

# INTELLECTUAL PROPERTY

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## INTELLECTUAL PROPERTY

The federal laws on patents, copyright and trademarks 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 January 2018, Canada and 10 other member countries entered into the *Comprehensive and Progressive Agreement for Trans-Pacific Partnership Agreement* (CPTPP), which Canada ratified, and which came into force on December 30, 2018. Canada is also a party to the 2016 *Comprehensive Economic and Trade Agreement* with the European Union (CETA).

### Patents

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

The *Patent Act* provides that any new, useful and non-obvious invention that falls within the statutorily defined meaning of invention, namely, art, process, machine, manufacture or composition of matter (or any improvement thereof) is patentable. There is no requirement that the invention be made in Canada. Higher life forms per se are not patent eligible, but engineered genetic material and cell lines containing such genetic material may be patent eligible. Algorithms per se are not patent eligible, but computer program products or methods that manifest a discernible effect or change may be patent eligible.

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

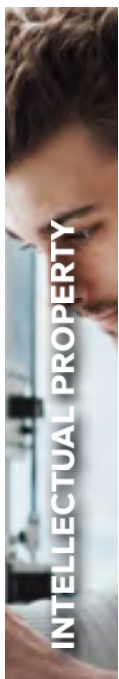
In a landmark decision rendered in October 2010, the Federal Court overturned a rejection by the Commissioner of Patents and the Canadian Patent Appeal Board of a patent application by Amazon.com for its “one-click” online product-ordering technology. The Commissioner of Patents had held that Amazon’s claimed invention was not directed toward patent-eligible subject matter under the *Patent Act*. In overturning this finding, the Federal Court articulated that computer implemented innovations and business methods may be patent eligible 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. The Court of Appeal dismissed the view that a business method should be patent eligible merely because it has a practical embodiment or a practical application. Instead, the Court of Appeal held that the proper approach to determining patentable subject matter is to first “purposely construe” the claims to identify the “essential elements” of the invention and then consider whether the identified essential elements would be considered patent eligible-subject matter. The Court of Appeal agreed with the Federal Court that patentable subject matter could be either 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.

In 2020, the Federal Court confirmed in *Choueifaty v. Canada*, 2020 FC 837, that a recited claim element is essential as long as the claim element is not clearly intended by the patentee to be non-essential, and the claim element could not be substituted without affecting the working of the invention in the eyes of the skilled addressee at the date of publication of the patent. In response to the *Choueifaty* decision, which clarified the correct method of purposely construing the claims to identify the essential elements thereof, the Patent Office published a practice notice to provide further guidance to applicants and its patent examiners during prosecution.

In June 2022, the Federal Court issued its decision in *Benjamin Moore & Co. v. Canada*, 2022 FC 923, where the Federal Court adopted, and instructed the Commissioner of Patents to use, a three-step framework to assess the patentability of computer-implemented inventions. However, in July 2023, the Federal Court of Appeal allowed the Patent Office’s appeal of the trial court decision and deleted the requirement for the Commissioner of Patents to use the three-step framework to assess patentability, replacing it with a direction to determine patentability of the inventions in light of the most current version of the *Manual of Patent Office Practice* with the benefit of the court’s reasons. It remains to be seen what framework the Patent Office will adopt in light of the Federal Court of Appeal’s decision.

Another noteworthy decision was the judgment of the Supreme Court of Canada in *AstraZeneca Canada Inc. v. Apotex Inc.*, 2017 SCC 36, where our highest court unanimously rejected the so-called “promise doctrine” to assess the utility of a patent. The doctrine requires reviewing the patent

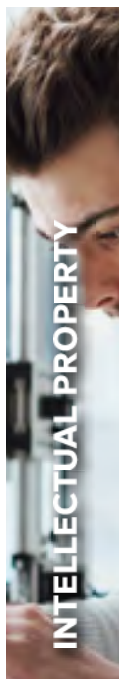


as a whole to identify “promises” associated with the disclosed invention, and then determining whether the identified promises are met. Under this approach, a patent could have been held to lack utility even if it had met all but one of the identified promises. The Supreme Court of Canada found this doctrine to be “unsound” and “not good law” for determining whether the utility requirement under s.2 of the *Patent Act* is met. Instead, the Supreme Court of Canada set out a two-step test that involves first identifying the subject matter of the invention as claimed in the patent, and then asking whether the subject matter is capable of a practical purpose. The Court reaffirmed that “a scintilla of utility will do” to meet the utility requirement.

In a patent infringement case between Dow Chemical and Nova Chemicals, the patentee elected to pursue the infringer’s profits rather than to seek damages. In the *Dow Chemical Company v. Nova Chemicals Corporation*, 2022 SCC 43 decision, the Supreme Court of Canada upheld the lower courts’ earlier judgment awarding Dow Chemical the largest monetary award for patent infringement in Canadian history, at nearly C\$645 million. This amount included the infringer’s profits during the life of the patents, legal costs and prejudgment interest. In determining the infringer’s profits, the Supreme Court of Canada upheld the lower courts’ award of “springboard” profits earned by the infringer during a period of time after the expiration date of the patent. The springboard profits accounted for the accelerated market entry enjoyed by the infringer by making the infringing product prior to the patent’s expiration. The magnitude of the remedy affirmed by the Supreme Court of Canada in *Dow Chemical v. Nova Chemical*, together with the foregoing decisions of the Supreme Court of Canada, may encourage more parties to file and enforce patents in Canada.

**THE APPLICATION  
IN CANADA MUST  
GENERALLY BE  
FILED BEFORE THE  
INVENTION IS MADE  
AVAILABLE TO THE  
PUBLIC ANYWHERE IN  
THE WORLD.**

A Canadian patent grants its owner the right to exclude others in Canada from making, selling or using the invention during the term of the patent. The term of a Canadian patent is 20 years from the date of filing of the application, provided that all maintenance fees are paid in a timely manner. Since 1989, Canada has adopted a “first-to-file” system, which grants patents to the first inventor to file an application for the invention. To be entitled to a patent in Canada, the applicant must file the application in Canada before the invention is made available to the public anywhere in the



world. A grace period of one year is permitted for disclosures originating directly or indirectly from the inventor. It is generally recommended for applicants to file as early as possible in Canada or in a *Paris Convention* country, and to not rely on the grace period. Information that has been made available to the public prior to the date of filing of an application is known as “prior art” and includes prior use of the invention and prior publications (e.g., publication of an earlier patent application). In Canada, patent applications are published 18 months after the earliest filing date claimed by the applicant.

Recent amendments to Canada’s patent legislation herald some significant changes. One important change is the implementation of “prosecution history estoppel,” or “file wrapper estoppel,” in the context of patent litigation. Under this amendment, a patentee’s representations regarding the interpretation of patent claims during prosecution are admissible to rebut assertions or representations about the construction of the patent claims made by the patentee during litigation. The newly enacted file wrapper estoppel provision was interpreted by the Federal Court of Appeal in the recent *Canmar Foods v. TA Foods*, 2021 FCA 7, decision where the Federal Court of Appeal held that the trial judge erred in making reference to the patentee’s U.S. prosecution history in the circumstances but refrained from deciding whether statements made during foreign prosecution could ever be considered for the purposes of claim construction.

Another noteworthy change that affects the scope of protection available to Canadian patents is the introduction of a new provision that codifies an “experimental use” exception to shield certain experimental uses of patented inventions from patent infringement liability. The provision also enables the establishment of regulations in respect of factors that should be considered in assessing whether a particular use can benefit from this exception. The scope of this exception remains to be seen, as no regulations have been introduced and the provision itself has not been considered judicially.

Pursuant to the CETA, the *Patent Act* has been amended to provide for the issuance of Certificates of Supplementary Protection. A Certificate of Supplementary Protection effectively extends the term of an eligible patent by up to two years to assist in compensating patentees for the effective loss of patent term as a result of pursuing regulatory approval for drugs in Canada. The CETA also introduced other changes to the *Patented*



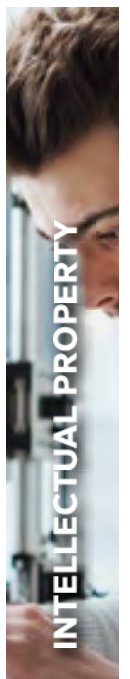


*Medicines (Notice of Compliance) Regulations*, which brought in significant changes to the pharmaceutical industry in Canada, including replacement of current Notice of Compliance summary proceedings with full actions that can result in final determinations of patent infringement and validity. The CETA implementations came into effect on September 21, 2017.

**CANADA HAS  
ACCEDED TO THE  
WIPO COPYRIGHT  
TREATY AND THE WIPO  
PERFORMANCES AND  
PHONOGRAMS TREATY.**

As part of the Canadian government's efforts toward ratification of the PLT, amendments to the *Patent Rules* came into force on October 30, 2019. One of the changes is the restoration of priority claims, allowing an applicant a two-month grace period to claim priority to an earlier filed application if the applicant unintentionally failed to meet the 12-month priority deadline. This change aligns Canadian practice with existing restoration of priority mechanisms available under the PCT. Filing requirements have also been relaxed under the amended *Patent Rules*. For example, an applicant can now obtain a filing date even if the filing fee is not paid on the date of filing. However, under the new regime, applicants will no longer be entitled to an extended 42-month national phase entry (i.e., standard 30-month deadline plus a 12-month extension with payment of a late fee) as of right. While a late national phase entry is still available, the applicant will have the onus to show that the failure to meet the set deadline was unintentional. Prosecution deadlines have also been shortened under the new *Patent Rules*. For example, the deadline to request examination of a patent application has been shortened from five years to four years from the filing date, and the standard deadline to respond to an examiner's report has been shortened from six months to four months from the date of the Report. Other changes include: a new procedure for reinstating abandoned applications, a new regime establishing deadlines for correcting certain clerical errors, and the introduction of a system of "third-party rights" that allows third parties to practice a patented invention if the patent is not in good standing.

Finally, as part of Canada's obligations under the *Canada-United States-Mexico Agreement (CUSMA)*, amendments to the *Patent Act* will come into force, no later than January 1, 2025, to provide for patent term adjustment to account for delays in the processing of patent applications. Unlike the U.S., patent term adjustment is not automatically granted by the Patent Office. Rather, patentees have to proactively apply for a patent term adjustment with payment of a prescribed fee.



## Copyright

Canada has acceded to the *World Intellectual Property Organization Copyright Treaty (WCT)* and the *World Intellectual Property Organization 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.

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 acknowledgment 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



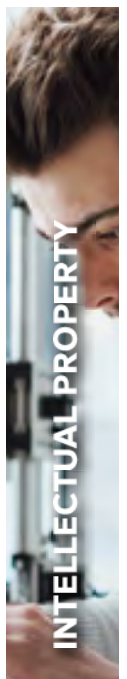
guiding principle in the interpretation of the *Copyright Act* and applying it to the valuation of a collective rights society royalty.

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*, *Trademarks Act* and *Customs Act* that create significant anti-counterfeiting remedies tying to infringements of copyright or trademarks. These amendments permit copyright holders and owners of registered trademarks 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. The Canadian Parliament also passed amendments to the collective licensing regime under the *Copyright Act* to encourage more timely decisions in the tariff setting.

### **Trademarks**

The *Trademarks 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 trademark 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 trademark 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 trademark 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 trademark 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



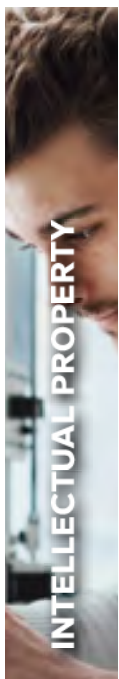


registration. The first term of a registration is for 10 years and is renewable for successive 10-year terms on payment of a renewal fee.

On June 17, 2019, various amendments to the *Trademarks Act* came into force to align Canada's trademark regime with international standards set out in the *Singapore Treaty*, the *Madrid Protocol* and the *Nice Agreement*. These amendments expand trademark protection to include a broader array of novel "signs," namely letters, colours, holograms, sounds, scents, tastes and textures. The amendments effectively remove the requirement for an applicant to have made "use" of a trademark in Canada or elsewhere before obtaining a registration. While the amendments have removed the requirement of "use" as a prerequisite for trademark registration, the *Trademarks Act* now includes provisions enabling cancellation of applications or expungement of registrations that were made in bad faith (e.g., by trademark squatters).

With respect to prosecution of trademark applications, divisional applications are now available under the amended *Trademarks Act*. For instance, where certain goods or services have been objected to by an examiner or have been opposed by a third party, the objected to or opposed goods and services can be "carved" out and allocated to a divisional application. In this manner, the remaining goods and services of the original trademark application, which are not subject to objection or opposition, can proceed separately to registration. When a trademark that is the subject of an application that has been previously divided proceeds to registration, it may be merged with other registrations of the trademark stemming from the same original application, provided the trademarks in question are the same and are registered to the same owner. The amendments also implemented the Nice classification system in respect of the description of goods and services in Canadian applications. Under the new regime, trademark application filing fees charged by CIPO are now calculated on a per-class basis at C\$330 for the first class and C\$100 for each additional class. Renewal fees charged by CIPO are also calculated on a per-class basis, set at C\$400 for the first class and C\$125 for each additional class.

Pursuant to Canada's ratification of the CETA, the *Trademarks Act* now provides significant "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 trademark law with some interesting challenges. The conflict between the registered trademark 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 trademark. At the same time, a domain name in some respects is more powerful than a trademark, 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.

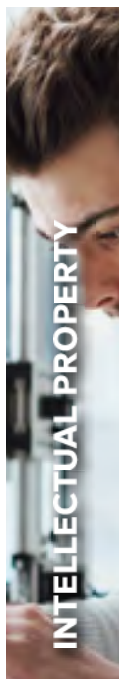
While the ownership of a registered Canadian trademark suffices to meet the requirement, the owner may reserve only those domain names that consist of or include the exact word component of that registered trademark.

In Canada, some trademark owners have successfully used the doctrine of "passing off" in combating so-called "cybersquatters." In other cases, they have argued trademark infringement under the *Trademarks Act*. To gain control of a domain name, it might also be possible to argue "depreciation of goodwill" under s.22 of the *Trademarks 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.

## Industrial Designs

A Canadian industrial design protects the features of shape, configuration, pattern or ornament or any combination of the foregoing in a finished article. Any of the foregoing aspects can be protected as long as it is novel within the meaning of the *Industrial Design Act*. In Canada, an applicant has 12 months to file an industrial design application covering a given ornamental



or visual feature from the date of its first public disclosure. Once granted, a Canadian industrial design registration gives the proprietor an exclusive right in relation to the design in Canada. The term of protection lasts for a period of 10 years from the date of registration in Canada or 15 years from the filing date of application, whichever is later, provided that maintenance fees are paid at the prescribed times.

On November 5, 2018, amendments to Canada's industrial design legislation came into force, which enabled Canada to accede to the *Hague Agreement Concerning the International Registration of Industrial Designs* (the Hague System) and modernize Canada's industrial design regime. The Hague System enables applicants to designate multiple countries, including Canada, for which industrial design protection is desired through a single international application. The modernization amendments provide more flexibility for applicants of industrial design registrations including the option to file divisional applications for any design that was originally disclosed, and relaxed rules in respect of the formalities associated with an application.

### **Other Intellectual Property**

Patents, copyrights, trademarks 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 *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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