cb-cda.gc.ca/decisions/i16032007-b.pdf

[67] http://www.cb-cda.gc.ca/decisions/c19072007-b.pdf

[68] See http://www.lexpert.ca/risingstars/pdf/G_and_M_web.pdf.