

LESI Design Study—Canada

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(I) Introduction

In Canada, industrial design law allows for the protection of a product's physical appearance. While the appearance of a product may also be protected under the Copyright Act, or pursuant to the definition of a "sign" under the Trademark Act, which includes three-dimensional marks, this paper will focus specifically on the concept of industrial designs.

Consumers are often drawn to products that are pleasing to the eye. Accordingly, the ability of a business to protect the physical appearance of its products can potentially allow the business to secure a competitive advantage in the marketplace.

This is where industrial designs come into play; a successfully registered industrial design gives its owner the right to prevent others from commercializing the visual design of their products. If the protected design is especially marketable, then the owner of the design will have a clear commercial advantage over its competitors. This demonstrates how valuable industrial designs can be for any business.

(II) Design Protection

(1) Basics of Design Law

In Canada, industrial designs are governed by the Industrial Design Act (the "Act"). On November 5, 2018, extensive changes were made to the Act, the Industrial Design Regulations (the "Regulations") and the Industrial Design Office Practice Manual (the "Industrial Design Manual"). The changes apply to all industrial design applications filed on or after November 5, 2018. Many of these changes were made in order to facilitate Canada's accession to the Hague Agreement, allowing for a more modern, efficient and cost-effective system of design protection both within the country as well as for Canadians doing business abroad.

It is important to note that, in Canada, there is generally no protection for unregistered designs, except under the common law.

The term for the exclusive right granted by the registration of an industrial design begins on the later date between either the date of registration or the date on which the application for the registration of the design is made available to the public. The term of design protection ends 10 years after the date of registration of the design or 15 years after the filing date of the appli-

cation, whichever is later.¹ In order for the proprietor of a registered design to benefit from the entire term of protection, a maintenance fee of \$350 CAD must be paid five years after the date of registration.²

(2) Application Procedure

The following application process applies to industrial design applications filed on or after November 5, 2018.

Once an application has been filed, it is reviewed by the Canadian Intellectual Property Office (CIPO), which will ensure that all prescribed documents, information and statements have been included. If an application is incomplete, an omission notice will be sent to the applicant informing them of the two-month delay to submit any missing documentation. Otherwise, the application is deemed never to have been filed.³ The filing date of the application is only established once these requirements are met.⁴

After the notice of filing, the application is then reviewed by an examiner, who will perform both a formal and substantive examination of the application.⁵ The formal examination is to ensure that all formalities are met and that the design is sufficiently disclosed.⁶ This includes verifying that the application is limited to either one design applied to a single finished article or set, or variants applied to a single finished article or set.⁷

During the substantive examination, an assessment of novelty is performed. This is where the design disclosed in the application is compared to other designs that are pending, registered, or published either in Canada or elsewhere.⁸ The purpose of this comparison is to determine whether the design disclosed in the application is sufficiently novel to merit registration (the concept of novelty is discussed in more detail below). If the examiner determines that the novelty requirement is met, the design will be approved for registration. However, if the examiner finds that the design is not novel, or that any other requirements have not been fulfilled, an examination report will be issued to the applicant, describing the nature of the examiner's reasons for refusal, as well as any additions or modifi-

1. Act, s 10(1).

2. Act, s 10(2); Regulations, s 33(2).

3. Regulations, s 21.

4. Act, s 4(3).

5. Act, s 22(1).

6. Regulations, s 14(a).

7. Regulations, s 20(1).

8. Act, s 8.2.

cations that need to be made before the application can be granted.

An applicant can respond to an examination report by amending the application or by providing arguments to the examiner. The deadline to respond to the examination report is three months, although this can be extended to six months upon request.⁹ However, amendments to the application cannot add a representation of a design, nor can they result in an application for a design that is substantially different than the design as originally filed.¹⁰

Once the application has been approved, a notification of industrial design registration containing a copy of the application and all representations of the design, amongst other information, will be issued in favour of the applicant.

Depending on the number of examination reports issued throughout the process, the registration of an industrial design can take approximately one year.

Using the Hague System for the International Registration of Industrial Designs

The registration of a design by way of the national system described above will result in an exclusive right to the design in Canada only. In addition, prior to November 5, 2018, an applicant seeking to obtain design protection in multiple countries was required to file separate applications in each state.

However, as a result of the November 5, 2018 amendments to the Industrial Design Act, applicants can now use the international route of the Hague System. This system greatly simplifies the registration process, as applicants can now obtain design protection in multiple countries by filing a single application with the International Bureau (IB) of the World Intellectual Property Organization (WIPO). While the international application process is similar in many ways to that at a national level in Canada, several key differences exist. For example, international applications may include up to 100 different designs. In addition, an international application must designate all contracting states in which protection is sought. The fees to pay for an international application will also differ from those of a regular Canadian application and will vary based on the number of designated countries.

More detail regarding Hague applications can be found in the chapter on the WIPO International Design System.

(3) Formal Requirements and Fees

While no particular form is required for the application for registration, the following is mandatory:¹¹

- i) The name of the finished article in respect of which the design is to be registered;
- ii) A representation of the design that complies with any prescribed requirements;
- iii) The applicant's name and postal address; and
- iv) The prescribed fees (\$400, plus an additional \$10 fee, for each page of the representation in excess of 10 pages.)

Depending on the design application, other documents or information may be required, including the following:¹²

- i) A request for priority in respect of the pending application on the basis of one or more previously regularly filed applications;
- ii) A statement of limitation clearly indicating that the application relates only to some of the features of a design, or only to some or all of those features of a part of the finished article;
- iii) A brief statement describing the representation or the features of the design;
- iv) A statement indicating that the application is a divisional application.

(4) Protectable Subject Matter and Substantive Requirements

The terms “design” and “industrial design” are defined in Section 2 of the Act as meaning “features of shape, configuration, pattern or ornament and any combination of those features that, in a finished article, appeal to and are judged solely by the eye.”¹³ What follows are observations regarding the meaning and scope of some of these terms.

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9. Regulations, ss 22(2) and 22(4).

10. Regulations, s 25(2).

11. Act, s 4; Regulations, s 16.

12. Act, s 8.1; Regulations, ss 17(2), 18, and 20(3).

13. Act, s 2.

“Features of shape, configuration, pattern or ornament”

It is generally understood that “features of shape” and “features of [...] configuration” refer to the three-dimensional structure of the finished article. The term “shape” refers to the external form or outline of the article, while the term “configuration” refers to the arrangement of the parts that make up the finished article.¹⁴

Conversely, the expressions “features of [...] pattern” and “features of [...] ornament” refer to the two-dimensional elements placed on the finished article for decorative purposes. Specifically, the term “pattern” refers to repeating decorative elements which are the same, while the term “ornament” refers to any other decorative element placed on the surface of the finished article.¹⁵

“Any combination of those features”

The expression “any combination of those features” means that a design does not have to be restricted to one type of feature; it may consist of any combination of shapes, configurations, patterns or ornaments.¹⁶

Definition of “finished article”

The federal court has stated that the term “finished article” refers to anything that is made by hand, tool or machine. In addition, the “finished article” need not be a useful article. However, the term “finished article” refers to a physical embodiment, divorcing the design from a mere scheme or preliminary conception of an idea. This means the design was created when the artistic work was created, not when the artistic work was planned.¹⁷

“Appeal to and are judged solely by the eye”

The features of a design, namely its shapes, configuration, patterns and ornaments, which are relevant in the assessment as to its registrability are those which “appeal to and are judged solely by the eye.” This analysis is performed from the standpoint of an informed consumer familiar with the market field relevant to the finished article. However, the definition excludes cases where a consumer chooses an article due to a functional or utilitarian benefit stemming from the design, rather than because the design elements simply catch their attention due to their visually-appealing nature.¹⁸

Unregistrable Subject Matter

A design is not registrable if, pursuant to s. 7(d) of

the Act, it consists only of features that are dictated solely by a utilitarian function.¹⁹ However, it is important to note that features may be simultaneously useful and visually appealing; s. 7(d) restrictions would not apply to such designs.

A design is not registrable if it is contrary to public morality or order.²⁰ This criteria for registrability is generally evaluated on a case-by-case basis, in consideration of the generally accepted customs and social conventions of the time.²¹ As an example, designs that incorporate the 11-point maple leaf, the Canadian flag or the Official Canadian Coat of Arms are generally considered “contrary to public morality or order,” although certain exceptions exist as to their use in this context.²²

Novelty

One change brought about by recent amendments to the Act was the incorporation of the “novelty” requirement for industrial designs. This requirement replaces the “originality” criterion defined in the previous version of the Act. It remains to be seen whether, in the eyes of Canadian courts, this vocabulary change has an impact on the registrability of designs, or if this change was made to render the vocabulary of the Act more in line with the test of “absolute novelty” in patent law, as opposed to the originality test in copyright law. In general, the Canadian Industrial Design Office assesses the novelty of a design by determining the features of the design, establishing its priority date, identifying relevant prior art, and comparing the design to the relevant prior art.²³ What follows is a more detailed explanation of each of the above steps.

Determining the Features of a Design

In order to determine the features of the design, reference is typically made to the representation of the design contained in the application, the name of the finished article to which the design is applied, as well as any accompanying statements, as the case may be.²⁴

An applicant may therefore limit the scope of the design over which protection is sought, by including this detail in an accompanying statement. For example, if the representation of a design portrays a bottle with a pattern applied to it, but the accompanying statement specifies that only features of shape are to be consid-

14. *Industrial Design Manual*, s 13.02.01.

15. *Industrial Design Manual*, s 13.02.01.

16. *Industrial Design Manual*, s 13.02.02.

17. *Industrial Design Manual*, s 13.02.03.

18. *Industrial Design Manual*, s 13.02.04.

19. Act, s 7(d).

20. Act, s 7(e).

21. *Industrial Design Manual*, s 13.03.02.

22. *Industrial Design Manual*, s 13.03.02.

23. *Industrial Design Manual*, s 16.01.01.

24. *Industrial Design Manual*, s 16.01.03.

ered, then the assessment of novelty will not extend to the pattern. In the absence of such a stipulation to limit the application, all features of the design will be considered as a whole in determining whether the novelty requirement is met.²⁵

Similarly, it is possible to limit the scope of a design to only a part of the finished article. Whether a design relates to all or part of a finished article will be evaluated when determining the features of the design.

Establishing the Priority Date of the Design

The priority date of a design in an industrial design application is typically the filing date, unless a request for priority has been made on the basis of another application, which was regularly filed in the six months preceding the pending application. In the latter case, the priority date of the design will be the filing date of the previously regularly filed application.²⁶

Identifying Relevant Prior Art

Prior art refers to any design, applied to an identical or analogous finished article, which has been disclosed to the public in Canada or elsewhere by any person before the priority date. Finished articles will typically be considered as analogous to one another if they have the same function.²⁷

Prior art also refers to design applications filed in Canada whose priority date is before the priority date of the application in question.²⁸

A 12-month grace period applies for any designs publicly disclosed by the applicant, a predecessor in title, or anyone who obtained knowledge of the design from them, either directly or indirectly.²⁹ This means that such disclosures will not be considered “relevant prior art” for any applications filed by the applicant within the twelve months that follow. However, not all jurisdictions allow for this grace period, and as a result, great care should be taken when making public disclosures of designs.

Exclusions from Prior Art

While it is true that “relevant prior art” includes design applications filed in Canada whose priority date is before the priority date of the application in question, this criterion does not apply to Canadian applications filed by either the applicant or the applicant’s predecessor in title less than 12 months before the filing date of the application in question.³⁰

26. Act, s 8.

27. *Industrial Design Manual*, s 16.01.04.

28. Act, s 8.2.

29. Act, s 8.2.

30. Regulations, s 31.

Comparing the Design to the Relevant Prior Art

A design will not be considered novel if it is the same design, or a design not differing substantially from, that which is portrayed in the relevant prior art.³¹ Whether or not a design is substantially different from prior art is a question of fact. In addition, as the concept of novelty was only recently introduced into the Canadian industrial design system, it remains to be seen if the courts will still follow the principles and tenets used under the previous “originality” test.

The courts have held that a simple variation is not sufficient for an industrial design to be “substantially different” from prior art.

As stated previously, the test used for determining registrability of a design over the prior art is that of a purely visual assessment of the features of a finished article from the standpoint of the informed consumer.

Furthermore, certain general principles are typically followed in effectuating a comparison between a design and any relevant prior art. Firstly, consideration must be given to the design as a whole, rather than dissecting the design into its individual features. Furthermore, a side-by-side comparison of the designs is improper; each should be separately assessed, leaving room for an imperfect recollection. Any changes between the new design and the prior art must be substantial, rather than trivial or infinitesimal. Finally, where an article itself is purely or primarily functional, small changes may often be sufficient to differentiate the designs. Similarly, design features that are appealing due to the functional advantage that they offer, rather than as a result of their aesthetic appeal, are often excluded from the overall assessment.³²

(5) Protectability of Technical Features

A design is not registrable if, pursuant to s. 7(d) of the Act, it consists only of features that are dictated solely by a utilitarian function.³³ Under the Act, a utilitarian function in respect of an article, is defined as a function other than merely serving as a substrate or carrier for artistic or literary matter. However, it is important to note that features may be simultaneously useful and visually appealing; s. 7(d) restrictions would not apply to such designs.

(6) Filing Strategy

Single Application/Multiple Applications Available?

The new regulations state that an application must

31. Act, s 8.2(1).

32. *Industrial Design Manual*, s 16.01.05.

33. Act, s 7(d).

be limited to one design applied to a single finished article or set or variants applied to a single finished article or set.³⁴ The term “variants” is defined in the Act as “designs applied to the same article or set and not differing substantially from one another.”³⁵ Accordingly, applications do not necessarily have to be limited to one design, so long as those designs are applied to the same article or set and do not differ substantially from one another.

Furthermore, applicants can file divisional applications for designs applied to a finished article if the design applied to that finished article is disclosed in the earliest original application on its filing date.³⁶

A divisional application must not be filed later than two years after the filing date of the earliest original application.³⁷ However, if CIPO objects to a design application under s. 20(1) of the Act, then they will require the applicant to limit the application to one design applied to a single finished article or set or variants applied to a single finished article or set. Once the applicant has amended the application as requested by CIPO, the applicant can file a divisional application within six months for any designs no longer covered by the original application.³⁸

Protection of a Part of a Product Available?

Canadian industrial design law allows an applicant to limit the scope of protection requested to certain features of a part of a finished article.³⁹ This can be done by using dotted or broken lines in the representation of the design, or through a statement of limitation. It is advantageous to do this in certain instances, as it can help broaden the ambit of the design.

Admissible Types of Lines/Meaning of the Lines

Finished articles depicting the design are typically depicted using solid, unbroken lines. Conversely, an application is deemed not to relate to a feature that is shown in the representation of the design in dotted or broken lines, unless the application contains a statement to the contrary.⁴⁰ Furthermore, an application is deemed not to relate to a feature that is shown in the representation of the design by means of blurring or colouring if it is evident that the purpose of the

blurring or colouring is to indicate that the application does not relate to that feature.⁴¹

Amendments of Representations Admissible?

While a design application may be amended before it is registered, it cannot be amended to add a representation of a design, or in such a way that would result in the application being for a design that differs substantially from the design as originally filed.⁴²

According to the *Industrial Design Manual*, this restriction in respect of amendments applies not only to the addition of a representation of a new design, but also to the addition of new variants. However, the addition of a photograph or reproduction of the design in the application is acceptable, provided that it does not add new subject matter.⁴³

Deferred Publication Available?

In general, the application is published within 30 months of the filing date or priority date, or alternatively, the date of registration, whichever is earlier. However, if a priority claim is withdrawn, it is deemed to have never been made for the purposes of calculating the 30-month delay.⁴⁴

(7) Owner of a Design

Pursuant to the Act, the author of a design is generally the first proprietor. However, if the author created the design for another person in exchange for good and valuable consideration, the other person will be the first proprietor. As a result, where an employee executes a design in the course of their employment, the employer will be the first proprietor. Similarly, where an independent contractor is specifically tasked with the creation of the design and paid for this work, the client will be the first owner of the design.⁴⁵

(8) Possible Attacks on the Validity of a Design

In general, the validity of industrial designs can be attacked on the basis that they pertain to unregistrable subject matter, including that the design comprises features that are dictated solely by a utilitarian function. Pursuant to section 11.1 of the Act, features applied to a useful article that are dictated solely by a utilitarian function of the article or to any method or principle of manufacture or construction are not protected.

Originality (Designs Filed Before November 5, 2018)

The validity of an industrial design may also be challenged on the basis of originality, or what is now desig-

34. Regulations, s 20(1).

35. Act, s 2.

36. Regulations, s 20(2).

37. Regulations, s 20(5).

38. Regulations, s 20(6).

39. Regulations, s 17(2) and 17(3).

40. Regulations, s 17(3).

41. Regulations, s 17(4).

42. Regulations, s 25(2).

43. *Industrial Design Manual*, ss 17.02.02 and 17.02.03.

44. Act, s 8.3.

45. Act, s 12.

nated as novelty. Most or all existing case law in Canada on originality was decided under the old regime, which still applies to designs filed before November 5, 2018.

On various occasions, the federal court has articulated the concept of “originality” as it applies to Canadian industrial designs. For one, a number of decisions have held that the degree of originality required to register a design is greater than that laid down by Canadian copyright legislation, but less than that required to register a patent. Furthermore, the approach to comparing the article in question with the relevant prior art should draw on imperfect recollection, rather than to rely on a side-by-side examination. Finally, in assessing originality, one must consider the design as a whole, and any changes to the prior art presented in the new design must be substantial, rather than trivial or negligible.

Novelty (Designs Filed After November 5, 2018)

It remains to be seen whether the novelty criteria will be treated in a similar manner by the courts as the previous test in respect of originality. At first glance, there appear to be many similarities between the assessment of originality and the wording of the new provisions relating to novelty. For example, the requirement for substantial differences between the design in the application and any relevant prior art was a principle applied under the test for originality and has been integrated into the current provisions regarding novelty.

Furthermore, although the previous version of the statute referred only to similarities with other registered designs and to published design applications, the courts extended the scope of the requirement to encompass both registered and unregistered designs. The current version of the statute refers to a design that has been disclosed so as to have been made available to the public in Canada or elsewhere.

It should be noted that certain decisions of the federal court have found the relevant date to assess originality to be the date of creation of the design. Under the current provisions of the Act, the relevant date for an assessment of novelty is the priority date.

(9) Design Protections Statistics of the Past Three Years

Statistics regarding industrial design applications in Canada can be found in CIPO’s *IP Canada Report* for the years 2018, 2017, and 2016, as well as CIPO’s *Annual report* for the years 2017-2018, 2016-2017, and 2015-2016. In 2017–2018, the volume of industrial design applications increased to more than 6,600, representing an eight percent rate of increase, while the average turnaround time from filing to registration was 10.5 months, compared to 9.8 months in 2016–2017.

(III) Design Enforcement

(1) Available Reliefs

The owner of a registered design has the right to prevent any other person from making, selling, importing, or renting any infringing articles or kits without having been granted a license.⁴⁶ There is infringement where a design not differing substantially from the owner’s design has been applied to an article in respect of which the original design is registered.

Various forms of judicial remedies are available to the proprietor or exclusive licence-holder of a registered design who wishes to restrict any encroachment on their exclusive rights. This includes injunctive relief, monetary relief in the form of damages or an accounting of profits, punitive damages, and orders for the delivery-up of any infringing articles or kits. Though difficult to obtain, interlocutory injunctions and preservation orders are available to the plaintiff pending a trial on the merits of the case.

(2) Strategic Options (Offensive and Defensive)

Warning/Notice Letters

Before initiating a proceeding, the owner of a registered design may send a notice letter to the alleged infringer, requesting that they permanently cease and desist any infringement of the design. They are not compulsory. This letter would typically contain a copy of the registered design and would give notice to the recipient of the infringing nature of their actions. This notice may also request the delivery-up of any such articles that are in the alleged infringer’s possession and set a deadline until which corrective actions may be taken.

In many cases, notice letters allow the parties to resolve the dispute without having to resort to judicial action. Where the matter is ultimately brought before the court, notice letters may still have certain practical effects for the plaintiff, such as in support of a claim for punitive damages or increased costs awards. However, in certain circumstances a party may prefer to avoid giving any advance warning to the alleged infringer for strategic reasons.

Preliminary Relief

In the context of a proceeding for design infringement, the court may grant an interlocutory injunction on a motion by the plaintiff.⁴⁷ In order to obtain an interlocutory injunction the plaintiff must successfully demonstrate that: (1) There is a serious issue to be tried; (2) The plaintiff will suffer irreparable harm if

46. Act, s 11(1).

47. Federal Court Rules, SOR/98-106, s 373(1) [“Federal Court Rules”].

the injunction is refused; and (3) The balance of convenience between the interests of each party favours the granting of the injunction rather than its refusal.

In exceptional circumstances, the Federal Court of Canada may also grant an interim injunction, lasting for a period no longer than 14 days, on an *ex parte* motion by the plaintiff. These types of short-term injunctions are also available in the superior court of each province, and their duration can vary. In Quebec for example, a provisional injunction is granted for a period not exceeding 10 days. In order to obtain such an order, the plaintiff must not only meet the *tri-partite* test for the granting of an interlocutory injunction, but must also demonstrate that giving notice of motion to the defendant is either impossible, due to the urgency of the matter, or would defeat the purpose of the motion.⁴⁸

In certain cases, a plaintiff may bring an *ex parte* motion to obtain a preservation order in respect of property that is, or will be, the subject-matter of a proceeding⁴⁹ For example, where the plaintiff has a strong *prima facie* case, and there is a real risk that the defendant will destroy evidence that is necessary for trial, the court may grant an Anton Piller Order. Similarly, the court may grant a Mareva injunction to prevent the defendant from transferring their assets outside the relevant jurisdiction pending trial.

Main Proceedings

Proceedings for industrial design infringement are taken by way of action, either in the Federal Court of Canada or in the relevant provincial superior court. The selection of forum for the proceedings will be explained in greater detail below, in the “Court System, Instances and Specialization” section.

Where a plaintiff initiates a proceeding in the federal court and claims only monetary relief in an amount of \$50,000 or less, exclusive of interests and costs, the parties must proceed by way of a simplified action.⁵⁰ In a simplified action, the discovery phase is streamlined, namely by the execution of written examinations limited to 50 questions.⁵¹ Cost-conscious parties may also consent to proceeding by way of a simplified action, regardless of the nature of the relief which is sought.⁵²

Protective Letters

Canadian design law does not allow for the filing of protective letters, as is the case in certain other jurisdictions.

Customs Seizure

The Industrial Design Act does not provide for the seizure of any infringing articles or kits by the Canadian Border Services Agency, as is the case under Canadian trademark and copyright law.

(3) Procedural Aspects

(a) Court System, Instances and Specialization

The federal and provincial superior courts have concurrent jurisdiction to hear actions for the infringement of a design, as well as questions relating to proprietorship of a design.⁵³ The owner of a registered design may commence a proceeding by way of Statement of Claim in either the federal court or in one of the provincial superior courts.

Where the plaintiff intends to plead other causes of action that do not fall under the federal court’s jurisdiction, such as common law claims in tort or breach of contract, and where the design issue is ancillary to the claim, the proceeding should be brought in the superior court of the province having jurisdiction.

However, where a person seeks to have a registered design either varied or invalidated *in rem* and expunged from the register, whether in the context of a counterclaim to an action in infringement or as a standalone proceeding by an interested party, the federal court has exclusive jurisdiction.⁵⁴ If the infringing activities took place in multiple provinces, the federal court may also be a preferred choice, as provincial courts may lack jurisdiction to adjudicate in regard of events which occurred outside their respective territories. Furthermore, an injunction order made by the federal court will be enforceable across Canada, unlike those granted by a provincial court.

(b) Who Can Sue?

Both the proprietor of the registered design or an exclusive licensee may commence an action for infringement of an industrial design.⁵⁵ However, where an exclusive licensee initiates the proceedings, the proprietor of the registered design must be joined as a party to the action.⁵⁶ The design must be registered in order for any exclusive rights to exist in favor of the proprietor. Furthermore, not only will the owner be protected solely for the period during which the design is registered, monetary compensation for any infringing activity that occurred more than three years

48. Federal Courts Rules, s 374(1).

49. Federal Courts Rules, s 377(1).

50. Federal Courts Rules, s 292.

51. Federal Courts Rules, s 296.

52. Federal Courts Rules, s 292(c).

53. Act, s 15.2.

54. Act, s 22(4).

55. Act, s 15(1).

56. Act, s 15(2).

prior to the commencement of the action will be statute-barred.⁵⁷

(c) Who Can Be Sued?

The owner of a registered design can sue any person who has applied the design to an article without a licence from the proprietor, including a manufacturer, vendor or lessor of such an article, regardless of whether any sales or rentals were made.⁵⁸

The owner may also initiate infringement proceedings against any person who imports an article to which the design is applied without permission, so long as the article is imported for the purpose of trade or business.⁵⁹

(d) Basis of Claims

A proprietor's registered design will be infringed where the defendant, without permission, has applied the registered design or a design that does not differ substantially therefrom, to an article in respect of which the design was registered.⁶⁰

In determining whether there is a substantial difference between the registered design and the design of the allegedly infringing article, the court can consider the extent to which the registered design differs from previously published designs for similar articles.⁶¹ In doing so, the court is able to assess whether any common design elements are found on all articles of a similar type, and the relative importance of any differences. Furthermore, where certain elements of a design have a function that is purely functional, or is a result of the manufacturing process, rather than one that is aesthetic, small differences between the designs will be sufficient for a finding of non-infringement.

The infringing nature of the defendant's design is to be determined by the eye of the court and from the perspective of an "informed consumer." Due to the visual nature of the test for infringement, it is primarily the drawings that are compared. However, certain decisions have held that the written description may also be taken into consideration.

In its determination as to infringement, the court should consider whether:

- (a) There is a likelihood of confusion between the designs;
- (b) The allegedly infringing article would exist, but for the registered design;

- (c) The allegedly infringing article bears more resemblance to the original design, as opposed to any prior designs.

(e) Admissibility of Evidence

The parties to an action for infringement will be required to produce evidence both during examinations for discovery and at trial. The plaintiff has the burden of proving ownership and infringement of the registered design. The burden of proof as to the invalidity of a design falls on the person who has pleaded this argument.

The plaintiff's witnesses may be examined regarding the proprietor's title to the design, including their relationship with the author. Any agreements between the author and the proprietor or applicant, including employment agreements and transfers or assignments will be relevant to the plaintiff's case. Where the defendant seeks a declaration of invalidity or expungement of the design from the register, any technical drawings and previous drafts of the design will be relevant.

The production of any subsequent transfer or assignment agreements will also be relevant. Although the registration of transfers and assignment agreements with the patent office are no longer mandatory, an unregistered transfer will be ineffective against a subsequently registered transfer to another person.⁶² Furthermore, in order to benefit from the presumption of validity of the design pursuant to subsection 3(2) of the Act, the plaintiff must file a certified copy of the entry in the Register of Industrial Designs at trial.

Both parties will produce evidence as to the articles or kits that were made, sold, rented, exposed for sale or rent and imported for the purpose of trade or business in Canada by the defendant. The parties can also produce evidence from expert witnesses. For example, an expert witness may testify as to the prior art and any differences or similarities that they present with the plaintiff's design. The expert witness may also opine as to the utilitarian or functional nature of certain elements of the design, whether certain elements of the design are common to other similar articles in trade, or whether certain features of the design are dictated by the manufacturing process, rather than to have a purpose which is purely aesthetic.

Further evidence may be relevant, depending on the arguments raised on defense, such as the existence of an alleged licence or assignment between the proprietor and the defendant, or a lack of reasonable grounds to suspect the existence of a registered design.

57. Act, s 18.

58. Act, s 11.

59. Id.

60. Act, s 11(1).

61. Act, s 11(2).

62. Act, s 13(4).

Finally, both parties will produce evidence as to the existence and extent of damages suffered by the plaintiff or profits made by the defendant.

(f) Structure and Timing of the Proceedings

In federal court, a plaintiff would commence proceedings by filing a statement of claim⁶³ and serving it on the defendant within 60 days.⁶⁴ Where service is effected in Canada, proof of service must be filed by the plaintiff within 30 days. The defendant would then serve and file a statement of defense⁶⁵ or a statement of defense and counterclaim⁶⁶ as the case may be, to which the plaintiff will respond by way of a reply⁶⁷ (or reply to defense and counterclaim⁶⁸). Where a counterclaim is filed, the defendant will also be entitled to a reply.⁶⁹

The defendant may also wish to file and serve a third-party claim,⁷⁰ in order to name a co-defendant who is not already a party to the proceedings. For example, where a retail vendor of allegedly infringing articles is named as the defendant, a third-party claim against the manufacturer may be in order.

After the close of pleadings, all parties will be required to file an affidavit listing all relevant documents and serve it on every other party to the proceedings.⁷¹ Examinations for discovery will then be conducted between parties with adverse interests.⁷² If proceedings are taken by way of a simplified action however, parties will instead serve a list of relevant documents within their possession, power or control and examinations for discovery will take place in writing, with a limit of 50 questions per examination.⁷³

63. Federal Courts Rules, ss 63(1)(a) and 171(a)(i).

64. Federal Courts Rules, ss 203 and 204.

65. Federal Courts Rules, s 171(a)(ii).

66. Federal Courts Rules, ss 171(b)(i) and 189.

67. Federal Courts Rules, s 171(a)(iii).

68. Federal Courts Rules, s 171(a)(ii).

69. Federal Courts Rules, s 171(b)(iii).

70. Federal Courts Rules, ss 171(c)(i), 193 and 196(2).

71. Federal Courts Rules, s 223.

72. Federal Courts Rules, s 236.

73. Federal Courts Rules, ss 295 and 296.

Table 1. Table Of Tariff

Item	Assessable Service	Number of Units				
		Column I	Column II	Column III	Column IV	Column V
	A. Originating documents and other pleadings					
1.	Preparation and filing of originating documents [...]	1-3	2-5	4-7	5-9	7-13

At any time after the close of pleadings, a party who is ready for trial serves and files a requisition for a pre-trial conference, at which time the court will fix a trial date.⁷⁴ The plaintiff must serve and file the trial record at least 40 days before the trial,⁷⁵ and all parties must make any evidence to be adduced at trial available for inspection by other parties.⁷⁶

It takes approximately three years for an industrial design infringement action to get to trial in the Federal Court of Canada.

(g) Costs and Cost Reimbursement

As with other procedural aspects in design litigation, the regime for costs will differ based on whether proceedings take place in the federal or provincial courts. In federal court, the awarding of costs is discretionary, however the losing party will generally pay at least a portion of the winning party's costs ("partial indemnity" or "party-to-party" basis).

In exercising its discretion as to the awarding of costs, the court may take a number of factors into consideration, such as any written offers to settle, the conduct of the parties, steps taken by a party which were improper, vexatious or unnecessary, and the importance and complexity of the issues, amongst others.⁷⁷

In the federal court, cost awards are determined based on a tariff. For each recoverable fee in a proceeding, the tariff is separated into five columns, each one containing a range of units. For example, in the table of tariffs, the preparation and filing of a statement of claim resembles the following in Table 1:

74. Federal Courts Rules, ss 258, 262, 279 and 264.

75. Federal Courts Rules, s 268.

76. Federal Courts Rules, s 287.

77. Federal Courts Rules, s 400(3).

The value of one unit is adjusted on April first of each year by the chief justices of the Federal Court and Federal Court of Appeal, based on the consumer price index. As of April 1, 2019, the value of one unit is \$154.58 CAD. In an intellectual property case, whether relating to design law or otherwise, parties can be expected to receive approximately 20 to 25 percent of the fees they incurred.

Due to the complex nature of calculating an award of costs based on the tariff the court may also favour the award of a lump-sum amount.⁷⁸ Lump-sum orders are increasingly finding favour with the federal court.

Where the court seeks to sanction highly reprehensible or inappropriate behaviour, an award of costs on a solicitor-client basis may be granted.⁷⁹

(h) Enforcement of Decisions

In Canada, there are various mechanisms for the enforcement of court judgments and orders. Under the federal rules of procedure, these enforcement mechanisms may be applied to both interlocutory decisions, as well as any judgments and orders that finally dispose of a proceeding. Provincial legislation may differ however; in the province of Ontario, only judgments that dispose of a claim in full may be enforced.

Where the court orders a person to perform an act or to refrain from doing so (*i.e.*, an injunction) and the person does not comply with the judgment or order, the sanction is contempt of court.

Where the order or judgment is for the payment of a sum of money, the federal court may issue a writ of seizure and sale, ordering an appointed sheriff to collect the sum due to the successful litigant from the goods and chattels of the party against whom the order is made. It should be noted that even where this type of writ is issued by the federal court, the sheriff must comply with the applicable laws in the province where the property will be seized and sold.

On an *ex parte* motion by a judgment creditor, the court may also issue a garnishment order, requiring a third party to pay any debt owed to the unsuccessful litigant to the moving party instead.

Where the defendant is ordered to deliver up any infringing goods to the plaintiff, the court may issue a writ of delivery. Although a writ of delivery may allow for the seizure of specific goods or goods of similar value in the alternative, the scope is often restricted to include only the infringing articles in the context of an intellectual property dispute.

(i) Legal Remedies

In an action for design infringement, the court may grant a number of remedies to a successful plaintiff, including a permanent injunction, ordering the defendant to cease its infringing activities in respect of the registered design.

Where the defendant is successful in arguing that they could not have been reasonably expected to have knowledge of the registered design, for example in the absence of any markings on all or substantially all of the plaintiff's articles, the available remedies are limited to a permanent injunction. Otherwise, the plaintiff may generally elect between an award of damages or an accounting of the defendant's profits.

In the case of damages, the *quantum* is assessed by determining the profits that would have been made by the proprietor but for the infringing activities of the defendant, or the royalty that would have been made had the proprietor granted a licence to use the design. The burden of proof to establish damages lies with the plaintiff. If the proprietor cannot prove actual damages, only nominal damages will be awarded.

Alternatively, a successful plaintiff can elect an accounting of profits made by the defendant as a result of the infringement. As an accounting of profits is an equitable remedy, the court has the discretion to refuse such an award depending on several factors, including the conduct of the plaintiff (*ex. unreasonable delay, non-use by proprietor*). Assessing profits and which expenses are to be deducted is often a complex task.

Where the defendant has conducted themselves in a malicious, oppressive or reprehensible manner, the court may award punitive damages. Plaintiff must specifically plead this remedy.⁸⁰

In federal court proceedings, where most industrial design actions are instituted, any party may appeal the final judgment, by filing a notice of appeal within 30 days.⁸¹

(j) Service Abroad

In the context of federal court proceedings, service of documents abroad may be effected without leave of the court either in the manner prescribed by the rules governing federal procedure in Canada, or in the manner prescribed by the law of the jurisdiction in which service is to be effected.⁸² However, if service is to be effected in a country that is a signatory of the *Hague Convention*, service must be

78. Federal Courts Rules, s 400(4).

79. Federal Courts Rules, s 400(6)(c).

80. Federal Courts Rules, s 182(a).

81. Federal Courts Act, RSC 1985, c F-7, s 27(1) and s 27(2)(b).

82. Federal Courts Rules, s 137(1).

effected in the manner provided by the Convention.⁸³

Under the Federal Courts Rules, originating documents must be personally served on a party.⁸⁴ Except where a person is under a legal disability, personal service of a document on an individual may be effected in a variety of ways, including by leaving the document with that individual or with an adult person residing at the individual's place of residence, and by mailing the document to the individual's last known address, accompanied by an acknowledgement of receipt.⁸⁵ For personal service on a corporation, the document may be left with an officer or director, an individual working as legal counsel for the corporation, or any person that is apparently in charge at the head or Canadian office of the corporation.⁸⁶

In federal court proceedings, a plaintiff has 60 days to serve a Statement of Claim on the defendant once the pleading has been issued, regardless of where the defendant is located. Proof of service of the Statement of Claim is to be filed with the court within 40 days of service if the defendant is served in the United States, and within 60 days if the defendant is served anywhere else outside Canada and the United States. A defendant would then have 40 days to serve and file

a statement of defense if the plaintiff is served in the United States, or 60 days if the plaintiff is served in a country other than Canada or the United States.

(4) Influence of Foreign Decisions

Industrial design law in Canada was greatly influenced by English design law. When Canadian legislation relating to design registration was first enacted in 1861,⁸⁷ it was founded entirely on the English law in effect at the time. Although design legislation in Canada has evolved throughout the years, many decisions are still influenced by English case law.

(5) Design Enforcement Statistics

The law of industrial design as it exists today in Canada is still relatively new and is an area of intellectual property that sees infrequent litigation. Accordingly, few statistics exist regarding how effective plaintiffs and defendants have been in arguing or defending against allegations of infringement. For the same reasons, there are few statistics regarding the various strategies that can be used to attack the validity of designs. The preferred grounds for validity attacks appear to be that of functionality. ■

Available at Social Science Research Network (SSRN): <https://ssrn.com/abstract=3519234>

83. Federal Courts Rules, s 137(2).

84. Federal Courts Rules, s 127.

85. Federal Courts Rules, s 128.

86. Federal Courts Rules, s 130(1).

87. An Act to Amend the Act respecting Trade Marks, and to provide for the Registration of Designs, S.C. 1861, c. 21.