





Intellectual Property & Technology Law

Tuesday April 24th 2018

Toronto Board of Trade

Agenda

Mark Evans

Partner, Trademarks Smart & Biggar Canada's Significantly Amended *Trademarks Act*

What brand owners and in-house counsel

need to know

Tim Hughes

Legal Counsel
Maple Leaf Sports +
Entertainment

Managing Corporate IP – Issues & Defense

The view from In-house Counsel

Matthew Zischka

Partner, Patents Smart & Biggar Canadian Patent Update, Trends and Opportunities

What innovators and in-house counsel

need to know









Canada's Significantly Amended *Trademarks Act*What brand owners and in-house counsel need to know







Trademark Act Changes

Most significant amendments to the TMA since 1950!







Primary Effects of Amendments

- Easier/faster/possibly cheaper to obtain a trademark registration in Canada (most of the time)
- Canadian procedure will be more similar to some other jurisdictions
- Increased difficulties in clearing marks
- Increased litigation, opposition and non-use proceedings







Bill C-31

Canadian trademark law and practice are poised for dramatic change

- Bill C-31 introduced in March, 2014
 - passed by Canadian government in June, 2014
 - now law, but not yet in force
 - regulations published for comment in February 2018
 - likely in-force date: EARLY 2019







The Importance of Use

- Canada has always been a "use-based" jurisdiction and this will remain the case
- The right to register a trademark in Canada will depend on the party first to use the mark — we are not becoming a "first to file" country







Requirement of "Use"

Canada remains a first-to-use country

- But, use requirement for registration eliminated
 - No use information required on filing
 - No declarations of use required for registration
- Consequences:
 - Squatters
 - Clearance challenges
- Registrations will still be subject to expungement based on non-use after three years (Section 45)







Right to Registration

New bar to registrability:

- Trademark is not distinctive
 - Previously, examiners could not reject a mark for nondistinctiveness (i.e. that it doesn't function as a trademark)







Right to Registration

Distinctiveness will need to be proven in more cases

- Currently:
 - Descriptive marks
 - Personal name marks
 - 3-D marks







Right to Registration

Distinctiveness will need to be proven in more cases

- New: Mark is not inherently distinctive
 - Will be raised against all non-traditional marks
 - Will also be raised against traditional marks
- Generic designs (e.g. ordinary representation or grapes for wine)
- Names of colours (e.g. WHITE for paper)
- One or two letter marks (e.g. GT for automobiles)
- Multiple surnames (e.g. SMITH JOHNSON)

- Names and honorifics (e.g. MR. LAWYER for legal services)
- Repetition (e.g. BACON BACON for bacon)
- Provides information (e.g. TWO FOR ONE)
- Phone numbers







Other Changes

- Term reduced from 15 years to 10 years
- Letters of Protest Third parties can file Letters of Protest to Examiners during the examination process (i.e. prior to an opposition proceeding)







New non-traditional marks

Current:

- 3-D marks
- Mode of packaging
- Sound marks
- Colour + contour

New:

- Hologram
- Moving image
- Scent
- Taste
- Texture
- Colour







Fee Changes/Nice Classification system

	Current	New Law
Filing & Registration	\$250 (filing) \$200 (registration)	\$330 for one class (filing) \$100 for each additional class (filing)
Renewal	\$350	\$400 for one class \$125 for each additional class







Nice Classification

45 different Classes

- 1 mark
 - Financial services Class 36
 - Downloadable software Class 9
 - Software-related services Class 42
 - Training & Educational services Class 41
 - Related business services Class 35

Total = \$730 in government fees







Step 1

Perform a trademark audit to identify:

 All trademarks that are currently used in Canada and which are of importance







Step 2

Compare against current Canadian portfolio:

 See which of the marks identified in Step 1 are already protected in Canada, and for what goods/services







Step 3

Fill the holes by filing applications:

- File applications for:
 - Unprotected marks which are in use in Canada
 - Key brands, for an expanded list of goods/services
- Do so as soon as possible
 - Trolls/squatters have arrived...







Bill C-31: Things to Consider

• 15% increase in trademark filings in Canada since 2015

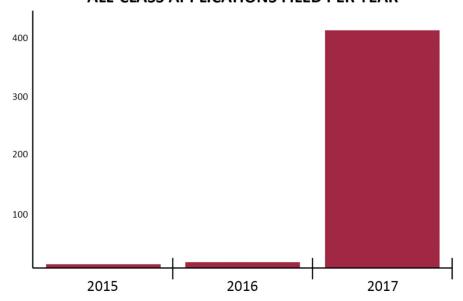






File Now! Trolls/squatters have arrived...

ALL-CLASS APPLICATIONS FILED PER YEAR









- File multi-class applications
 - After 2019, per-class fees will be in place.
- Search now, to determine availability of marks for use and registration in Canada
 - New applications which lack use information make determining entitlement difficult
- Implement a watch service now, to make sure you oppose applications when appropriate







Enforcement of Trademark Rights

Trademark Infringement

- Typical forum: Federal Court of Canada
- Two alternative procedures:
 - (1) application or
 - (2) action







Enforcement of Trademark Rights

Application

- Proceeds on a written record of affidavits, out of court crossexaminations, a written argument and then an oral hearing before a judge without live witnesses
 - Significantly faster (e.g. less than 12 months)
 - Significantly less expensive (e.g. 25-50% of an Action)
- Risk: no documentary or oral discovery
 - If all facts not known (e.g. extent of infringement),
 cannot find them out







- Treaty for international filing of trademarks
- Canada joining in 2019







How It Works

- A. File Application in Canada
- B. File International Application based on Canadian application
- C. International Application Designates Key Member Countries/Territories
- D. No Need For Foreign Counsel Unless Objection Raised







Potential Benefits

- Potential Cost Reductions
- Potentially Faster Registration Process
- Reduced Post-Registration Fees (e.g. single renewal/assignment)







Potential Risks

- Possible "House of Cards" Dependent Upon Canadian Application Being Registered and Not Cancelled in First 5 Years
- Cost Savings Uncertain
- Narrower Scope for Foreign Registration Due To Canada's Exceptionally Strict Goods/Services Definitions









Managing and Protecting your Company's IP Portfolio The experience and view from In-house Counsel







INTELLECTUAL PROPERTY ISSUE MANAGEMENT

TIM HUGHES LEGAL COUNSEL MAPLE LEAF SPORTS + ENTERTAINMENT



INTELLECTUAL PROPERTY ISSUE MANAGEMENT

1 DEFENCE: BRAND MANAGEMENT

2 *OFFENCE*: ENFORCEMENT

3 EMERGING IP ISSUES



CORE BRAND PORTFOLIO

















LEGACY + SECONDARY BRANDS



OTHER MLSE BRANDS











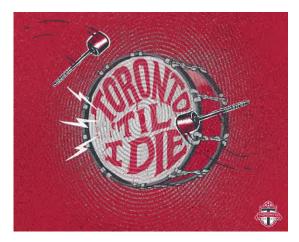






S L O G A N S + M E R C H











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MONITORING

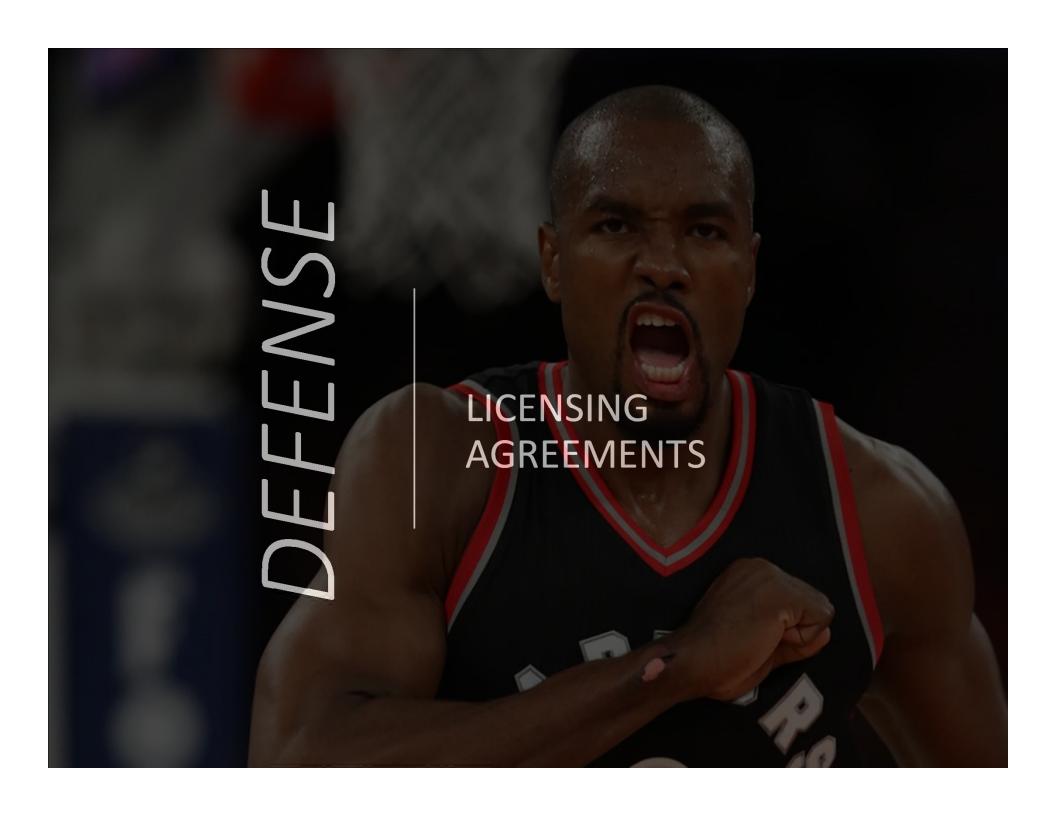
- SELF MONITORING
- LAW FIRMS
- MONITORING SERVICES

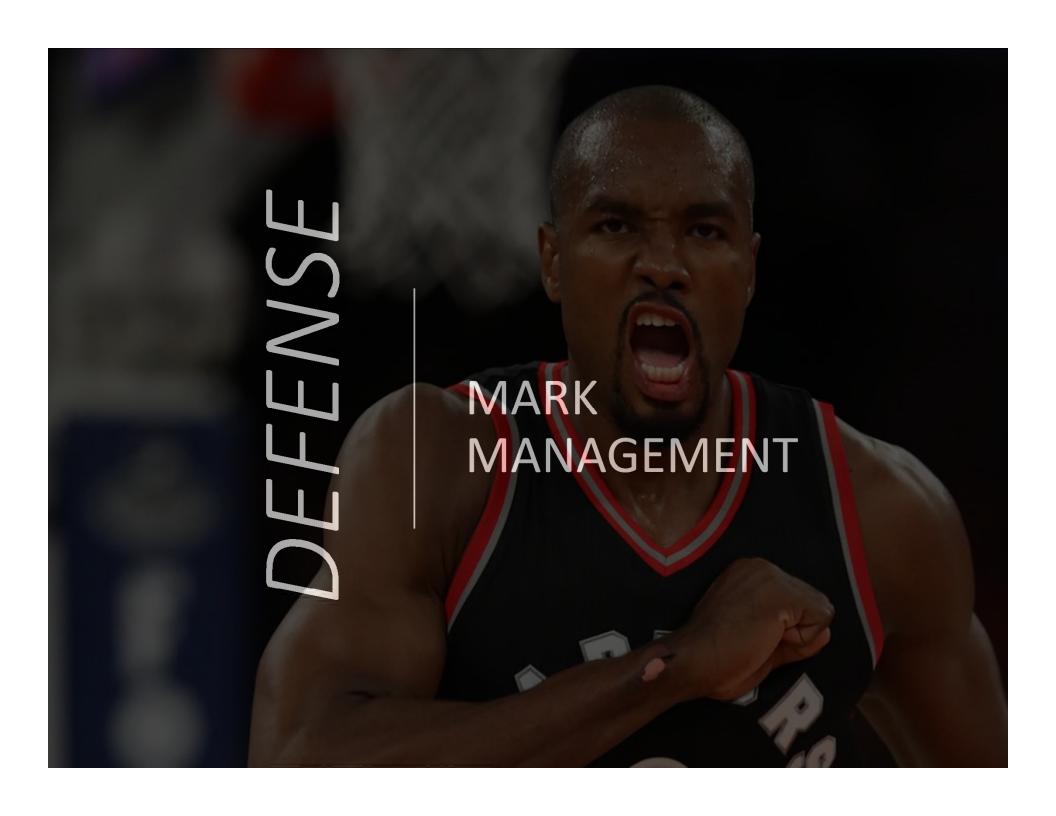




MarkMonitor

Protecting brands in the digital world





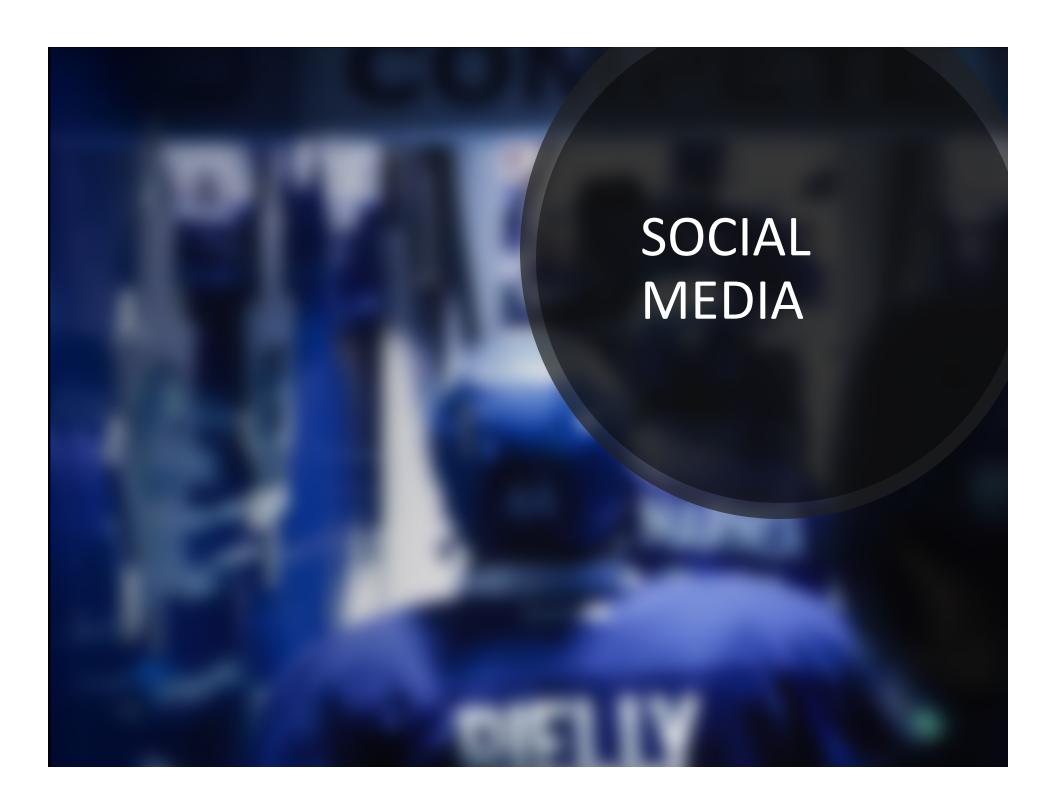




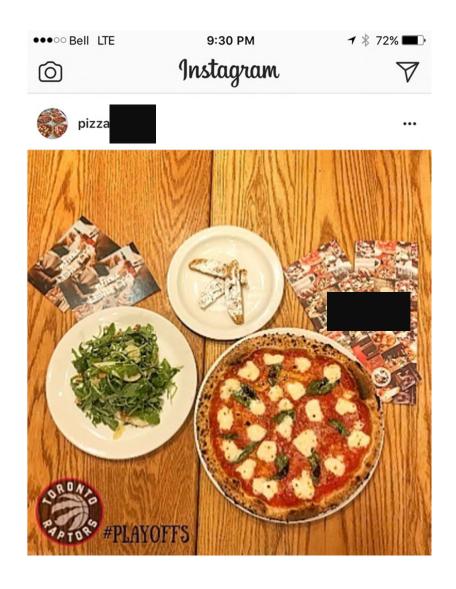




DOMAINS REGISTRATION TLDs



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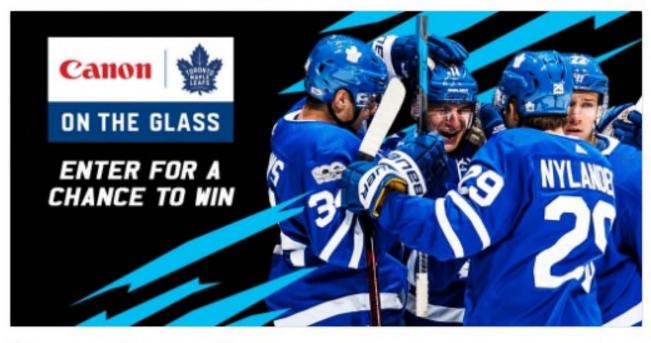
S O C I A L M E D I A



Toronto Maple Leafs ♥ @MapleLeafs · Jan 12

Ready to to watch and snap a @MapleLeafs game with the best seats and photo gear thanks to @CanonCanada and #CanonOnTheGlass?

ENTER: bit.ly/2BJo1DJ #TMLtalk 🎡



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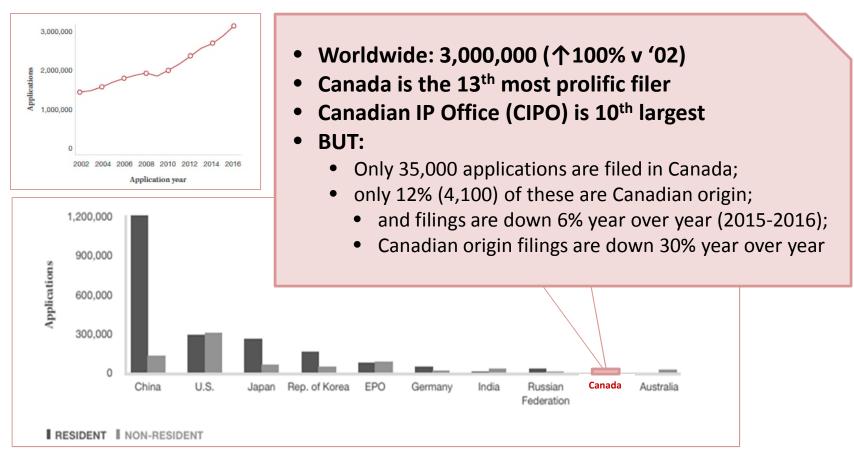
Canadian Patent Update, Trends and Opportunities What innovators and in-house counsel need to know







Patent filings by Canadians are down



Source: World Intellectual Property Indicators 2017







Meanwhile ...

Canadian Courts have increased the value of patents ...

- Dow v. Nova
- Varco v. Parsons

... and have made it more difficult to invalidate patents

AstraZeneca v Apotex (Nexium)







Meanwhile...

Obtaining patents is more predictable in Canada...

 Canadian Intellectual Property Office (CIPO) is approving more applications, at a faster rate

...and IP laws in Canada are friendlier than ever

 Canadian Government has introduced new laws to strengthen IP laws







Nova v Dow - Overview

Patent Infringement of Dow Canadian Patent No. 2,160,705

- Nova infringing product: SURPASS
- Dow product: ELITE
- Ethylene polymer blends used in food packaging, pallet wrapping, etc. applications







Nova v Dow - Liability Phase

2013: Heard before Justice O'Keefe in the Federal Court of Canada

- 32 day trial
- 7 construction/infringement issues
- 22 invalidity attacks against Dow's '705 patent
- Considerable amount of testing, in chief and in reply, on both the infringement and validity issues (in Canada, U.S. and Netherlands).







Nova v Dow - Liability Phase

Dow '705 patent found valid and infringed

Judgment of Justice O'Keefe dated July 30, 2014 (2014 FC 844)

Appeals

- Aff'd, Federal Court of Appeal, Sept 6, 2016 (2016 FCA 216)
- Leave to Appeal to SCC dismissed April 20, 2017 (No. 37274)







Nova v Dow - Liability Phase

Remedies

Justice O'Keefe awarded Dow the following remedies:

- Election between Dow's damages and Nova's profits for postgrant infringing sales (Dow ultimately elected Nova's profits)
- Reasonable compensation for pre-grant infringing sales
- Pre-judgment interest
- Post-judgment interest







Nova v Dow - Reference Phase

Dow awarded \$645M + pre/post-judgment interest + Legal costs (ultimately fixed at \$6.5M)

October 2014:	Proceeding commenced
Dec 2016 – Jan 2017:	Trial before Justice Fothergill
April 7, 2017:	Judgment and Reasons issued
June 29, 2017:	 Supplemental Judgment and Reasons issued Included pre-grant reasonable compensation, post-grant infringing profits, and post-expiry "springboard" profits
Q3/Q4 2018	Appeal / Cross-Appeal pending







Varco v Pason – Overview

Validity and Infringement

- Decision by Phelan J, August 12, 2013 (2013 FC 750)
- Validity and infringement action concerning the braking function in automatic driller systems used in directional and horizontal drilling applications







Varco v Pason

Infringement

- The claims were found to be infringed.
- The sale of the infringing product occurred in Canada.
- Exporting the parts for later integration and assembly does not avoid such liability.
- Pason induced infringement by providing manuals to its customers and field technicians on how to assemble, install and operate its Pason AutoDriller.







Varco v Pason

Remedies – Accounting of Profits

- The proper approach in this case was the "differential profit approach" -- a comparison of the profits made by the infringer that are attributable to the invention, and the profits that could have been made if the infringer had used a non-infringing alternative (NIA).
- Court concluded as a fact that no NIA existed.
- Pason was ordered to disgorge profits of over \$52M.
- Of interest to note, Varco's damages from lost sales/reasonable royalty totaled approximately \$20.6M







AstraZeneca v. Apotex (NEXIUM) - Highlights

SCC AstraZeneca Canada Inc v Apotex Inc, 2017 SCC 36

- Promise doctrine struck down
 - Doctrine not correct method to determine utility
 - Doctrine "unsound" and "not good law"
 - Promises are not the yardstick against which utility is to be measured
- A single use makes subject-matter useful
 - Requiring all of multiple uses be met has the potential for unfair consequences
- Patent need not disclose utility







Post-NEXIUM – New Utility Test

- Identify the subject-matter of the invention as claimed in the patent
- 2. Is that subject-matter useful is it capable of a practical purpose (i.e. an actual result)?

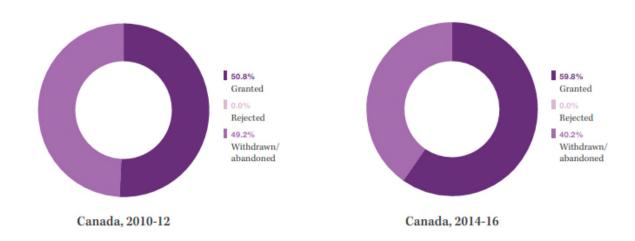






Obtaining a Canadian patent is more predictable

 Allowance rates are going up with CIPO grants increasing from 50.8% in 2010 to 58.9% in 2015...



Source: World Intellectual Property Indicators 2017

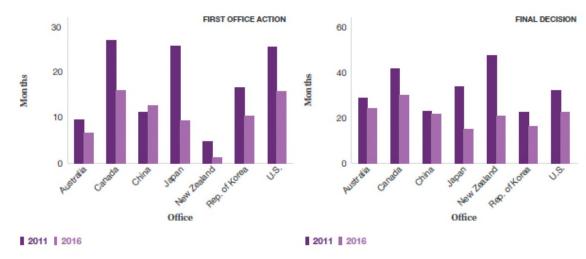






Obtaining a Canadian patent is more predictable

- Final decisions from CIPO are also coming in at a faster rate,
 with average time dropping to 30 months
- Can get allowance even faster under Patent Prosecution Highway (PPH)



Source: World Intellectual Property Indicators 2017







Computer-implemented inventions

- In March 2013, the Canadian Patent Office released new examination guidelines for computerimplemented inventions (PN 2013-03) and purposive construction (PN 2013-02).
 - Evaluation of the subject matter of a claim is to be made on the basis of the <u>essential elements</u> as determined through a purposive construction.
 - "Contribution" analysis is not to be used.
 - No requirement that subject matter of a claim provides technical solution to a technical problem in a field of technology.







Computer-implemented inventions

- Problem-solution approach (PN2013-02):
 - To perform a purposive construction, an examiner identifies the problem the inventors set out to solve and the solution disclosed.
 - A properly informed purposive construction must consider the application as a whole.
 - The solution is the element or set of elements that is essential to the successful resolution of the problem.







Computer-implemented inventions

- Statutory subject matter must have some physical existence or provide some discernible effect or change (manifested in the real world)
- If an essential element of a claim is an apparatus feature (e.g. a computer), claim will be patentable as a "machine"
- If an essential element of a claim has a discernible effect or change, claim should be patentable as an "art"







Strengthening the Canadian patent system

New Canadian IP laws introduced to ...

- Implement international patent laws
- Streamline administrative procedures
- Provide force majeure protection







Bill C-59

- Creates statutory privilege for communications between patent agents and their clients, are already in force.
- Prevent loss of rights in cases of force majeure events, permitting the Commissioner of Patents to extend deadlines in case of events, such as floods or extensive power outages, are not yet in force.







Bill C-30

- Gives effect to Canada's obligations under the Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union.
- Amended the Patent Act to introduce a system of certificates of supplementary protection (CSPs), effectively extending the term of patent protection to account for delay in the drug approval process.
- Streamlined litigation involving pharmaceutical patents linked to regulatory approval







Bill C-43

- Amends Canadian Patent Act to comply with the Patent Law Treaty simplifying filing requirements, and making it more difficult to inadvertently lose rights.
 - Eases requirements to obtain a filing date;
 - Introduces a right to restore priority claims;
 - Requires patent office to give notice of loss of rights,
 and an opportunity to cure;







And now...

• it's your turn ...













Intellectual Property & Technology Law

Q&A