

## DIFFERENCES BETWEEN U.S. AND CANADIAN LAW REGARDING INTELLECTUAL PROPERTY

Bob H. Sotiriadis\*  
**LEGER ROBIC RICHARD, L.L.P.**  
Lawyers, Patent and Trademark Agents  
Centre CDP Capital  
1001 Square-Victoria – Bloc E – 8<sup>th</sup> Floor  
Montreal, Quebec, Canada H2Z 2B7  
Tel. (514) 987-6242 - Fax (514) 845-7874  
info@robic.com - www.robic.ca

I have been asked to provide a summary explanation of patent, trade-mark and copyright law in Canada and to explain certain distinctions between the Canadian and American systems. Intellectual property protection in Canada is very similar to that of the United States. I will therefore limit my comments to some basic elements of the Canadian system. I will also provide some distinctions that appear from my experience to be most relevant to U.S. practitioners and companies. I will provide more detailed examples to attendees during the verbal presentation.

### 1. Patents

Canada has a first-to-file patent system and is a signatory of the Paris Convention and the Patent Cooperation Treaty. As such, Canadian patent applications are laid open for public inspection eighteen (18) months after the application date or earlier if requested in certain situations. Contrary to the United States therefore, there is no way to keep a Canadian patent application confidential.

A patent application must be filed in respect of an invention within twelve (12) months of the public disclosure of the invention, similar to the rules in the United States. This grace period is not something one should count on in other jurisdictions where absolute novelty is required. In other words, in many important jurisdictions, there is no grace period at all.

I have noticed that U.S. practitioners and their clients sometimes confuse the twelve-month grace period and the delay within which one must file an

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\* Lawyer, Bob H. Sotiriadis is a partner of LEGER ROBIC RICHARD, L.L.P., a multidisciplinary firm of lawyers, and patent and trademark agents. Notes for a conference pronounced for the 2006-03-29 MCLE Doing Business in Canada. Publication 345

equivalent patent application in Canada to benefit from a U.S. priority date. The twelve-month grace period only regulates the question of the time period one has to make a filing in Canada once the invention has been disclosed anywhere in the world. It applies completely independently of the priority period of twelve months. Just because one is within one's twelve-month priority delay, it does not mean that the twelve-month grace period can be extended. This simply means that one should file a patent application in Canada as soon as possible when a disclosure has occurred.

An invention under the Canadian *Patent Act* is defined as follows:

*"invention" means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter*

The Canadian Patent Office and the Courts have been more restrictive in their interpretation of what patentable subject matter can consist of. For example, higher life forms are not patentable in Canada contrary to the situation in the United States. Further, contrary to the United States, it is very difficult and sometimes impossible to patent business methods in Canada unless one uses a great deal of strategy in crafting an application. U.S.-style claims will not necessarily work.

Traditionally, computer-implemented inventions were frowned upon by the Canadian Intellectual Property Office. However, recent changes in the MOPOP, following more recent case law, has made it easier to patent these types of inventions. For example, claims directed to a computer program embodied on a computer readable medium are acceptable, provided of course that the program or data structure is an inventive combination if that medium, when used in a computer, causes that computer to fulfill a new and non-analogous use. Contrary to the United States, signal claims are acceptable in Canada.

There are certain distinctions in the manner by which the claims of a patent are construed in Canada and in the United States. In Canada, patents are construed from the perspective of skilled persons sufficiently versed in the art to which the patent pertains to enable them to appreciate the nature and description of the invention. There is no inherent common law right to a patent. Patents are statutory rights, no more, no less. In Canada, a patent is considered to be a unilateral statement by the patentee, in words of his own choosing, addressed to persons skilled in the art, that is people likely to have a practical interest in the subject matter of the invention, by which he informs

them what he claims to be the essential features of the new product or process for which the Letters Patent grant the monopoly.

Each patent ends with a claim or claims, like in the United States, and these claims must clearly defined the forbidden field. Anything that is not claimed is disclaimed.

A patent is to be construed before consideration is given to the issues of infringement or validity and one is not to attempt to interpret the claims of a patent by basing oneself on a commercial embodiment or of the Defendant's product.

In Canada, patent construction is carried out as of the date of the publication of the patent application. The filing date or date of the priority application is relevant for the question of the patentability of the invention.

In Canada, extrinsic evidence is inadmissible for the purpose of construing a patent specification. Expert evidence is however essential to every patent case since it is admitted for the purpose of explaining the meaning of terms used in the patent and in order to help the Court understand what the terms would have conveyed to a person skilled in the art at the relevant time.

The Supreme Court of Canada has recently stated that the primacy of the language of the claims is a key element of our case law and the protection afforded by the claims has to be fair and reasonably predictable. The scope of the prohibition must be made clear so that members of the public may know where they can go with impunity.

Our Courts are entitled to look at the rest of the specification of a patent to understand what is meant by a word in the claims but not to enlarge or restrict the scope of the claim as written and understood. If an inventor has misspoken or created an ambiguity, then this is considered to be a self-inflicted wound which is interpreted against the patentee. The Supreme Court has said that the ingenuity of a patent does not lie in the identification of a desirable result but in teaching one particular means to achieve it. Claims cannot be stretched to allow a patentee to monopolize anything that achieves a desirable result.

The Supreme Court set out these principles as follows:

- (a) *The Patent Act promotes adherence to the language of the claims.*
- (b) *Adherence to the language of the claims in turn promotes both fairness and predictability.*

- (c) *The claim language must, however, be read in an informed and purposive way.*
- (d) *The language of the claims thus construed defines the monopoly. There is no recourse to such vague notions as the "spirit of the invention" to expand it further.*
- (e) *The claims language will, on a purposive constructions, show that some elements of the claimed invention are essential while others are non-essential. The identification of elements as essential or non-essential is made:*
  - (i) *on the basis of the common knowledge of the worker skilled in the art to which the patent relates*
  - (ii) *as of the date the patent is published;*
  - (iii) *having regard to whether or not it was obvious to the skilled reader at the time the patent was published that a variant of a particular element would not make a difference to the way in which the invention works; or*
  - (iv) *according to the intent of the inventor, expressed or inferred from the claims, that a particular element is essential irrespective of its practical effect;*
  - (v) *without, however, resort to extrinsic evidence of the inventor's intention.*
- (f) *There is no infringement if an essential element is different or omitted. There may still be infringement, however, if non-essential elements are substituted or omitted.*

One can note that one of the key differences between Canadian and U.S. patent practice is that there is no recourse to the file wrapper in the interpretation of claims in Canada. The file wrapper of the Canadian or any other related application is inadmissible evidence at trial in a Canadian patent case. There is **no file wrapper estoppel**.

Furthermore, all patent trials in Canada are heard by a justice of either the Federal Court or the Superior Court of one of the provinces, depending on the choice of the parties. **There are no jury trials in intellectual property cases in Canada.**

Summary judgment is available in the Federal Court and in the rules of procedure of certain provinces but it is extremely rare that summary judgment is granted in patent cases in Canada, especially when expert evidence is involved or when there is contradictory evidence on key points. Only very technical issues appear to be accepted as subject matter for summary judgment by our Courts. This timid approach contrasts clearly with the U.S. system where summary judgment is a more routine procedural event, even in patent cases.

Interlocutory injunctions and provisional injunctions (interim injunctions) are available but are rarely granted in patent cases given the onus on the Plaintiff to not only allege but prove irreparable harm in the absence of an interlocutory judgment. The other major criteria is of course the balance of inconvenience but a great many interlocutory injunction applications are dismissed in intellectual property cases based on the stumbling block represented by the irreparable harm criteria. This is especially so in patent cases where the Courts presume that the determination of damages is easily arrived at.

In summary, the remedies for patent infringement in Canada include provisional, interlocutory and permanent injunctions. It also includes damages or alternatively an accounting of profits. Reasonable compensation is also available for damages suffered for “infringement” between the publication date and the grant date of a patent.

Damages are sought to compensate the Plaintiff for losses directly caused by the infringing acts. Plaintiff has the burden of proof of its damages.

An accounting of profits is an equitable remedy. It must be specifically claimed by the Plaintiff and granted by the Court. It is a claim for the profit improperly earned by the infringer due to its use of the Plaintiff’s property.

Damages and an accounting of profits are mutually exclusive. The principle of differential accounting is used in determining profits. The burden of proof in an accounting for profits is on the Defendant to prove the direct costs it wishes to deduct from its gross sales.

Patent infringement actions can be heard by either the Court of general jurisdiction of each province, or the Federal Court of Canada. However, only the Federal Court of Canada has jurisdiction to invalidate a patent. A judgment of a Superior Court in invalidation has to be confirmed by the Federal Court.

A patentee and all persons claiming under it, such as exclusive and non-exclusive licensees, can sue for patent infringement.

The Canadian *Patent Act* covers the importation and use in Canada of products made abroad by a patented process. This can apply to intermediaries for the product.

There is no “Markman” type procedure available in Canada. Claim construction is tried at the same time as validity and infringement.

## 2. Trade-marks

Trade-marks law in Canada evolved from the common law of England. Under the common law and the early trade-marks statutes, use of a trade-mark in commerce was necessary to acquire rights in the trade-mark. Common law trade-marks rights were based on the notion that the trade-mark was an indication of the origin or source of the goods. Trade-marks could only be sold or assigned along with the goodwill of the business. Licensing was considered deceptive and rendered the trade-mark no longer distinctive of the owner. Both common law trade-marks and early registered trade-marks were subject to this rule.

Distinctiveness has remained the key element of Canadian trade-marks law. The law has evolved in Canada to allow for a considerable degree of flexibility in the commercialisation of a trade-mark. For a mark to operate as a trade-mark in Canada, it must actually distinguish the wares or services of the owner from those of another or be adapted so as to distinguish them. Distinctiveness can be acquired and lost. When distinctiveness is lost, common law rights are lost and a registration in the case of a registered trade-mark can be expunged.

Briefly put, the Canadian *Trade-marks Act* allows for the registration of trade-marks with wares or services. It also permits the licensing of trade-marks as long as certain controls are put into place. Very importantly, in comparison with the U.S. system, a trade-mark whether registered or not, may be assigned **separately from the goodwill** of the business in respect of some or all of the wares. Trade-marks that are not inherently distinctive can become distinctive through wide-spread use through the acquisition of secondary meaning in association with the trade-mark. Also, trade-mark applications can be based on intention to use and so on.

It is important for trade-mark owners in other countries to understand the advantages of both the Canadian common law trade-mark system and the registered trade-mark system. Trade-marks are acquired at common law through use of a trade-mark, as long as the trade-mark acquires significance as an indicator of a source. Source significance is often referred to as distinctiveness. At common law, a trade-mark that has acquired significance as an indicator of a source becomes part of the goodwill of the business of the person that uses the trade-mark. It is what is referred to in passing-off actions as the "reputation" associated with the trade-mark. The trade-mark is used to create and develop goodwill.

Generally speaking, the trade-mark owner will be considered to have goodwill and therefore an exclusivity in the geographical area in which he can demonstrate distinctiveness. In absence of a trade-mark registration, the owner of the trade-mark must sue in passing-off and first prove goodwill or reputation in the trade-mark in a specific geographical area.

He must also prove the existence of a representation which leads or is likely to lead the public to believe that the goods or services of the trade-mark owner are those of somebody else or that their commercialisation under the trade-mark has been authorised by the trade-mark owner. In other words, likelihood of confusion is required.

Thirdly, the Plaintiff must prove that damages are likely to be suffered. This third criteria is presumed since if one has a goodwill or reputation in one's trade-mark and there has been confusion, then typically, there has been damages. The existence of damages sets up the recourse, but it is then the Plaintiff's burden to prove the actual amount.

The trade-mark can therefore be seen as a **conduit** for the commercial reputation or goodwill it brings to the business. The amount of evidence required on the part of the Plaintiff depends on the distinctiveness of the indicia used in association with the wares, services or business. The more distinctive the indicia, the easier it is to prove reputation and even likelihood of confusion. The contrary is also true.

The common law in Canada allows for the protection of words and logos, but also of numbers, letters, words, names, shapes, designs, packages, get-up, but does not extend as far as what is protectable in the U.S. system, such as sounds, smells, kinetic marks, holograms and other "non-traditional" trade-marks.

The Canadian *Trade-marks Act* functions in accordance with the Paris Convention. It contains the priority system set out in the Convention. Under the Convention, an applicant for the registration of a trade-mark in one country (such as the United States) can file an application in Canada within six (6) months of filing of the priority application. The application will be treated as if it had been filed when the original application was filed.

Notwithstanding the common law system, there are several advantages to registering a trade-mark in Canada including the fact that enforcement of a trade-mark can be made under the common law and under the *Trade-marks Act* simultaneously. The three (3) provisions that cover the trade-mark owner's rights are sections 19, 20 and 22 which read as follows:

**19.** *Subject to sections 21, 32 and 67, the registration of a trade-mark in respect of any wares or services, unless shown to be invalid, gives to the owner of the trade-mark the exclusive right to the use throughout Canada of the trade-mark in respect of those wares or services.*

**20.(1)** *The right of the owner of a registered trade-mark to its exclusive use shall be deemed to be infringed by a person not entitled to its use under this Act who sells, distributes or advertises wares or services in association with a confusing trade-mark or trade-name, but no registration of a trade-mark prevents a person from making*

*(a) any bona fide use of this personal name as a trade-name, or*

*(b) any bona fide use, other than as a trade-mark,*

*(i) of the geographical name of this place of business, or*

*(ii) of any accurate description of the character or quality of his wares or services,*

*in such a manner as is not likely to have the effect of depreciating the value of the goodwill attaching to the trade-mark.*

**22.(1)** *No person shall use a trade-mark registered by another person in a manner that is likely to have the effect of depreciating the value or the goodwill attaching thereto.*

Canada does not have an Anti-dilution Act or any other particular statute which specifically protects well-known or famous trade-marks, even when there is no likelihood of confusion, contrary to the situation in the United States.

All trade-marks are submitted to the same tests under these three (3) provisions and under the common law. The strength of the trade-mark will make it easier to prove a passing-off or trade-mark infringement case, but the Plaintiff still has to go through all the steps of proving there is a likelihood of confusion based on the criteria of section 6.(5)(a) to (e) of the *Trade-marks Act* which read as follows:

**6.(5)** *In determining whether trade-marks or trade-names are confusing, the court or the Registrar, as the case may be, shall have regard to all the surrounding circumstances including*

*(a) the inherent distinctiveness of the trade-marks or trade-names and the extent to which they have become known;*

*(b) the length of time the trade-mark or trade-names have been in use;*

*(c) the nature of the wares, services or business;*

*(d) the nature of the trade; and*

*(e) the degree of resemblance between the trade-marks or trade-names in appearance or sound or in the ideas suggested by them.*

The *Trade-marks Act* provides exclusive rights for the use of the trade-mark throughout Canada whether the owner can show goodwill in all of Canada or in only a portion of the country, contrary to the situation under a common law mark. There are no "State" or "Provincial" trade-marks, although in exceptional cases a trade-mark registration can be restricted to one geographical area.

Applying for registration provides the right to apply for a trade-mark in other member countries through the use of the priority system we mentioned earlier. A registration is also a defence to an action in passing-off. This further adds to the advantages of registration.

The Canadian Act allows for the registration of three dimensional trade-marks in certain circumstances in addition to official or prohibited marks, trade-marks of geographical indication and certain plant denominations. Many of the criteria for registration are similar to that in the United States.

One particular advantage of filing for a trade-mark registration in Canada is the cost. There is no separate fee per international class of goods or services to which the trade-mark pertains. If a trade-mark application is not opposed, it is not unusual that the total cost of obtaining the trade-mark registration in Canada be approximately \$1,500 Canadian funds inclusive of statutory fees and taxes.

Applications for trade-mark registrations in Canada can be based on use of the trade-mark in Canada, making known of the trade-mark in Canada, corresponding registration or application in a Paris Convention country or a member of the WTO and use anywhere in the world and intent to use the trade-mark in Canada. Depending on the situation, these bases can be used concurrently or alternatively. The Canadian system is extremely efficient and the first examiner's report is usually sent out within eight (8) months of the application. There are no notarisation or legalisation requirements and no particular form required. It usually takes approximately eighteen (18) to twenty-four (24) months to obtain a final registration in the absence of opposition proceedings.

Canada has a special **cancellation proceeding (section 45)** whereby a trade-mark, which has been on the register for over three (3) years can be expunged if the trade-mark owner cannot demonstrate that the trade-mark has been used in association with the goods and services it has been registered for in the previous three (3) years.

Canada does not have the **section 8** requirement or the **section 9** requirement of the U.S. system, nor does it have the incontestability affidavit requirement of **section 15**. In other words, once the Canadian application is registered the

trade-mark owner has no obligation to demonstrate use or any particular interest in the trade-mark until the renewal date arises fifteen (15) years later. Of course, the trade-mark can be expunged in the meantime on the initiative of a third party under section 45 as mentioned above, or under the various cancellation proceedings foreseen by the Federal Court and the *Trade-Marks Act*.

Non-traditional trade-marks are much more difficult to register in Canada than in the United States.

As concerns what U.S. practitioners and Courts usually call “trade dress”, there is similar protection in Canada. Under the common law, trade dress in Canada is usually referred to as “get-up”. Under the *Trade-marks Act*, the term is “distinguishing guise”. The protection for get-up extends to the shape, size, colour, packaging, decorations and labels of wares. It can also apply to services, including such things as restaurant design for example. The shaping of wares and their configuration can be protected under the *Trade-marks Act* through the registration of a “distinguishing guise”, but only if it has become distinctive. This means that one cannot apply for a distinguishing guise on the basis of intent to use. Furthermore, the Act foresees that a distinguishing guise must not be likely to unreasonably limit the development of any art or industry. A distinguishing guise does not protect utilitarian or functional features.

As with patents, the Federal Court of Canada has jurisdiction to hear any action or proceeding under the *Trade-marks Act* and the Superior Court of the provinces have concurrent jurisdiction to hear Trade-marks infringement proceedings under sections 19, 20 and 22 and passing-off and unfair competition proceedings. As already stated, the Federal Court has exclusive jurisdiction regarding changes to the register of trade-marks.

### 3. Copyright law

In Canada, copyright law protects the original expression of ideas in the form of literary, artistic, dramatic and musical works and, for some purposes, sound recordings, performer’s performances and broadcast signals. Canada is a signatory of the Berne Convention and, as such, copyright arises in Canada upon creation of a work. Contrary to the United States, the **duration** of copyright is rather short, mainly the life of the author plus **fifty (50) years** plus the balance of the calendar year in which the copyright would otherwise expired.

The **moral rights** system in Canada differs from that of the United States. It relates mainly to the right to modify a work and the right to paternity in the

work. Moral rights subsist in all categories of copyright works, not just for visual arts.

A work must be original to benefit from the *Copyright Act*. This is set out in the Act. The U.S. statutory requirement of fixation is not specifically found in the Canadian Act, but it has been established in Canadian case law. Protected works are original works fixed in any tangible medium of expression. A work will usually be considered original in Canada if it is independently created, as opposed to copied from other works and if it possesses at least a minimal degree of creativity.

The Canadian *Copyright Act* foresees a **registration system**. The registration is not compulsory since as already mentioned, copyright subsists upon creation of the work. Nevertheless, registration facilitates the establishment of title in a copyright. It also creates certain presumptions as to the validity of copyright and the veracity of the information found on the registration certificate in addition to the knowledge of third parties of the subsistence of copyright protection. In Canada, registration is not a prerequisite to the taking of an infringement action.

U.S. companies often neglect to register their copyrights in Canada. This removes some of the statutory advantages of registration, increases the burden of proof of the Plaintiff in respect to such things as the knowledge of the alleged infringer and makes the claim for recourses other than an injunction (such as damages) more difficult. It also allows the Defendant to raise issues that cannot be raised in the presence of a copyright registration. Copyright registration also entitles a Plaintiff to statutory damages when it is difficult to establish actual damages.

The Supreme Court of Canada has provided for a slightly greater ambit of protection afforded to compilations as compared to the United States in the Feist case. In Canada, compilations are not limited to the original characteristics of the compilations such as selection and organisation.

There is no commercial connotation to the notion of publication in Canada as there appears to be in the United States.

The remedies in Canadian copyright law include damages, accounts of profits, exemplary or punitive damages, Anton Pillar Orders, seizure before judgment, destruction of copies, injunctions, criminal offences and **conversion**. It is not necessary to prove actual or specific damages because damages are at large.

As concerns more specifically the moral rights doctrine, an author may waive his moral rights in whole or in part in Canada. However, moral rights cannot under any circumstances be assigned.

U.S. copyright owners and their competitors should be aware that the **fair dealing** exception in Canadian law is extremely limited. It applies to such things as critiques, the press, news reporting, libraries and so on. Research and private study are also covered.

The Supreme Court of Canada has rendered several decisions in the last couple of years concerning copyright law which are worth summarising here.

In one case, the Supreme Court held that copyright infringement of a digital work can occur when the infringement has a "real and substantial connection" to Canada. This type of infringement can occur whether or not the supplier, host or receiver of the copyrighted material is located in Canada.

It was also held that passive internet service providers are not liable for copyright infringement perpetrated by their users.

As specifically concerns compilations, as already mentioned above, the Supreme Court rejected the traditional "sweat of the brow" criteria and the "creativity standard of originality" criteria. The Supreme Court stated that copyright subsists in a compilation which was the subject of an exercise of "skill and judgment". In fact, the Supreme Court has positioned itself somewhere between a requisite for originality requiring some form of "skill, judgment or labour" and the standard of creativity. It was ruled that originality in Canadian copyright law required first that the work "must be more than a mere copy of another work". The work must also reflect "an exercise of skill and judgment which in turn incorporates some form of intellectual effort". The case was **CCH Canadian** and concerned the Plaintiff, a law book publisher. The question of originality related to the case summaries, head notes, topical indices and case reports. The Supreme Court distinguished between the reported judicial decision complete with case summary and head notes and the edited reason for judgment.

In the CCH Canadian case, Defendant was found liable for **authorising** copyright infringement because of its placement of free-standing photocopy machines within its Great Library by the Federal Court of Appeal. The Supreme Court found that a person does not authorise infringement by authorising the mere use of equipment that can be used to infringe copyright. In fact, that Supreme Court even discussed the fair dealing exemption in the CCH case and set out various factors to be considered in a fair dealing defence which include:

- 1) the purpose of the dealing;
- 2) the character of the dealing;
- 3) the amount of the dealing;
- 4) alternatives to the dealing;
- 5) the nature of the work; and
- 6) the effect of the dealing on the work.

In another case, the question was whether the process of removing the ink from the paper backing of posters that reproduced artworks, and transferring the ink to a canvass amounted to a further reproduction of the artistic work and whether this was an infringement of the copyright in the original work of art. The Supreme Court said that it did not consist of an infringement since there was no reproduction of the work. The Court said that it was a simple transubstantiation of existing copies.

#### **4. I.P. litigation**

Canada has ratified most of the important intellectual property treaties in the fields of patents and copyright. The Federal Court is generally considered to be friendly or more favourable to rights holders. It is very rare that our Courts invalidate a patent, unless there are good substantive reasons to do so and very strong evidence. This, combined with the more limited discovery help shield the validity of patents to a greater extent in Canada than in the United States.

The Canadian litigation system is less complex and less costly than the U.S. system. In the Canadian system, the right to discovery is more limited than the United States. In principle, one is entitled to examine one representative of the opposing party. Scope of discovery is very wide, but it is not possible to examine more than one representative without leave from the Court and leave is very rarely granted. The same applies for the right to examine third parties out of Court on discovery.

The Federal Court has introduced the notion of specially-managed proceedings where one judge is responsible for the basic administration and management of the case and to hear most if not all pretrial motions. However, case management does not necessarily occur early in the case and remains the exception, as opposed to the rule. The Canadian system is however cost effective, focussed and fairly predictable.

In some I.P. cases, the parties agree to a consent order by which the parties go to trial only on the question of liability, that is the question of validity and

infringement of the intellectual property rights and not determine the question of compensation. This bifurcation sometimes allows the parties to get to Court faster and not to waste time making evidence on damages and profits if the end result is that the Plaintiff is found to have no rights. If the Plaintiff wins, the parties proceed to a reference on monetary compensation.

One particularity of the Canadian system is that the losing party in a case must expect to pay at least a portion of the winning party's reasonable legal costs. Ordinarily, the losing party pays approximately twenty-five percent (and sometimes more) of the opposing party's actual costs. Solicitor and client costs, which means payment of the full costs of legal representation are awarded when there has been unusually unacceptable conduct on the part of a party. Costs extend to the costs of expert evidence.

Intellectual property actions in Canada are most often instituted in the Federal Court since its orders are enforceable across the country. It is also the Court with exclusive jurisdiction for the expungement of registrations of intellectual property rights. However, when the principal question in the litigation is not within the statutory jurisdiction of the Court, such as trade secret litigation or contractual questions related to intellectual property, the relevant Superior Court is the proper forum.

The limitation periods in Canada are different depending on whether one is involved in a copyright, trade-mark, industrial design or patent situation. They also differ from those prevailing in the United States.

When a foreign party, such as a U.S. company, seeks the invalidity of a Canadian patent by impeachment action, it must post security for costs. Furthermore, security for costs has to be filed as a matter of course by any Plaintiff taking a lawsuit in Canada, except in certain specific circumstances.

Although I.P. disputes can sometimes be difficult to mediate because they often involve claims for exclusivity to a market, there is a very efficient mediation system in place in the Canadian Federal Court. The Federal Court offers mediation without charge to litigants. The mediation is a very informal process and all activities in the mediation are carried out without prejudice and off record. Most often, it is an actual judge of the Federal Court who hears the parties provide their "best case" in an informal setting or through a mini-trial with very specific constraints. The judge can either try to give an idea of what his decision would be if he would hear the case on the merits or use breakout sessions to encourage the parties to settle. The mediation judge is not entitled to hear the case at trial.

My personal experience in mediation has been rather positive in that I have settled every case that I have had that went to mediation.

In the context of interim and interlocutory injunctions, trade-marks are sometimes enforced through a special type of interim order called an "Anton Pillar Order". Anton Pillar Orders are also often used to enforce copyright. An Anton Pillar Order allows the Plaintiff and its solicitors to enter the premises of a suspected infringer to inspect, preserve or even remove goods, packaging and business records for use as evidence. The Defendant is obliged to allow Plaintiff's representatives to enter its premises and search and identify items that have been allowed by the Court. Anton Pillars can be granted against unidentified Defendants and are commonly called John Doe orders.

The purpose of an Anton Pillar Order is to preserve evidence for use at trial. Plaintiff must demonstrate a particularly strong case on the merits and convincing evidence that without the Anton Pillar Order, the evidence of infringement will disappear. Obviously, Anton Pillar Orders are most often used in the case of **counterfeiting** as they are often the only effective remedy against such activities.

These applications request the Court to exercise a great deal of discretion in favour of the Plaintiff and thus obliges the Plaintiff to act with complete candor and to provide full disclosure of the circumstances of the case and even post security to guarantee against any damages the Defendant might suffer in the event the Anton Pillar is found to have been improper and cancelled.

The question of counterfeit goods is particularly relevant to a discussion of trade-marks and on copyright. A particular problem arises when U.S. companies attempt to obtain information on Canadian infringers who are operating in the United States through litigation in Canada. It should be borne in mind that discoveries in Canada are generally subject to the rule of implied undertaking. Briefly put, this rule prohibits the use of information gathered in the proceedings for purposes other than the proceeding in which the information was gathered. In other words, one cannot communicate information for the purposes of instituting or boosting other litigation. In principle, in order to do so, one requires leave of the Court. In Quebec, there is an additional restriction on the free movement of information obtained in litigation. There is Quebec Statute which protects against the removal of any business information of a Quebec based corporation from the jurisdiction of the province of Quebec. It is very important to develop strategies for the management of information obtained in Canadian litigation prior to actually instituting proceedings.

## **5. Information sources**

The Canadian Intellectual Property Office website contains a good deal of information concerning patents, trade-marks and copyrights. The information is well presented and consists of an excellent basic course on these areas of law. For your information, there is also a discussion of industrial designs. The site can be accessed at: <http://cipo.gc.ca/>.

One of the most practical reference books in Canada is the Hughes series. I recommend three (3) particular books: Hughes on Patents<sup>1</sup>, Hughes on Copyrights and Industrial designs<sup>2</sup> and Hughes on Trade-marks<sup>3</sup>.

Our firm also publishes two (2) exhaustive works on trade-marks and copyright. One is the ROBIC Trade-marks Act Annotated and the other is the ROBIC Copyright Act Annotated.

The websites of Canada's leading I.P. boutiques all contain numerous articles in the area of intellectual property law. The websites of our firm ([www.robic.ca](http://www.robic.ca)) and those of Gowlings ([www.gowlings.com](http://www.gowlings.com)), Smart & Biggar ([www.smart-biggarr.ca](http://www.smart-biggarr.ca)) and Bereskin & Parr ([www.bereskinparr.com](http://www.bereskinparr.com)) are all excellent.

In closing, perhaps the best advice to follow when it comes to navigating through the Canadian I.P. system is to plan strategy beforehand in order to be able to take into account the limited but sometimes important differences and distinctions in the two (2) systems which I hope to point out in more detail during the verbal presentation I will be giving at the MCLE conference Doing Business in Canada on March 29, 2006.

**ROBIC** + LAW  
+ BUSINESS  
+ SCIENCE  
+ ART

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<sup>1</sup> *Hughes & Woodley on patents*, Markham (Ontario), Lexis Nexis Butterworths

<sup>2</sup> *Hughes on copyrights and Industrial designs*, Markham (Ontario), Lexis Nexis Butterworths

<sup>3</sup> *Hughes on Trade-marks*, Toronto (Ontario), Butterworths