

**CAMPNEY & MURPHY  
TECHNOLOGY GROUP**

**INTELLECTUAL PROPERTY IN CANADA**

**CAMPNEY & MURPHY  
Barristers and Solicitors  
2100 - 1111 West Georgia Street  
Vancouver, British Columbia  
Canada V6E 4M3**

**Tel: 604.688-8022  
Fax: 604.688-0829  
[www.campney.com](http://www.campney.com)**

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## **1. INTRODUCTION - INTELLECTUAL PROPERTY GENERALLY**

Intellectual Property can be defined as the intangible product of intellectual effort, although that product may be expressed and exploited in tangible form. As with tangible property, the owner of intangible property has the right to generally control the use of the property, and to exclude others from using it. The legal rules against theft and fraud are based upon property concepts.

Intellectual property law is based upon moral and economic arguments that the benefits from intellectual effort ought to be enjoyed by the person responsible for the effort. Protecting the intellectual property rights of inventors, authors, artists and other creators serves to encourage the initial creative act, public disclosure of the results and investment in creative projects.

The principle forms of intellectual property are patents, copyright and trade-marks. Other forms of intellectual property include industrial design, trade secrets, integrated circuit topography rights, plant breeder rights and personality rights.

This paper addresses only Canadian law and is intended for general information purposes only. It is not intended to take the place of legal advice in any particular case. References to legislation were accurate when this paper was drafted but are illustrative only, so readers should refer to official, complete and current versions of applicable legislation in any particular case. It is hoped that this paper will provide a general foundation for understanding intellectual property issues. For specific circumstances, the reader should seek advice from a lawyer familiar with intellectual property law.

Individuals and corporations should understand intellectual property concepts so that they may:

- (a) identify intellectual property they or others may own;
- (b) determine ownership of intellectual property;
- (c) protect their own intellectual property rights from misappropriation;
- (d) more effectively exploit their own intellectual property; and
- (e) avoid liability for infringing intellectual property rights of others.

## 2. PATENTS

A patent protects *new, original and useful* functional inventions. It protects an idea itself, or more particularly the functionality described in the claims of the patent<sup>1</sup>.

Under the *Patent Act* the owner of a patent, the “patentee”, is granted the right to exclude others from making, using or selling in Canada the invention defined by the claims of the patent. The patentee enjoys exclusivity with regard to the invention from the date the patent is granted until the 20<sup>th</sup> anniversary of the filing date of the patent application<sup>2</sup>. The *Patent Act* provides the patentee with rights during the life of the patent to prevent infringement and recover compensation from those who infringe upon the patent. However, upon expiry of the patent, anyone is free to make, use or sell the patented invention without liability.

### 2.1 Patentable Inventions

#### 2.1.1 Subject Matter

An invention is defined as any “new and useful art, process, machine, manufacture or composition of matter” or any new and useful “improvement” thereon. An invention is patentable in Canada if it is “new and useful” and is not obvious. There is no requirement for the invention to have any public benefit as long as it meets the criterion of utility.

What qualifies as a “useful art, process, machine, manufacture or composition of matter”?

**Art:** an *art* is a method of achieving a certain result, not the actual result or product. It involves an act or series of acts performed to create the product. New applications of known materials, such as chemical compounds, have been deemed patentable as representing a new art. The art must be useful. Written material and fine art is excluded from patent protection, but may be protected by copyright.

**Process:** A *process* is a manner of manufacture. The process need not result in a marketable or new product, so long as an economically useful result is achieved.

**Machine:** A machine is a mechanism that functions so as to accomplish a particular result.

**Manufacture or Composition of Matter:** *Manufacture* may be defined as anything created by the hands of man or by man-made devices or machinery. *Composition of matter* is a product that is distinguished by the nature of the material. It includes the result of both chemical reactions as well as of mechanical mixtures. Composition of matter has been extended to include living, non-human, organisms such as genetically modified mice.

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<sup>1</sup> The claims of the patent are numbered paragraphs which state in explicit terms the novel and useful elements of the invention which the applicant regards as its exclusive property. The claims must define in clear, unambiguous terms the exact boundaries of the protection sought in the application.

<sup>2</sup> Subject to certain exceptions, a patent applied for prior to October 1, 1989, expires 17 years after the date it was granted and issued.

To be patentable, an invention must have been completed, demonstrated or built, and must be capable of reproduction by someone skilled in the relevant field of art or science.

### **2.1.2 Criteria for Patentability**

To qualify for a patent, generally speaking, an invention must meet the following criteria:

- A. Novelty;
- B. Utility; and
- C. Non-obviousness.

#### **A. Novelty**

An invention must be novel, or new, in order to be patentable. Canada has a *first-to-file* system, meaning that the person who first files a patent application is the only person who can obtain patent protection. Subject to one very narrow exception, if an invention was in any way publicly available in Canada or elsewhere prior to the patent application filing date, then the invention will not be considered novel and patentable. In Canada, there is a limited one-year grace period prior to the filing date, but only for disclosure made by the inventor or persons authorized by the inventor. Such disclosures are not a bar to obtaining a patent.

Much of the cost and time involved in prosecuting a patent application relates to the novelty criterion. All relevant prior works, known as “prior art”, must be analyzed and distinguished from technical and legal perspectives. The specific criteria for novelty under the *Patent Act* are too detailed for the scope of this paper. However, it is important for inventors to be aware of the following:

- (i) Any public disclosure made during the one-year grace period permitted under the *Patent Act* may bar patent applications in other countries with no similar grace period. Patent applications become public before issuance in many jurisdictions, including Canada, so the Canadian application process leads to public disclosure that may bar applications elsewhere. Accordingly, the timing of patent applications in various jurisdictions must be carefully considered if international protection is desired.
- (ii) Any disclosure made prior to the patent application should be made under the terms of a non-disclosure agreement. A lawyer familiar with the relevant issues should be engaged to provide an enforceable non-disclosure agreement before any such disclosure of an invention to a third party.

#### **B. Utility**

The utility of a patent refers to its usefulness or benefit to the public. An invention is deemed to satisfy the test of utility if it does something that is intended, and that is useful or beneficial, when used by a competent person. Commercial success of the invention may be evidence of utility, but does not in itself satisfy the test.

## C. Non-Obviousness

An invention must not be obvious, in order to be patentable. Obviousness is assessed at the date of the patent application having regard to information made available to the public from either or both of two possible sources:

- (i) information disclosed more than one year before the filing date by the inventor or by someone who obtained knowledge of the invention from the inventor; or
- (ii) information disclosed by anyone else at any time before the filing date.

An invention will be held to be obvious if it is something that would occur to an ordinary person, skilled in the relevant field, searching for something new without the necessity of experiment or research. This fictitious person “skilled in the art or science” is assumed to know all the existing technology related to the invention.

Solutions to long-standing problems which persons skilled in the art have failed to solve are indicative of inventiveness. Improvements upon prior inventions, while useful or important, may be obvious improvements resulting from experience and not receive patent protection.

### 2.2 Subject Matter that is not Patentable

Mere ideas, scientific principles or abstract theorems are not patentable. If, however, such an idea, scientific principle or theorem can be shown to have physical consequences, it may become patentable. While most inventions consist of new and novel combinations of elements or components, not all such combinations are patentable. A combination must result in a product in which all the elements interact to create something new and useful, in order for it to be patentable.

Because patent protection is not available for abstract theorems, it is difficult to determine which, if any, aspects of a computer program are patentable in Canada. A computer program can be characterized as a mathematical algorithm with no physical manifestation. Since a mathematical formula is an abstract theorem, it does not qualify for patent protection. There have been limited exceptions to this interpretation but the general position of the Canadian Commissioner of Patents (the “**Commissioner**”) is that computer programs are not patentable. However, intellectual property protection of computer programs is available under the *Copyright Act*, and it is certainly possible for a patentable process to be expressed in the form of a computer program.

Processes consisting solely of mental or intellectual processes, such as a *business method* or plan, have also been refused patent protection in Canada. In the U.S. a broader view to patents has permitted schemes, business methods and plans to be patented. As an example, a mutual fund company in the U.S. was able to obtain a patent for a business method for investing client funds more efficiently. This is relevant for Canadian companies that conduct business directly or indirectly in the U.S. since they may be precluded from using a business method that infringes on a U.S. patent even though the Canadian business may have developed its business method independently. Not all business methods are patentable, however, and there is continuing controversy and litigation in respect of the business method patents that have been issued.

### **2.3 Patenting Life**

As technology advances, the question arises whether patents should be granted for living organisms. The Commissioner has taken the position that new life forms which are produced in large quantities as chemical compounds and are prepared in such a manner that a measurable quantity will have uniform characteristics, including micro-organisms, yeast, moulds, fungi, bacteria, actinomycetes, unicellular algae, cell lines, viruses and protozoa, are patentable. However, until the “oncomouse decision” of the Supreme Court of Canada on December 5, 2002, the Commissioner had resisted granting patents for multicellular living organisms.

When Harvard College applied for a Canadian patent for its “Harvard Mouse” or “oncomouse”, it already held patents issued in the U.S. and other jurisdictions. The oncomouse is a mouse that has been genetically engineered to be more susceptible to cancer, and therefore more suitable for cancer research. Harvard College claimed to have invented the mouse as well as the process of producing the genetically engineered animal. The application claimed coverage in respect of not only mice but also all other non-human mammals altered by the same process. The patent examiner at the Canadian Intellectual Property Office (“CIPO”) allowed the claims relating to the process for production of the oncomouse in 1993, but disallowed the claims for genetically engineered animals. Harvard College appealed the latter claim to the Supreme Court of Canada.

The Court decided that the definitions of “invention”, “manufacture” and “composition of matter” in the *Patent Act* do not encompass higher life forms such as animals. The Court stated “whether higher life forms such as the oncomouse ought to be patentable is a matter for Parliament to determine”. In effect, the Court held that the current *Patent Act* does not permit a patent to be issued for higher life forms, but invited Parliament to consider whether it might amend the legislation to specifically allow for such patents to be issued in the future. However, the now well-established practice of issuing patents for lower life forms, such as micro-organisms, bacteria and cell lines was not called into question by the Court.

### **2.4 Who is Entitled to a Patent?**

Only an inventor or the inventor’s legal representatives may apply for a patent. Where two or more persons jointly produce an invention, all the joint inventors must file the application or assign the invention to the applicant. Special circumstances arise where a joint inventor refuses to co-operate, cannot be located or dies without a will.

The rights of an employee to an invention are determined by the terms of employment. In the absence of an express contractual term assigning ownership of patent rights to the employer, the duties of the employee and the relationship to the employer must be examined. Generally, in the case of an officer, manager or an employee hired to conduct research, an invention made in the course of employment belongs to the employer. However, patent rights to an invention made by an employee which has no relation to the business of the employer and was not made in the course of employment may belong to the inventor.

In academic, medical and other research and development institutions, there may be established policies regarding ownership of inventions. Despite such policies, ownership issues in such institutions are often complicated by the number of inventors, institutions and contractual arrangements among private and public sector parties involved in the research process.

## **2.5 Patent Rights**

After a patent is granted, annual maintenance fees must be paid to maintain the patent. Fees vary, depending on the length of time from filing the application and on the size of the owner entity. A Canadian patent does not give the owner or patentee any rights in the invention outside of Canada. Separate patents must be obtained for each foreign jurisdiction, but the application process might be facilitated by international treaties, depending on the jurisdictions involved.

A patent grants to the patentee the rights:

- (a) to exclude others from making, using or selling the invention during the term of the patent; and
- (b) to obtain reasonable compensation from others for making, using or selling the claimed invention between the time that the application was published for inspection and the time the patent is granted.

A person other than the owner of a patent can invent and protect an improvement of a patented invention, but that does not give the owner of the improvement the right to make, sell or use the original invention. The owner of the improvement would in most cases need a license from the owner of the original invention in order to exploit the improvement patent. Similarly, the owner of the patent for the original invention would not be entitled to make, use or sell the patented improvement except under license granted by the inventor of the improvement.

Canadian law does not require that articles be marked with any of the phrases “patent pending”, “patent applied for” or “patented”. However, such markings advise the public that an article is the subject of a patent application or a patent, potentially discouraging infringement. It is a criminal offence to mark an article as patented unless a patent has been granted.

## **2.6 Transferring Patent Rights**

A property right attaches to an invention at the moment of invention. Property rights in an invention may be transferred or assigned in whole or in part in the same manner as any other intangible property.

Rights to an invention and to any patent may be assigned by an inventor before the filing of a patent application, during the application process, or after the grant of the patent. The assignment may be in whole or in part and contain geographic or time limitations. An assignment is void as against a subsequent assignee unless it is registered in the Canadian Patent Office before the subsequent assignment.

A patentee may also grant another person a license to use the invention in some manner. A voluntary patent license may authorize use of the invention, in whole or in part, and may restrict the scope of the licensee’s use of the invention. Licenses are commonly restricted as to duration, territory and field of use.



An *exclusive license* prevents the patentee from making, selling or using the invention, while a *sole license* will only prevent the patentee from granting a license to anyone else during the term of the license.

### 2.6.1 Compulsory License

A patentee may be compelled to grant a license, if the patentee has abused or misused the exclusive rights associated with the patent. An abuse is deemed to occur if:

- (a) the patentee fails to meet demand for the invention on reasonable terms;
- (b) the patentee prejudices trade or industry by failing to offer licenses on reasonable terms; or
- (c) the patentee of a process unfairly prejudices the manufacture and sale of materials which are made using the patented process.

Three years after the date of a grant of patent, any interested person alleging an abuse of rights under the patent may apply to the Commissioner for a compulsory license.

In certain circumstances of abuse listed in the *Patent Act*, the Federal Court of Canada may invalidate a patent.

### 2.7 When is a Patent Infringed?

A patent is infringed when another person, during the term of the patent makes, uses or sells in Canada without the permission of a patentee something covered by a claim of the patent. Where a patent does not claim a product but claims a process or machine for making a product and the product is made abroad using that process or machine without the consent of the patentee the patent is infringed. It is also an infringement to import into Canada an article whose manufacture, sale or use in Canada would constitute infringement.

## 3. COPYRIGHT ©

Copyright protects an original, fixed manner of expression. The goal of copyright law is to protect original literary, artistic, dramatic and musical works against unauthorized copying, reproduction or performance in public.

Copyright is protected primarily under the *Copyright Act*. Protection is automatic once work has been created and, subject to certain exceptions, lasts for the creator's life plus fifty years. Copyright exists without registration, but a registrant enjoys statutory presumptions and remedies that can be determinative in disputes and are not otherwise available.

The key features of copyright protection are as follows:

?? **Copyright does not protect ideas, only how they are expressed:** There is no copyright in an idea, but only in the form in which the idea is ultimately expressed. In addition, to be protected a work must be reduced to a fixed form. There is no copyright in future works.

?? **Originality:** Only original work is protected. The work does not necessarily have to be new, but must originate from the creator, must involve at least some minimal intellectual effort, and it must not be a copy of someone else's work. Courts have found that most personal and commercial correspondence qualifies as original work subject to copyright. Originality can be difficult to determine, however, and many court cases revolve around the question of whether work has been copied, even in part, from somebody else's work. Even where work is not identical to the original, courts have found that if the copy is substantially similar to the original it may infringe copyright.

### 3.1 Copyright Protected Works and Performances

Works protected by copyright include all original literary, dramatic, musical and artistic works. These categories are referred to as *traditional works* and each covers a wide range of creations. While not exhaustive, the following are examples:

Literary works: books, pamphlets, poems, song lyrics and computer programs;

Dramatic works: films, videos, plays, screenplays and scripts;

Musical works: compositions that consist of both words and music or music only;

Artistic works: painting, drawings, photographs, sculptures and architectural works.

Artwork is often applied to make products of a company attractive to buyers and users. The *Copyright Act* does not offer copyright protection for artwork that is applied to a finished "useful article" such as a vase or a chair, if more than fifty copies of the article are made. The first fifty copies of such a useful article are protected under the *Copyright Act*. If more than fifty copies are made by the creator, the *Copyright Act* does not apply, but cosmetic, non-utilitarian features of mass produced articles may be protected under the *Industrial Design Act*, discussed below.

The following performances are also protected by copyright:

Performer's performances: performances by actors, musicians, dancers and singers;

Communication signals: communication signals that are broadcast;

Sound recordings: records, cassettes, and compact discs.

Every live performance, even for instance of the same song by the same performer, is considered a work protected by copyright.

### 3.2 Copyright Ownership

Subject to certain exceptions, the author of a work is generally considered to be the owner of the copyright in the work, and is entitled to exercise rights under the *Copyright Act*.

Where the creator of a work was employed under a contract of service or an apprenticeship, and the work was made in the course of that employment or apprenticeship the employer is deemed, in the absence of an agreement to the contrary, to be the first owner of the copyright. This concept is easily stated but is more complicated in practice as not everything an employee creates is in the course of his or her employment.

Freelancers are generally considered to be the first owners of copyright in work they produce, even in the case of commissioned work. If, however, an engraving, photograph or portrait is created by a freelancer to fulfil an order and is paid for in some manner, the customer is the first copyright owner of the work, any images made from it and all preparatory materials.

Copyright may be assigned or licensed. In an assignment, the owner of the copyright, the assignor, transfers rights to another person, the assignee. A transfer may be effected in whole or in part, provided that it is in writing and signed by the owner or by the owner's authorized agent. An assignment must be registered in order to be effective against a subsequent assignee. Under a license, the licensee is given permission to do certain acts which might otherwise be considered an infringement of the licensor's rights, without any change of ownership in the copyright.

### **3.3 Moral Rights**

Even if copyright has been assigned, the author retains *moral rights* in the work. The *Copyright Act* provides that the author of a work has the right to preserve the integrity of the work, apart from the copyright, and the right to be associated with the work as its author or to remain anonymous. The author's right to the integrity of the work is infringed if the work is distorted, mutilated or otherwise modified or used in association with a product, service or institution in a manner which harms the author's reputation or honour. As an example, the moral rights of the creator of a sculpture were deemed infringed when the subsequent owner of the work (and the copyright) placed ribbons on it as part of a Christmas display. The court ruled that it is the reasonable opinion of the creator that will determine whether the work has been distorted or modified.

Under the *Copyright Act*, moral rights may not be assigned, but may be waived in whole or in part. An assignment of copyright in a work does not, in itself, constitute a waiver of moral rights.

### **3.4 Copyright Infringement**

Copyright in a work is infringed by any person who, without the consent of the copyright owner, does anything that the *Copyright Act* gives the owner an exclusive right to do. It is also an infringement of copyright to make or deal with any copy, or "colourable imitation" which was made in contravention of the *Copyright Act*.

In order to prove copyright infringement it is necessary for copyright to subsist in the work that is copied. Further, there must be a substantial similarity between the allegedly infringing work and the work protected by copyright. While copying a book word for word is obviously copyright infringement, it is important to recall that copyright protects only the expression of an idea and not the idea itself. Consequently, a person may take the ideas from a book and express them differently without infringing the copyright.

If a work is similar to work protected by copyright, such that it has the same *look and feel* as the original, it may infringe copyright. Canadian courts have held that a computer program's graphical user interface, consisting of the images and functions visible to a user, infringe if they have the same look and feel as another program protected by copyright.

It is not necessary for the plaintiff in a copyright infringement action to prove that a defendant had an intent to infringe or even knowledge that infringement had occurred. For example, a printer who reproduces a work for a customer without knowing that the work is infringing might also be held liable for the infringement. The absence of intention may be relevant in assessing damages for infringement. Furthermore, if the copyright has not been registered, the plaintiff might be barred from claiming any damages if the defendant can prove that at the time of infringement the defendant was not aware and had no reasonable grounds to suspect that the work was protected by copyright.

### **3.5 Users' Rights**

The rights enjoyed by a copyright holder are subject to certain limited exceptions, including the following:

- ?? the right of the owner of a physical copy of a computer program to make a backup copy if none is supplied;
- ?? incidental inclusions of copyright works in other works provided that the inclusion is incidental and not deliberate;
- ?? in certain circumstances, the right to make copies of certain copyright works in order to make material accessible to people with perceptual disabilities such as blindness or dyslexia; and
- ?? the right to deal fairly with any work for the purpose of private study, research, criticism, review or news reporting if appropriate credit is given to both the source and author.

The above list is not exhaustive and each of the exceptions listed is subject to restrictions and conditions.

## **4. Trade-marks<sup>TM</sup>® SM**

A trade-mark is a distinctive mark used to distinguish the wares or services of one person or enterprise from those of others in the marketplace. The objectives of trade-mark law are not only to protect the trade-mark owner's proprietary business interest, but also to protect the public by ensuring accurate identification of the source and quality of goods and services supplied under the trade-mark.

Trade-marks are governed by a combination of federal and provincial legislation. The federal *Trade-marks Act* provides a mechanism for the registration of marks and enforcement of the registration against anyone using a trade-mark or trade name that is confusingly similar to the registrant's mark. In addition, other federal and provincial statutes, including the *Criminal Code*, *Competition Act*, *Bank Act*, *Precious Metals Marking Act*, *Seeds Act*, *Textile Labelling Act*, *Timber Marking Act* and *Tobacco Act*, contain provisions relevant to trade-marks.

The provinces and territories of Canada have jurisdiction for the enforcement of rights in trade-marks and trade names through common law actions such as “passing off”<sup>3</sup> and unfair competition. In addition, trade names are protected to a limited extent under federal, provincial and territorial corporate and business name legislation.

A *trade name* is simply the name under which a business operates. A trade name serves to distinguish a business from others in the industry but can generally not be registered under the *Trade-marks Act* unless it is also used as a trade-mark. A trade-mark is used to distinguish a supplier’s wares or services, or both, as opposed to the entire business enterprise. The *Trade-marks Act* provides a form of limited protection for trade names by prohibiting registration of trade-marks which are confusing with established trade names.

#### **4.1 Acquisition of Trade-mark Rights**

Trade-mark rights may be acquired by *using* or *making a trade-mark known*, or through registration. An application for registration may be based on actual or proposed use, but registration of a proposed trade-mark will not be granted until the trade-mark has been used. A trade-mark does not need to be registered to be protected under the common law, but registration is advisable because registrants are entitled to valuable statutory presumptions and remedies.

Registration gives notice to the world of the owner’s rights in the mark and allows an action for infringement even in parts of Canada where the owner has never used or established the mark. Registration provides practical advantages as well, since it might prevent costly disputes by warning off anyone prudent enough to conduct a search before adopting a confusingly similar trade-mark.

In the absence of registration, a trade-mark owner acquires common law rights only in those geographic areas where the owner is conducting business or has established a reputation.

#### **4.2 Adoption of a Trade-mark**

In general, the first person to adopt a trade-mark is the person entitled to register the mark. A trade-mark is adopted by a person on the earliest of three events:

- (a) the date a person first uses the trade-mark in Canada;
- (b) the date a person first makes the trade-mark known in Canada; or
- (c) the date a person files an application for registration of the trade-mark in Canada.

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<sup>3</sup> The *Civil Code of Quebec* contains similar criteria as the common law for establishing an action. In addition, the *Charter of the French Language* and associated regulations restricts the use of languages other than French in commercial situations.

#### **4.2.1 Use of a Trade-mark**

In order to acquire, maintain and enforce rights under the *Trade-marks Act*, the mark must be used to distinguish wares or services as coming from a particular source. With limited exceptions, use of the mark must occur in Canada.

A trade-mark is deemed to be used in association with wares if, when title or possession of the wares passes in the ordinary course of business, the trade-mark appears on the wares or their packagings, or if notice of the trade-mark is otherwise given to the person acquiring the wares. The transaction involving the wares must occur, at least in part, within Canada.

A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of the services. Caselaw suggests that a trade-mark is not used in association with services until the services are actually available in Canada.

#### **4.2.2 Making a Trade-mark Known**

A trade-mark is deemed made known in Canada if it has been used in another country (a “**Convention Country**”) that is a signatory to statutorily referenced trade-mark treaties, and the associated wares or services have been distributed or advertised in Canada in association with the mark and as a result the mark has become well known in Canada.

#### **4.2.3 Application for Registration of a Trade-mark**

An application for registration of a Canadian trade-mark must contain a statement in ordinary commercial terms describing the specific wares or services in association with which the mark will be used. The application may be based on one or more of the following grounds:

- (a) actual use of the trade-mark in Canada;
- (b) proposed use of the trade-mark in Canada;
- (c) the mark, while not used in Canada, has been made known in Canada; or
- (d) the mark is the subject of a registration or an application for registration in another Convention Country and has been used in that Convention Country in association with the wares or services described in the Canadian application.

Once a trade-mark application has been filed it will be reviewed to ensure it complies with the requirements under the *Trade-marks Act*. If it does, it will be advertised in the Trade-marks Journal to permit opposition to the application. Within 2 months after the advertisement any person may file a statement of opposition with the Registrar opposing the application on certain grounds specified by the legislation. Those grounds include allegations that the trade-mark is confusing with a prior trade-mark or trade name or the trade-mark is not sufficiently distinctive.

### 4.3 Attributes of a Trade-mark

Trade-marks may be any combination of words, letters, numerals and designs. They may consist of drawings, symbols, two or three-dimensional signs such as the shape and packaging of goods, audible signs such as music or vocal sounds, fragrances, or colours used as distinguishing features.

*Trade dress* is a form of trade-mark that relates to the packaging, appearance or get-up of a product or its display which serves to distinguish one person's wares, services or business from others. It is essential for trade-mark protection that the trade dress distinguish the trade dress as coming from a single source. Industrial design protection may also be available for trade dress where the distinctive feature does not form a functional element of the design. As an example, trade dress has been found to subsist in the colour of a product such as "Fibreglass Pink" insulation, the shape of a product, the shape or colour of packaging and the shape of a building.

*Distinguishing guise* is a form of trade dress related to the shape or packaging of wares or their containers that distinguishes the wares or services of one person from those of others. The "Coke" bottle is a common example of a distinguishing guise. Subject to certain restrictions a distinguishing guise may be registrable if, at the date of filing for registration, it has become distinctive through use in association with the wares.

Not all trade-marks, however, are registrable.

### 4.4 Prohibited Marks

The following categories of marks may not be registered as trade-marks:

- (a) a word that is primarily merely a name or surname of an individual who is living or who has died within the preceding thirty years;
- (b) marks, whether depicted, written or sounded that are either clearly descriptive or deceptively misdescriptive of the character or quality of the wares or services with regard to their application, place of origin or mode of production;
- (c) the name, in any language, of the wares or services in connection with which the mark is used or proposed to be used;
- (d) marks that are confusing with a registered trade-mark;
- (e) certain marks specifically prohibited under the *Trade-marks Act* including marks that are prohibited because they are official marks (e.g. "R.C.M.P.") or marks which, by ordinary commercial usage have become recognized in Canada as designating the kind, quality, quantity, destination, value place or origin or date of production of any wares or services (e.g. "Colombian" for coffee); or
- (f) a denomination used to designate a plant variety under the *Plant Breeders' Rights Act*.

Trade-marks which are generic terms, such as “Shredded Wheat” are not registrable. Trade-marks may also be barred from registration if they are confusing with trade-marks or trade names that, while not registered, have been previously used, made known, or applied for in Canada. The two most common barriers to registration are descriptiveness or confusion.

#### **4.4.1 Descriptiveness**

The descriptiveness restriction recognizes that all suppliers should be entitled to accurately describe their wares or services and no single person should have exclusive rights to words others might need to accurately describe their businesses. There is one exception to that principle, where through long use a person has created considerable goodwill in association with a descriptive trade-mark.

A related issue arises if a trade-mark that is original when it is adopted becomes generic. Many trade-mark owners have lost their exclusive rights by permitting their trade-marks to lose their distinctiveness by falling into common usage. A trade-mark should always be used as an adjective, and never as a noun – ie. ZIPPER slide fasteners, ROLLERBLADE inline skates, XEROX copiers.

#### **4.4.2 Confusion**

The *Trade-Marks Act* provides that, in determining whether a proposed trade-mark is confusing, all the surrounding circumstances are to be taken into account, including:

- (a) the inherent distinctiveness of the trade-marks and the extent to which they have become known;
- (b) the length of time the trade-marks have been in use;
- (c) the nature of the wares, services or business;
- (d) the nature of the trade (the relevant market); and
- (e) the degree of resemblance between the trade-marks in appearance or sound or in the ideas suggested by them.

The test for confusion is whether the ordinary consumer, with imperfect recollection, would mistakenly believe that goods or services of one supplier originate from or are somehow associated with a different supplier, because of similarities between their respective trade-marks.

#### **4.5 Term of a Trade-mark Registration**

Trade-mark registration in Canada is for a period of 15 years. Provided that a trade-mark is consistently used and continues to distinguish the wares or services of the owner, registration may be renewed for additional 15 year periods indefinitely upon payment of the required fee.



## **4.6 Expungement of a Trade-mark Registration**

In certain circumstances a registered trade-mark may be expunged if it can be shown that:

- (a) the trade-mark was not registrable on the date of registration;
- (b) the trade-mark was not distinctive as of the date that the expungement proceeding was commenced;
- (c) the trade-mark has been abandoned; or
- (d) the registered owner was not the person entitled to registration of the trade-mark (usually due to an earlier prior use, or making known of the mark).

## **4.7 Transferring Trade-mark Rights**

At common law, an assignment or license of a trade-mark was considered a dilution of the distinctiveness of the trade-mark, that could confuse or deceive the public and therefore led to the loss of exclusive rights. There is now in our legislation express authority for a trade-mark owner to assign rights, and a provision that deems use of a trade-mark by a properly licensed user to be the use of the owner, thereby strengthening the owner's trade-mark rights.

However, the owner must maintain appropriate control over the quality of the wares and services supplied under the owner's licensed trade-mark. Because the trade-mark is considered to be an indicator of the quality of the wares or services, the owner must set standards and in the license reserve a right of inspection and termination if those standards are not maintained.

Trade-marks may be transferred, regardless of whether they are registered. However, courts have cancelled trade-mark registrations where the marks were not distinctive of their new owners. In the event of an assignment, reasonable steps such as registration should be taken to inform the public of the transfer.

## **5. Other Intellectual Property Rights**

### **5.1 Trade Secrets**

Sometimes the owners of patentable inventions choose not to seek a patent, to avoid the public disclosure process and potentially maintain secrecy for longer than the period of patent protection. For instance, the Coca-Cola formula has never been patented.

In Canada, there is currently no general statutory protection for trade secrets, although there are various federal and provincial statutes that provide for protection of confidential information disclosed to government authorities under specified conditions.

As a result, protection for trade secrets among private parties is primarily available through contracts or at common law through actions relating to *breach of confidence* concepts.

Reliance on trade secret protection entails some risk, since former employees are legally entitled to utilize their skills and general knowledge with future employers. An employer can require employees to sign confidentiality agreements as a condition of employment, or seek to restrict the activities of departing employees for a period of time. However, generally speaking, agreements in restraint of trade, such as non-competition agreements, must be reasonable and not contrary to the public interest in order to be enforceable. They are not enforced if, in the applicable circumstances, they are too onerous in scope or duration.

In any event, internal confidentiality systems are critical to enforcement of any confidentiality obligations of employees or third parties. Trade secrets should be identified, labelled and physically protected from disclosure. Access should be controlled through secure physical and electronic locks, passwords and procedures that are clear, reasonable, effective and consistently followed. Otherwise, it may be impossible to prove where information originated, that it was kept a secret and that a particular person was the source of disclosure.

## **5.2 Industrial Design**

Industrial design protection only extends to the aesthetic qualities of a functional article. Any feature of shape, pattern or ornament or any combination of these features that when applied to a finished article appeals to consumers and is judged solely by the eye is protected, provided that they are non-functional attributes of the physical product's design.

Industrial designs must be registered within one year after publication or articles being offered for sale in Canada. The initial term of registration is for five years and is renewable for one additional five-year period. While the design must have an aesthetic effect, artistic merit is not a consideration in determining whether the design qualifies for registration. Features that are entirely functional may not be registered as industrial designs. Industrial design protection is not available for any method or principle of manufacture or design features which are hidden when the article is in use and not intended to be seen by the public at large.

In Canada industrial designs are governed by the federal *Industrial Design Act*. In addition there are provisions in the *Copyright Act* and *Trade-marks Act* which relate to industrial designs.

### **5.2.1 Criteria for Industrial Design Protection**

While there are no clear criteria in the *Industrial Design Act* for determining which designs may be registered, courts have held that originality and novelty in the application of artistic work to an article are both conditions of registration.

Originality means that the design has not been copied. Originality is assessed visually with regard to the nature and design of the article and is determined as of the date of creation of the design. Novelty relates to whether the design is new in relation to what has preceded it. It is also assessed in relation to certain statutory conditions which provide that a design is not registrable if:

- (a) it is identical to or closely resembles a design which has already been registered;
- (b) the application is filed in Canada more than one year after publication of the design in Canada or elsewhere; or
- (c) the applicant was aware that the design was in use anywhere by any other person at the time that the applicant adopted it.

In addition to protection under the *Industrial Design Act*, industrial designs may be protected as *trade dress*, a form of trade-mark, or may comprise works protected by copyright.

### **5.2.2 Industrial Design Registration**

The proprietor, or the person for whom the design was made for valuable consideration, may obtain a registration for industrial design. The author of an industrial design is generally, the person who:

- (a) makes the design or a drawing or other representation of the design; or
- (b) supplies the concept from which the design was produced.

In considering whether to register, it is advisable to conduct a search of the Industrial Design Office records to determine whether a similar design has already been registered. While such a search should turn up any potential infringements, the failure to locate any relevant design is not necessarily conclusive. Published designs not recorded with the Industrial Design Office may prevent or invalidate registration.

### **5.2.3 Industrial Design Rights**

A design is registered for five years with one additional five-year term. The registration cannot be renewed beyond its ten-year term. Canadian industrial design registration does not provide any rights in the design outside of Canada and separate registrations must be obtained in other countries. Industrial design registration provides exclusive rights to make, import, sell, offer or rent any article in respect of which the industrial design was registered and to which the design has been applied.

After registration any article to which the design is applied must be marked with a capital letter D in a circle along with the name or usual abbreviation of the name of the proprietor. The marking must be on that part of the article to which the design relates, on the material itself or on the label. Failure to comply with the marking provisions of the *Industrial Design Act* may result in the proprietor being precluded from certain remedies in the event of infringement. The legislation stipulates penalties for falsely representing an article as being a registered design.

Registered and non-registered industrial designs may be assigned. Although not specifically required by the *Industrial Design Act*, assignments should be in writing, witnessed and recorded in the Industrial Design Office. The owner of an industrial design may license the design in whole or in part. Again, while not required, such licenses should be in writing.

Upon application to the Federal Court a registration may be expunged for invalidity if certain conditions for a valid registration are not satisfied.

Any encroachment on the exclusive rights of the industrial design registrant in Canada will infringe the registration. Consequently a foreign manufacturer does not violate the *Industrial Design Act* by manufacturing an article abroad that infringes upon the registration. However, an importer who sells that manufacturer's infringing articles in Canada does infringe the proprietor's rights.

### **5.3 Integrated Circuit Topographies**

The *Integrated Circuit Topography Act* recognizes and protects intellectual property in integrated circuit products. A topography is a three dimensional pattern embodied in a silicon chip. Protection under the *Integrated Circuit Topography Act* extends to semiconductor chips embodying the protected topography, or a product incorporating such a chip.

Only the creator or his successor in title may register the topography. Registrants must satisfy the criteria of originality and novelty, and must register within two years of first commercial use. Registered topographies are protected for ten years from the earlier of the year in which the registration is filed or the year in which the topography is first commercially exploited.

### **5.4 Plant Breeders' Rights**

The *Plant Breeders' Rights Act* recognizes and protects intellectual property in new plant varieties. Currently, all plant varieties, except algae, bacteria and fungi, are eligible for protection. To be eligible for protection the variety must satisfy certain criteria in the *Plant Breeders' Rights Act* that require the variety to be a *new variety* and *novel*.

The holder of a grant of plant breeders' rights has, subject to certain conditions, exclusive rights to the new plant variety including the rights to sell, create propagating materials and otherwise exploit the new plant variety. Plant breeders' rights are protected for 18 years from the date of the grant subject to certain requirements including an annual fee.

### **5.5 Personality Rights**

*Personality rights* are proprietary rights of an individual to protect the exploitation of his or her personality, including his or her image. Individuals, particularly celebrities, are able to profit from the authorised use or licensing of these rights.

Certain provinces, including British Columbia, have provisions dealing with personality rights. The statutory provisions reflect the common law action of misappropriation of personality and provide certain exceptions. Generally, any recognizable attribute of a person that would lead someone to assume an association of the individual with the products of another person may infringe the personality rights of that individual unless the right is waived, assigned or licensed.

In addition, the federal *Trade-marks Act* and *Competition Act* address personality rights. The Internet poses challenges to personality rights as images posted on any commercial website automatically infringe on such rights. The unauthorized use of an individual's name as a domain

name by “cybersquatters” has resulted in Cybersquatter legislation in the U.S. that prohibits, or permits cancellation of, registration of domain names where the domain name is the same as, or confusingly similar to the name of another living person, if done with an intent to profit by the name. There is currently no similar legislation in Canada. However, Canadians using names of U.S. citizens or companies have had their websites blacked out.

## 5.6 Customer Data

Customer data includes information, statistics, personal and business data collected by organisations and businesses. Such data is an important digitally stored asset of the company that can be a valuable business asset. Such data is subject to federal and provincial privacy legislation. In particular, the federal *Personal Information and Protection and Electronic Documents Act* (“PIPEDA”) is being implemented in stages and, among other things, prohibits the collection, use, retention and disclosure of personal information of an individual for commercial purposes, except as authorized by the individual or by applicable legislation.

PIPEDA adopts the *Canadian Standard Association Model Code for the Protection of Personal Information* (the “**CSA Code**”), which is appended to the Act as Schedule 1. The ten principles that form the basis of the CSA Code are as follows:

Principle 1 – **Accountability**: An organization is responsible for personal information under its control and shall designate an individual or individuals who are accountable for the organization’s compliance with the following principles.

Principle 2 – **Identifying Purposes**: The purposes for which personal information is collected shall be identified by the organization at or before the time the information is collected.

Principle 3 – **Consent**: The knowledge and consent of the individual are required for the collection, use or disclosure of personal information, except where inappropriate.

Principle 4 – **Limiting Collection**: The collection of personal information shall be limited to that which is necessary for the purposes identified by the organization. Information shall be collected by fair and lawful means.

Principle 5 – **Limiting Use, Disclosure and Retention**: Personal information shall not be used or disclosed for purposes other than those for which it was collected, except with the consent of the individual or as required by law. Personal information shall be retained only as long as necessary for the fulfilment of those purposes.

Principle 6 – **Accuracy**: Personal information shall be as accurate, complete, and up-to-date as is necessary for the purposes for which it is to be used.

Principle 7 – **Safeguards**: Personal information shall be protected by security safeguards appropriate to the sensitivity of the information.

Principle 8 – **Openness**: An organization shall make readily available to individuals specific information about its policies and practices relating to the management of personal information.

Principle 9 – **Individual Access**: Upon request, an individual shall be informed of the existence, use and disclosure of his or her personal information and shall be given access to that information. An individual shall be able to challenge the accuracy and completeness of the information and have it amended as appropriate.

Principle 10 – **Challenging Compliance**: An individual shall be able to address a challenge concerning compliance with the above principles to the designated individual or individuals accountable for the organization's compliance.

PIPEDA and corresponding Provincial legislation will affect the way businesses interact with customers and deal with personal information. *Customer relations management* tools that collect and aggregate information about customers in order to improve interaction and increase customer value and customer opportunities will have to comply with PIPEDA and related legislation.

*Data mining* will definitely be affected by PIPEDA. Data mining is the process of searching for patterns in a collection of data using sophisticated software applications, in order to understand and respond to such patterns and thereby improve customer value and service.

