

INTELLECTUAL PROPERTY

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INTELLECTUAL PROPERTY

The federal laws on patents, copyright and trade-marks provide the principal protection for intellectual property in Canada. Canada is a member of the World Trade Organization (WTO) agreement on *Trade-Related Aspects of Intellectual Property Rights* (TRIPS) and has agreed to the minimum standards of protection and reciprocal treatment provided in this treaty. In November 2015, Canada and eleven other member countries entered into the *Trans-Pacific Partnership Agreement* (TPP). The agreement requires ratification by the member countries before coming into force. Canada is also a party to the 2016 *Comprehensive Economic and Trade Agreement* with the European Union (CETA).

CANADA IS A MEMBER OF THE PARIS CONVENTION FOR THE PROTECTION OF INDUSTRIAL PROPERTY AND THE PATENT COOPERATION TREATY.

Patents

Canada is a member of the *Paris Convention for the Protection of Industrial Property* (Stockholm Act) and the *Patent Cooperation Treaty* (PCT).

The *Patent Act* provides that any new, useful and unobvious invention that falls within the statutorily defined categories, namely, art, process, machine, manufacture or composition of matter (or any improvement of any of these) is patentable. Higher life forms per se are not patentable, but engineered genetic material and cell lines containing such genetic material typically are patentable. Algorithms per se are not patentable, but computer program products or methods that implement a tangible solution, or produce a discernable effect or change, generally are patentable.

In a landmark decision rendered in October 2010, the Federal Court overturned a rejection by the Commissioner of Patents and the Canadian Patent Appeal Board of a patent application by Amazon.com for its "one click" online product-ordering technology. The Commissioner of Patents had held that Amazon's application did not qualify as having patent eligible subject matter under the *Patent Act*. In overturning this finding, the court articulated a new test that does not preclude computer implemented innovations and business methods from being patented in Canada as long as they meet the general test of what constitutes an "invention" under s.2 of the *Patent Act*. In late 2011, the Federal Court of Appeal allowed the appeal of the Federal Court decision. One point

of difference with the reasoning in the decision at first instance was that the Court of Appeal dismissed the view that a business method may become patentable subject matter merely because it has a practical embodiment or a practical application. On the other hand, the Court of Appeal agreed with the judge at first instance in his determination that patentable subject matter must either be something with a physical existence or something that manifests a discernible effect or change. The Court of Appeal remanded the construction of the patent claims back to the Commissioner of Patents, and the application was issued by the Patent Office shortly thereafter. The Amazon.com decision is thought by many to herald a new era of increasing acceptance for patents directed to computer-implemented inventions and business methods in Canada.

Other patent decisions of note in Canada in recent years have included a unanimous decision of the Supreme Court of Canada which held that Pfizer Canada's patent describing and claiming sildenafil, the active ingredient for the prescription drug VIAGRA®, failed to satisfy the disclosure requirements of the *Patent Act*. The court came to this holding on the basis that the specification did not categorically indicate that sildenafil was the effective compound of interest and that the notional skilled person, on reading the patent, would be left to the prospect of further testing to determine which of two stated compounds in the specification would actually work. Another noteworthy decision included a judgment of the Federal Court that invalidated certain of the claims of a patent of Eurocopter for a helicopter landing gear structure, on account that the utility of the claimed structure was not demonstrated nor soundly predicted at the date of filing of the subject application. The result stems from a surprising application of the doctrine of sound prediction, one normally more prevalent in the chemical, pharmaceutical or biotechnology fields as opposed to the mechanical arts. The decision was upheld by the Federal Court of Appeal in September 2013. In July 2015, the Federal Court of Appeal held that the availability of a non-infringing alternative is to be taken into account in the assessment of damages for infringement. The decision involved Merck & Co.'s lovastatin prescription drug sold under the brand name MEVACOR®. Based on the facts at hand, however, the court found that the defendant would likely not have replaced its infringing sales with those of a non-infringing alternative, and the trial judge's award of damages to the scale of nearly C\$120 million, plus pre-judgement and

Copyright

Canada has acceded to the *World Intellectual Property Organization (WIPO) Copyright Treaty (WCT)* and the *WIPO Performances and Phonograms Treaty (WPPT)*. Many of the substantive provisions in the WCT and WPPT, such as the establishment of a “making available” right and the implementation of technical protection measures, were implemented in a major revision to the *Copyright Act* that came into force in November 2012. The legislation also provides a secondary liability remedy against those who “enable” digital infringements, as well as a series of new exceptions to copyright protection, including in respect of “reproduction for private purposes,” “timeshifting,” “technological processes,” “fair dealing for the purposes of education, parody or satire” and “user-generated content.” The legislation also contains safe harbours for Internet intermediaries, including for hosts and Internet location tool providers; however, providers should be aware these safe harbour provisions are subject to the “enablement” remedy and are also subject to a “notice and notice” regime requiring intermediaries to relay notices of claimed infringement to their customers and keep records of customers’ identities.

CANADA HAS ACCEDDED TO THE WIPO COPYRIGHT TREATY AND THE WIPO PERFORMANCES AND PHONOGRAMS TREATY.

Over recent years, there have been numerous important copyright decisions rendered by Canada’s highest court. In mid-2012, the Supreme Court of Canada released five new copyright decisions. The most important themes emerging from these decisions include an acknowledgement of the concept of technological neutrality (the idea that digital and non-digital uses should receive comparable treatment under copyright law) and the continued treatment of copyright exceptions as “user rights.” However, it should be noted that the decisions were made under the historical *Copyright Act*, and may not apply predictably to the new provisions passed in late 2012. In November 2012, the Supreme Court issued another important copyright decision in which it prohibited the creation of copyright-like rights by anybody other than Parliament, in this instance barring a broadcast regulator from imposing a “value for signal” levy on retransmitters of copyright programming. In late 2013, the Supreme Court issued another important decision establishing the test for when copyrights are infringed by way of imitation. The test

imposes a qualitative and holistic assessment of the similarities between works, which can be enhanced in certain settings by expert evidence, including for music and software copyrights. Lastly, in 2015 the Supreme Court issued a decision further clarifying the doctrine of technological neutrality as a guiding principle in the interpretation of the *Copyright Act* and applying it to the valuation of a collective rights society royalty.

Canada is a party to the *Berne Convention* and the *Universal Copyright Convention*. Depending on the nature of the work, the owner of copyright in a work has the sole right to reproduce, perform, publish or communicate the work. The *Copyright Act* provides that copyright arises automatically in all original literary, artistic, dramatic or musical works. The *Copyright Act* provides that registration is permissive rather than mandatory. However, registration does raise certain presumptions in favour of the registered owner that are useful in the context of litigation. In general, copyright lasts for the life of the author plus 50 years. Since 1993, computer programs have been expressly protected, under statute, as literary works.

The Canadian government has also recently passed amendments to the *Copyright Act*, *Trade-marks Act* and *Customs Act* that create significant anti-counterfeiting remedies tying to infringements of copyright or trade-marks. These amendments permit copyright holders and owners of registered trade-marks to submit a “request for assistance” to the Canada Border Services Agency. Through this system, rights holders may request that border officers detain commercial shipments suspected of containing counterfeit or pirated goods, thus enabling the rights holder to begin civil proceedings in court.

Trade-marks

The *Trade-marks Act* protects interests in words, symbols, designs, slogans or a combination of these to identify the source of wares or services. At present, rights in a trade-mark are created through use in Canada (or in the case of foreign owners, by use abroad and eventual registration in their home country). It is possible to reserve rights by filing based on an intent to use a trade-mark in Canada. Registration is permissive and not mandatory. Registration does, however, give the registrant the exclusive right to use the mark throughout Canada and facilitates enforcement. Without a registration, an owner’s rights are limited to the geographic area where the mark has been used. If the

trade-mark owner intends to license the mark for use by others, even by a subsidiary company, proper control over its use by the licensee is essential for proper protection. While a trade-mark endures for as long as the owner uses it to identify his or her wares or services, registrations can be attacked on the basis of non-use or invalid registration. The first term of a registration is for 15 years and is renewable for successive 15-year terms on payment of a renewal fee.

Canada is not a member of the *Madrid Agreement*, the *Madrid Protocol*, or the *Singapore Treaty*, but is taking steps toward accession through legislation that is expected to come into force as late as in 2018. These amendments will expand protection to novel “signs,” such as letters, colours, holograms, sounds, scents, tastes and textures. They will effectively remove the requirement for an applicant to have made “use” of a trade-mark in Canada or elsewhere before obtaining registration.

CANADA IS NOT A MEMBER OF THE MADRID AGREEMENT, THE MADRID PROTOCOL, OR THE SINGAPORE TREATY.

The amendments will implement the Nice Classification in respect of the description of goods and services in Canadian applications and will shorten the renewal term for registrations from 15 years to 10 years.

Pursuant to the CETA, Canada has introduced amendments to the *Trade-marks Act* that will provide significant new “geographical indication” rights for agricultural foods and products. These rights may impede the use or registration of similarly named products in the Canadian marketplace.

Domain Names

The Internet’s domain name system and the Internet-based practice of meta-tagging present the intellectual property system and especially trade-mark law with some interesting challenges. The conflict between the registered trade-mark system and a domain names registry is the result of domain name registrations following a “first-come, first-served” policy, without an initial, independent review of whether the name being registered is another person’s registered trade-mark. At the same time, a domain name in some respects is more powerful than a trade-mark, as there can only be one company name registered for each top-level domain.

To obtain a Canadian “.ca” registration, a would-be registrant must meet certain Canadian-presence requirements. These present certain

challenges for foreign entities that do not wish to incorporate in Canada.

While the ownership of a registered Canadian trade-mark suffices to meet the requirement, the owner may reserve only those domain names that consist of or include the exact word component of that registered trade-mark.

In Canada, some trade-mark owners have successfully used the doctrine of “passing off” in combating so-called “cybersquatters.” In other cases, they have argued trade-mark infringement under the *Trade-marks Act*. To gain control of a domain name, it might also be possible to argue “depreciation of goodwill” under Section 22 of the *Trade-marks Act* as well as misappropriation of personality rights.

The Canadian Internet Registration Authority (CIRA) Domain Name Dispute Resolution Policy (CDRP) is an online domain name dispute resolution process for the “.ca” domain name community. One- or three-member arbitration panels consider written arguments and render decisions on an expedited basis. Among other features, the CDRP permits a panel to award costs of up to C\$5,000 against a complainant found guilty of reverse domain name hijacking.

Other Intellectual Property

Patents, copyrights, trade-marks and domain names represent some of the most common types of intellectual property. However, in today’s economy, intellectual property protection takes many additional forms. The common law protects against the misappropriation of trade secrets, personality rights and passing off, among other things. It also protects privacy and personality rights to some degree. A broad range of particular rights and obligations also arise under more specific statutes such as the *Industrial Design Act*, the *Integrated Circuit Topography Act*, the *Personal Information Protection and Electronic Documents Act*, the *Plant Breeders’ Rights Act*, the *Competition Act*, the *Public Servants Inventions Act* and the *Status of the Artist Act*.

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