

## Law 601: Intellectual Property

### Idea as Property

**Exclusive possession:** characterizes an individual's ability to exercise power over a thing to the exclusion of all others (i.e. can stop someone from using laptop by locking it into an office)

- Exclusive possession is possible in case of tangible goods b/c they can occupy space and can remain in sole control of whoever possesses them
- Exclusive possession of ideas is impossible
- Ideas are non exclusive and non-rivalrous

**Non-Rivalrous:** something is non-rivalrous when my possession and enjoyment of it does not diminish your ability to do the same

### **The Economics of Ideas**

- There becomes less of an incentive for creator to toil in creation of ideas if once developed, they can be universally possessed without compensation
- **Natural Scarcity:** occurs when the supply of a natural resource is inadequate
- Natural resources are finite and market value usually increases when supplies become inadequate
- Ideas are not subject to natural scarcity
- Ideas can be possessed by the world at large, at virtually zero cost without any loss of enjoyment

**Artificial Scarcity:** occurs when an idea is rendered exclusives and rivalrous, thereby rendering its supply inadequate

- Artificial scarcity is introduced into the marketplace of ideas through the laws of intellectual property

### **Intellectual Property Law**

- Aims to protect products of the mind
- Although it protects to provide incentives to creators—it also recognizes that creators should not be allowed to monopolize their ideas indefinitely
- Creators should be able to build on creative works and ideas of those who came before them

**Intellectual Property law:** is a set of rules that aims to balance the rights of creators against the public interest

- It issues time-limited monopolies to certain types of innovations, goods and services, in exchange for permission to share them with the public

**Copyright:** does not protect ideas, but rather the manner in which ideas are expressed

- Rewards and protects author's efforts by giving the author an exclusive right to publish or control the distribution of creative works
- The *Copyright Act* provides creators with both economic and moral rights as incentive to produce creative expression
- Although copyrights can be registered, copyright protection arises automatically upon the creation of an original work in a fixed medium
- Unless ownership of copyright is somehow transferred to another person or waived, only the author is permitted to

produce or reproduce a work—and only author can authorize others to do the same

## **PATENTS (p.439)**

**Utility Patent:** protects functional aspects of invention

**Ex// Crocs:** passive restraint system that ensures strap stays in place and makes shoe more comfortable

- The first telephone is known as most valuable patent in history

**Design Patent:** Protects the aesthetics of an invention

**Ex// Crocs:** shape and location of ventilation holes, pattern on sole, shape and look of shoe strap

## **The Patent Bargain**

**Patent:** grant a time-limited monopoly to inventors, allowing them to exclude others from making, using, or selling a new and useful invention or improvement to an invention for a period up to 20 years from the date of filling an application

- They provide an incentive for research and development
- Patent protection allow inventors can be confident that the effort and money spent on creating new products will not be undermined by speedy copycat manufacturers trying to take advantage of invention once it hits marketplace
- In exchange for the fixed-term monopoly, patentees must disclose their inventions to the public

**Patent Bargain:** gives the patent holder a fixed-term monopoly in exchange for disclosing the invention to the public

- Disclosure allows other inventors to access and build upon the innovations in the patent
- The importance of searching patent literature before developing new technologies is key to avoid “reinventing the wheel”

### **Patentability**

- Patent Law Protects inventions which are defined in the Patent Act as “ Any new and useful art, process, machine, manufacture or composition of matter”
- Also allows for “New and Useful IMPROVEMENTS” of existing inventions
- “useful” does not necessarily mean invention must achieve public benefit—It is up to market not Patent Office to determine which inventions are useful

Patent is available only if it can be demonstrated that the proposed invention is:

Patentable Subject Matter  
Novel  
Non-Obvious  
Useful

### **Patentable Subject Matter**

- One cannot patent a newly discovered natural law, scientific principle, or abstract theory

- One cannot patent a medical treatment—although one can patent a drug used for the treatment of a disease
- Business methods are generally un-patentable in Canada although some have been allowed through indirect means
- The patentability of computer software is also difficult in Canada
- They are permitted in USA and have become highly profitable assets for software makers—specifically when product is in broad use or is needed as component for other software companies to build on
- In Canada the Patent Office has indicated that computer programs are not themselves patentable per se because they are considered to be scientific principle or abstract theorem
- Canada DOES NOT allow patents for higher life forms such as the transgenic Harvard mouse—genetically modified to carry an active oncogene • **Unpatentable:**
  - artwork, literature
  - mere scientific principle, abstract theorem (s. 27(8) of *Act*)
  - mental steps
  - computer programs (sometimes - *Schlumberger v. Canada (Commissioner of Patents)*, 1981 56 CPR (2d) 204 (CA))
  - methods of medical treatment (*Tennessee Eastman supra*)
  - higher life forms (“oncomouse” - *Harvard College v. Canada (Commissioner of Patents)*, 2002 SCC 76)

### **Amazon.com**

- claims directed to a “one-click” method of internet shopping
- Commissioner of Patents rejected application and applied new legal framework for determining if subject matter is patentable
- Federal Court overturned Commissioner’s decision on basis that Commissioner’s legal framework ill-founded

- Federal Court of Appeal generally agreed with Federal Court approach:
- a purposive claims construction is to be used for all purposes, including determining patentable subject matter
- there is no prohibition against “business methods” *per se*
- no “technological” requirement as a stand-alone test

## Forms of Patentable Inventions

### Form

### Example

*Product*----- A knife

*Composition*----- chemicals that remove rust from knife blade

*Apparatus*----- a machine that makes knife handles

*Process*----- a method of assembling knives

**Novelty**: means that the invention has not been previously disclosed and become known, or otherwise made available, to the public

### **Two Step Test for Anticipation (*Apotex v. Sanofi-Synthelabo*, 2008 SCC 61) (“*Sanofi*”):**

- ⊕ Disclosure: does the prior art disclose the invention such that practicing the prior art would be infringement (no room for experimentation; the prior art must fall within the scope of the claims)
- ⊕ Enablement: is the disclosure enabling, such that it teaches one of ordinary skill in the art how to make and/or use the

invention without need for any additional inventive step  
(routine testing or experimentation within the scope of one of ordinary skill in the art is allowed)

- Anticipation requires both disclosure and enablement by single prior art reference
- Does not mean that an inventor must prove that no one else has ever come up with the idea or built and similar product
- Even if invention is novel that it is the first of its kind in the world—if the inventor made invention available to public before filing a patent application, its patentability would be jeopardized • Disclosure can include:
  - Delivering a presentation about the invention in conference or trade show
  - Displaying the invention in a public place
  - Showing the invention to someone without requiring confidentiality
- The importance of confidentiality clauses in employment contracts is crucial

**Non-Obvious:** means that the item for which a patent is sought would not have been immediately obvious to technicians fluent in similar technologies

**s. 28.3 of Act: The subject-matter defined by a claim in an application for a patent in Canada must be subject-matter that would not have been obvious on the claim date to a person skilled in the art or science to which it pertains, having regard to:**

- information disclosed more than one year before the filing date by the applicant, or by a person who obtained knowledge,

directly or indirectly, from the applicant in such a manner that the information became available to the public in Canada or elsewhere; and

- ↳ information disclosed before the claim date by a person not mentioned in paragraph a) in such a manner that the information became available to the public in Canada or elsewhere.

### **Four Step Test for Obviousness (*Sanofi*):**

- 1. identify POSITA;
  - 2. identify relevant common general knowledge of that person;
  - 3. identify inventive concept of claim in question or if that cannot readily be done, construe it;
  - 4. identify what, if any, differences exist between matter cited as forming part of “state of the art” and inventive concept of claim or claim as construed; and
  - 5. viewed without any knowledge of alleged invention as claimed, do those differences constitute steps which would have been obvious to POSITA or do they require any degree of invention?
- Requires disclosure and enablement by one or more prior art references
  - Non-obvious requirements does not entail complexity and simple inventions can suffice
  - Many great inventions appear obvious AFTER their discovery (i.e. the spoon straw)
  - The Supreme Court of Canada says proper approach is to look at all similar inventions and ask if a technician would, “In light of the state of art and of common general knowledge as at the

claimed date of invention have come directly and without difficulty to the solution taught by the patent”

**Utility:** precludes products that have no useful function or that do not work from being patented

- It must serve some practical purpose (i.e. if manufacturing process has the effect of ruining the very items it is said to produce—it will be un-patentable)
- The utility requirement does not however preclude the patenting of a wasteful, unsafe, primitive, or commercially useless product
- claim is invalid where its scope is broad enough to include things that do not work and there is no evidence that the skilled person would understand to avoid using them

•

### Patent Anatomy:

- I. Title
- II. Field
- III. Background
- IV. Summary
- V. Description of Figures
- VI. **Detailed Description:** provides disclosure of the invention how it is made and used
  - Directed to a skilled person
  - Must set out “best mode”
  - Must enable the invention
  - Desirably covers the invention in both broad and narrow terms
  - Used to construe the claims
  - Claims are interpreted by what is said in description
- VII. Examples

## ~~VIII.~~ Abstract

### **IX. Claims\*\*\*(describe the fence around the monopoly of the patent)**

**Independent Claims:** stand on their own i.e A widget comprising a bell and whistle

**Dependent Claims:** incorporate features of other claims

i.e. The widget of claim 1, wherein the whistle is made of metal.

## X. Drawings

### **Patent Infringement**

#### **Inventorship**

- One who conceives the invention and reduces the idea to a definite and practical shape
- Inventor(s) may utilize the services of others, who may be highly skilled, but those others will not be co-inventors unless they participated in the conception as opposed to its verification

**Patent infringement:** claims are the means by which patent holders enforce the monopoly on their inventions

- Having a US patent, and avoiding infringing the US patents of other companies can become key risk management issues

from Canadian businesses—because US market is often most important market

- Federal Court of Canada generally hears most Canadian patent disputes

Defendants usually claim:

I. The disputed patent is not valid under criteria for patentability II. They are not infringing the patent **Time:**

- An action for infringement may be commenced only after the grant of the patent.

### **Burden**

- The burden of proving infringement lies with the person alleging infringement.

**Claims Construction:** is used to determine the area a patent protects as the invention

- After determining the “fenced off” area for the patent, court will determine whether patent is valid in terms of subject matter, novelty, non-obviousness, and utility
- The inventor may make his claims as narrow as he pleases within the limits of his invention but he must not make them too broad. He must not claim what he has not invented for thereby he would be fencing off property which does not belong to him.
- The language in which a patentee has cast his or her claims has been referred to by the Courts as protection from trespass - a fence within which he or she claims and outside of which others are free to roam.

- If court determines patent is valid, it will then determine if defendants are infringing the claims of the patent
- Courts ask if infringing product “appropriates its substance”
- The infringing product need not be exactly the same as the protected invention, but defendant must use “essential teachings of the claims compared to the prior art”

### **What do the words and phrases in the claim mean?**

- “**comprising**” - construed to mean named elements are present but claim may extend to embodiments with additional elements not explicitly recited in claim – creates open-ended claim
- “**consisting of**” - most restrictive transitional words, and serves to exclude substantially all non-recited elements from claim **How determined?**
- determined by Court with assistance of expert witnesses who understand the common general knowledge of a person of ordinary skill in the art (POSITA)
- claims read in context of entire specification
- should be approached to support a really useful invention

### **Purposive Construction**

- claim language must be read in an informed and purposive way by a POSITA, with a mind willing to understand, paying close attention to the purpose and intent of the author
- claim language thus construed defines the monopoly **What are the essential elements?**
- purposive construction will show some elements to be essential while others to be non-essential

### **Determination of Essentiality**

- made on basis of common general knowledge of a POSITA, as of publication date, having regard to whether

or not it was obvious to skilled person at that time that a variant of a particular element would not make a difference to way in which invention worked

### OR

- according to intent of inventor, expressed or inferred from the claims, that a particular element is essential irrespective of its practical effect **Who is the POSITA?**
- ordinarily skilled in art to which invention relates and possesses ordinary amount of knowledge
- “ordinariness” varies with subject matter
- can be composite of scientists, researchers and technicians, especially where invention transcends different disciplines
- ordinary worker is deemed un inventive, but reasonably diligent in keeping up with advances
- Not someone inventive—ordinary person who knows common knowledge of area

### **What is a variant?**

- onus is on the patentee to establish known and obvious substitutability at the date of publication of the patent
- no infringement if an essential element is different or omitted (i.e. if screw is essential—if another person makes something with staple they are not protected)
- may be infringement if non-essential elements are substituted or omitted

### **Limitation Period**

- each act of infringement gives rise to cause of action
- if patent has expired, can still sue for infringing acts committed while patent was in force

## Inducing/Procuring

### Three conditions must be met:

1. act of infringement was completed by direct infringer
2. completed act of infringement was influenced by seller/supplier, to point where infringement would not have otherwise occurred, but for influence exerted by seller/supplier
3. seller/supplier must have exercised influence knowing that its influence would result in completion of act of (direct) infringement, such as suggesting or implying an end use (*AB Hassle & Astrazeneca Canada Inc. v Apotex Inc.*, 2002 FCA 421 and *MacLennan*)

## Importation and Exportation Saccharin Doctrine

- derived from UK case (*Saccharin Corp. v. Anglo-Continental Chemical Works, Ltd.*, 1900 17 RPC 307)
- importation of product made abroad where patented process is used and is an essential aspect to end product is infringing “use”
- applied by SCC in *Monsanto*

## Incidental Use

- minimal or indirect “use” is still infringing
- innocent infringement not recognized (*Illinois Tool Works Inc. v. Cobra Fixations Cie/Cobra Anchors Co.*, 2002 FCT 829; affd 2003 FCA 358)
- defendant is either inside the claims or is not
- motive/intent is usually irrelevant **BUT** may be relevant to rebut presumption that possession is “use”, within s. 42 of *Act* and may affect remedy
- IN USA wilful infringement with allow for troubled damages... not in Canada though

## Legal Remedies for patent infringement...

### Damages • General

- restores plaintiff to position that it would have occupied had  
Damages might be calculated in part on basis of the royalty that infringer would have had to pay to the patent holder for use of invention

- **Aggravated**

compensatory damages over and above “general damages” caused by defendant's high-handed behaviour (wilful infringement)

- **Punitive**

- intended to punish defendant for malicious/outrageous conduct
- serves as deterrent
- very rarely awarded (*Lubrizol*)

Sometimes patent holder does not suffer damages directly but claims infringer has been enriched through illegitimate use of patented object or process—court may order an **accounting of profits** requiring infringer to transfer profits made through the use of the patent to patent holder  
plaintiff can elect to recover damages **OR** accounting of defendant's profits **BUT NOT** both and only after date of patent grant -- awarded at courts discretion NOT a right

Injunctive relief—court orders infringer to stop doing business in a way that interferes with patent holders rights  
Patent holder may ask for delivery of the infringing products

infringing items are “property” of plaintiff

### **Impeachment**

- the burden of proof lies with the person alleging invalidity to prove its allegations on the balance of probabilities **A “person interested” includes:**
- a defendant sued under some of the claims of a patent
- a former employer of the named inventor, which employer claims that the invention was obtained in violation of the employee's obligations
- a party is able to show that it is dealing with the same kind of product or process and is in competition with the patentee
- in an action for impeachment, it is usual to raise grounds of invalidity such as lack of subject matter, anticipation, obviousness, inutility (including lack of sound prediction and false promise), insufficiency and overbreadth of claiming
- the onus being on the party alleging invalidity to prove the same

### **Interlocutory Injunction**

- injunction that restrains infringement between start of infringement action and trial
- difficult to obtain
- must be irreparable harm to plaintiff if not granted (harm so extreme, damages will not compensate)

### **Exploiting a Patent**

- Patents can be exploited by their owners or licensees

- There is no provision in *Patent Act* which provides that an employer will own inventions patented by employees in the course of employment
- Unless a clause in employment contract states otherwise or the inventor was hired to invent and invention was created in the course of his or her duties, the patent belongs to the employee
- This is true EVEN IF the employee uses time and materials belonging to the employer
- Valuation of businesses includes its patent portfolio

### Means of profiting from patents...

Patent owner in some cases will choose to develop and market the product—owner then retains full control over the invention—owner also assumes all the risks

- if owner of patent is unable or unwilling to assume the risk, another option is the license the patent

### License

- patentee can impose restrictions on how the product may be used, **BUT** buyer must be notified at time of purchase
- licenses permit other businesses to bring the product to the market in exchange for royalties

**Exclusive License:** transfer all of the patent rights to a single licensee for the agreed period of time with only title remaining with the patent holder **Non-Exclusive**

**License:** can be granted to one or many licensees on a variety of different terms

- owner may choose to sell patent outright—owner receives lump sum without incurring any risk in the marketplace

## The Right to Use Another's Patent

- even if a person owns a patent, it does not prevent another individual from building an exact replica of the patented machine for his/her own private research as long as there is no exploitation of product for profit
  - **Repair and Maintenance**
  - life of patented article may be prolonged by repair, but if result is new merchantable article, it cannot be considered repair
  - where repair comprises furnishing of component which is patented article, it constitutes infringement
  - cannot rebuild or re-manufacture the article
  - test – is article new, merchantable one or is it old article, with new parts?\*
- 
- although it is usually infringement to make or construct patented item, users have right to repair and in some cases modify them
  - excessive modification might approach reconstruction

## International Patent System

- there is no such thing as an “international patent”
- there are some treaties however that are signed by many industrialized and developing world to harmonize many governing rules
- **Paris Convention** - “The periods of priority referred to above shall be twelve months for patents and utility models, and six months for industrial designs and trademarks.”
- Can ignore earlier filed application under certain conditions
- Inventors from a member state are granted a period of 12 months in which to claim priority back to their originating application within other member states

- This allows patentee to first file in Canada, then wait up to a year before having to file in other countries—reducing the cost of gaining wide protection while providing time for patentee in Canada to work the patent and gather funds for further protection in other jurisdictions

***Patent Cooperation Treaty (PCT)*** and ***European Patent Convention (EPC)*** have further streamlined process for getting protection by allowing a single application in one language

- The Treaty makes it possible to seek patent protection for an invention simultaneously in each of a large number of countries by filing an

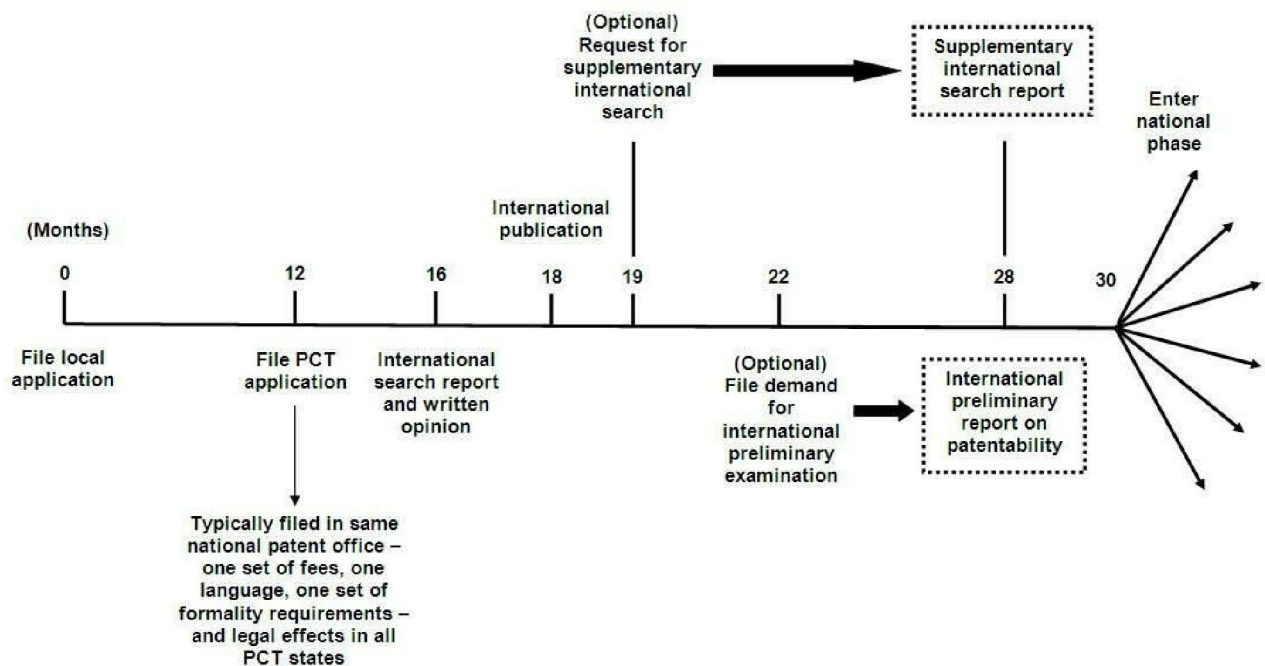
*'international'* patent

application **PCT: Who?**

- National or resident of PCT member state
- Non-members states include: Taiwan, Thailand, Argentina, Chile, Uruguay, Venezuela, Saudi Arabia, Iraq, Iran, Afghanistan and Pakistan **PCT: Where?**
- In the national office of the country of residence or the country of which the inventor is a national
- Ensure you check national rules on first filing (e.g. U.S. and Russia)
- In the International Bureau in Geneva **PCT: When?**
- Within 12 months of filing first application – based on Paris Convention priority
- PCT may accept filing based on holidays, but national offices may not

## As the first application **PCT: Why?**

- ☛ Delay of filing costs – filing fee is approximately \$3000, examination fee is \$1000
- ☛ 30 months to enter national phase in most cases
- ☛ Single application, easier to track
- ☛ Examination prior to entering national offices
- ☛ Opportunity to amend application prior to entering national phases



## PCT Pros and Cons

Pros: defer cost; easier to track one application rather than several; initial examination can be helpful

Cons: more expensive if not going into a lot of countries;

## Canada

- ☛ First to file
- ☛ Inventor grace period – 1 year (after it has been disclosed to filed patent)

- Small entity status
- Patentable subject matter specifically limited by statute:  
*“No patent shall be granted for any mere scientific principle or abstract theorem”*

### **Canada**

- Request for exam – 5 years
- Always published (18 months)
- No continuation practice
- No terminal disclaimer
- No opposition

### **Europe (EPO)**

- Regional office – (EN, FR or DE)
- Not the same as the EU  
e.g. Switzerland not a member of the EU, but member of EPO)
- First to file
- Absolute novelty\*\* - super important... there is no grace period for inventor, once it is published it would not be patentable in EU
- Exception: 6 month if disclosure at recognized event

### **Europe (EPO)**

- Specifically states non-patentable subject matter:
  - (a) discoveries, and theories;
  - (b) aesthetic creations;
  - (c) methods for performing mental acts, playing games or doing business, and programs for computers; and
  - (d) presentations of information
- Publication and exam
- Validation after allowance
- *Translation costs— for every country you choose to patent in*

- Reduced by the London Agreement – Members don't require translation or complete translation
- *Opposition*
- Grounds include: non-patentable subject matter, insufficient disclosure, extends beyond original disclosure, anticipated or lacks inventive step
- Can be filed by any person within 9 months from the publication of the mention of grant of a EPO patent
- Opposition is an *intra partes* procedure **U.S.**
- Provisional applications– cheaper than formal application, goes for 12 month then dies—no publication
- First to invent switching to First to file
- Inventor grace period – 1 year
- No publication if not filed anywhere else
- *Continuation practice*
- A continuation application claims priority to an earlier filed application. A continuation-in-part application claims priority to an early application, but adds subject matter not disclosed in the earlier filed application.
- *Terminal disclaimer*—if it looks like you are double patenting you can get a terminal disclaimer
- Continuation patent will expire at the same time as the parent patent
- *Post-Grant Review (PGR)*:
- 9 month period after grant when patent can be challenged on any ground
- High standard
- *Intra-Partes Review (IPR)*:
- After 9 months challenge is limited to novelty and obviousness based on publications
- Lower standard
- *Small entity status*
- 50% fee reduction – if entity employs less than 500 people • *Micro entity status*

75% fee reduction – for independent inventors with no obligation to assign that don't frequently file applications

### **Patent Prosecution Highway (PPH)**

- Prioritizes examination when at least some claims have been allowed at another patent office
- Partner offices include:
  - German Patent and Trade Mark Office;
  - Japan Patent Office;
  - United Kingdom Intellectual Property Office; and
  - United States Patent and Trademark Office

### **Patent Strategy**

- In Canada and the USA, once the invention has been made available to the public, you have 12-months to file a patent application
- In Europe, you cannot file for a patent application if the invention has been made available to the public (“absolute novelty”) (even if no one has seen it) **Where Can Patent Be Enforced?**
- Some countries are “fairer” than others when it comes to patent enforcement
- It is realistic to enforce patent rights in Canada, USA, etc.
- It can be difficult to enforce patent rights in foreign jurisdictions such as Japan, Korea, China, India, Indonesia

### **Industrial Designs**

**Industrial Design:** consists of features of shape, configuration, pattern, or ornament applied to a finished article to improve its aesthetic appeal

- Distinctive products can be considered intellectual assets
- Because industrial design seeks to protect only the visual appeal of an object, you will not be permitted to register designs that are purely functional in nature, have no fixed appearance, or that are not clearly visible, such as those hidden from view
- Cannot register the use of particular materials or colors
- In some cases however; a unique pattern that is created through arrangement of certain tones will qualify
- An industrial design is ONLY PROTECTED if it is REGISTERED
- Industrial Design Act* protects original designs for up to 10 years by preventing others from making, importing for trade, or business, renting, or selling the design
- After 10 year term—design falls into public domain
- a failure to mark the design will limit remedy to injunction if infringers can prove they were unaware and had no reasonable grounds to suspect that design was registered
- Registrants must enforce rights within 3 years of alleged infringement

## **Disadvantages of Patents**

- Time to issuance
- Cost

## **IP Comparisons**

### **Trade Secrets**

- Used to protect compositions and methods that are either not amenable to patent protection or that a greater than 20 year monopoly would be desired
- Reverse engineering
- Confidentiality

### **Patent Process**

#### **Prior to Filing Patent Application**

##### **Patentability Search**

- Useful to conduct a patentability search prior to filing a patent application
- Purpose of the search is to refine the claim scope before filing a patent application, and/or
- To save the cost of prosecuting non-inventive subject matter

##### **File Patent Application**

###### **What to provide your patent agent with?**

- Subject matter of the invention
- A broad description of the invention

- Objectives of the invention
- Features of the invention that are new and distinct
- The results of laboratory or commercial tests
- Lists of relevant patents or technical articles already found
- Any disclosure you have made— HAS TO BE NEW, no one could have seen it before so watch before you disclose
- Your name, address and citizenship

### **What Has to be Filed in Canada**

- Indication, in English or French, that a patent is sought
- Inventor's/applicant's name
- Inventor's/applicant's address or patent agent's address
- Description of invention, in English or French
- Entity Status
- Filing Fee
- Claims do not need to be filed...
- Need to file each national office
- Different timelines
- Different requirements for jurisdictions
- Provisional or regular application (in the US, explain later)

### **Description**

- Addressed to persons skilled in the art or science to which the invention pertains
- Written so that the invention may be put into practice
- Must explain how it is manufactured and come up with as many alternatives as you can so everything is covered  
*"What is your invention? How does it work?"*

### **Claims (Most important part of patent app)**

- Analogous to building a fence around your monopoly

- Draft the claims so your invention is defined broadly enough to provide maximum protection while at the same time being specific enough to differentiate from prior art
- After issuance, your claimed invention cannot be used freely by others until the patent expires

### **Formalities and Publication**

- Request for Examination (5 years to examine patent but can cost around \$800)
- Entitlement and Assignment – are you entitled to invention? Or is your place of work entitled
- Publication (18 months after file, it is published)
- This is done to encourage people to invent by seeing other patents and creating NEW patents

### **Examination Formalities**

- Figures - reference numbers
- Description - incorporation by reference, reference to non-published documents, broader than the claims and typos
- Claims – antecedents, desired result
- Substantive issues (subject matter, novelty, obviousness, utility)
- Formalities (form, page numbering, figures, etc.) • Referred to as Official/Office Action
- Why is no rejection a bad thing?

### **Substantive Issues**

- Subject matter – solution to technical problem, method of medical treatment, professional skill, abstract idea and physicality
- Unity of invention – *a priori* and *a posteriori* evaluation; groups
- Novelty – single reference—one patent
- Obviousness – multiple references and knowledge in the field

## Response

- Amend the application and/or
- Argue to overcome
- You can amend before examination
- Why else would you amend besides responding to the Office Action
- Amend the claims or other parts of the application
- Process to Amend differs slightly in different jurisdictions

## Divisional Application

- Do not voluntarily file divisional, only in response to unity objection (double patenting)
- Must be filed prior to parent application lapses or being issued
- Divisional application gets parent application's filing date and requires fees based on filing date of parent application upon filing
- Divisional application cannot contain matter not reasonably inferred from original application
- Can file multiple divisional applications

## Allowance

### Congratulations!

- Review final application
- Consider filing divisional applications
- Consider amendment after allowance
- Pay final fee
- Review issued patent for errors • Make sure you review your patent!
- Sometimes you need to pay a fee to get the patent after it is allowed
- What can you do if you don't get your patent?
- What if you want to change your patent after you get it?

← Why would you want to do this?

### **Post-Allowance/Grant Amendments Clerical Errors**

← Errors made in the mechanical process of transcription.

### **Amendment after Allowance**

← Clerical errors that are obvious can be made without paying fee

← Other amendments can be made with fee payment (\$400), but not if they would necessitate a further search

← Can only amend obvious errors or errors that would not require a further search after Final Fee paid

← Don't pay final fee and let application go abandoned then amend, even if further search is required application will go back to Examiner

← This can only be done once

### **Disclaimer**

← Patentee can disclaim anything included in the patent by mistake – claimed more than was his/her right

← Disclaimer can only narrow

### **Re-Examination**

← Anyone can request re-examination: submit publication and pertinence

← Must raise *a substantial new question of patentability*

← Panel first considers if there is a new question, then argument

← Claims may be amended by patentee

← Re-examine can only narrow

### **Reissue**

← Patentee may surrender patent within 4 years of issue date

← Submit amended description and claims because patent claimed more or less than he/she had a right to claim as new

- ← Reissues can broaden and narrow

### **Miscellaneous Filing Protests and Prior Art**

- ← Anyone may raise questions about the patentability of your invention once your application is published by filing art
- ← May include the pertinence of the art

### **Advanced Examination**

- ← Applicant must state that you would be prejudiced if it is not granted (e.g. ongoing infringement)
- ← Additional fee

#### **• Timelines**

- |                                |                    |
|--------------------------------|--------------------|
| ← File application             | <b>0 months</b>    |
| ← File subsequent applications | <b>12 months •</b> |
| Applications published         | <b>18 months</b>   |
| ← Examination                  | <b>???</b>         |
| ← Allowance                    | <b>?????</b>       |

### **Trademarks**

**Trademark:** is a word or words, symbol, or design that is used to distinguish one person's goods or services from another's In the marketplace

- ← Trademarks protect the image and reputation of the business, its brand recognition and goodwill
- ← Necessary to distinguish the origin of goods and services
- ← In the serving the public interest, a trademark is “a guarantee of origin and inferentially, an assurance to the consumers that quality will be what he or she has come to associate with a particular trademark

## Underlying Principle

- **The “Source Theory” “Distinctive”** in relation to a trade-mark, means a trade-mark that actually distinguishes the wares or services in association with which it is used by its owner from the wares or services of others or is adapted so to distinguish them

## **Trade-marks can be...**

- ← Words
- ← Designs
- ← Words + Designs
- ← Colour (i.e. red on soles on Loubuton’s, Orange Home Depot– must use it in a distinguishable way)
- ← Sounds (registerable?)(roar of Lion on MGM films– still pending for over 10 years– not clear if sounds are registerable in Canada– Sound is not a mark so it should not be trademarked?)
- ← Motions, 3-D, holograms (registrable?)

**...and are always associated with specific wares and or services**

## **Why Trademark Law Is Important to Businesses**

- ← Success of any product or service frequently depends on the public’s perception of the business that offers it
- ← Consumers are often incline to choose products or services with familiar names or symbols especially if they are associated with quality
- ← Trademark law is also meant to protect businesses that invest in brands and similar forms of corporate identification
- ← Trademarks can be sold, licensed or exploited for profits

- Only goods and services that are registered or associated with the trademark are protected (i.e. I can use Coke in a sentence, but not with a drink product that I want to sell)

### **Acquiring A Trademark**

- Trademark protection is gained in Canada both through common law and by way of statute
- Both methods require prior use before trademark rights would be recognized
- Registered trademarks allow companies to associate their marks with particular goods and services in a national registry
- By registering the use of a name or mark, your company is protected across Canada for 15 years and can be renewed indefinitely
- Trademark registration is not absolute proof of ownership but it does provide registrant with certain advantages
- Scope of protection for an unregistered mark is much narrower—trademark law protects companies who spend time and effort creating unregistered brand recognition—common law doctrine of passing protects such marks only in the geographic area where the company has established a reputation
- Outside geographic area companies are generally free to use the same mark

## **2 Main Types of Trade-mark Rights**

• Common Law Rights

• Registered Rights

• **Also, development of “goodwill” through use of a trade-mark**

• **“Use” is an essential element of acquiring rights in a trade-mark** “Use” with wares- trade-mark must be marked

on the wares themselves, the packaging of the wares or otherwise associated with the wares at the time of transfer to the consumer (i.e. labels on coke bottle, hangtags in clothes)(harder to establish– MUST BE TRADEMARKED AT TIME OF TRANSFER))

“Use” with services- trade-mark must be used or displayed in the performance of the services or used in the advertising of the services (i.,e. Accounting or law services advertised on TV)

### **Common Law Rights**

- Acquired by using a trade-mark- no formal application/registration requirement
- Only get rights where you used the trademarks (i.e. if you only sell in Toronto– rights are not valid in B.C for example)
- Applicable only to geographic location of use (rights essentially tied to area in which owner has developed a reputation in its trade-mark)
- Options for enforcing rights limited and the common law rights in the trademark must be established by the trade-mark owner if action taken against third parties
- Provide some options for brand owners but not extensive protection

### **Registered Trade-mark Rights**

- Acquired only if application filed with the Canadian Trade-marks Office (or in other jurisdictions if protection abroad is desired)
- Rebuttable presumption of validity
- Exclusive use throughout Canada

- Registration (and even filing of an application) provides notice to third parties of mark
- Can prevent addition of a subsequently confusing trade-mark on the register
- More options for claims against third parties (e.g. infringement, depreciation of goodwill) and broader remedies available
- Defence to claims made by third parties

### 3 basic categories

**Ordinary Marks:** words, symbols, or designs that distinguish (the goods and services of your business i.e. Tom's House of Pizza,) or slogans (i.e. Pizza made to perfection!)

**Certification Marks:** identify goods or services that meet a standard set by governing organization (i.e. Recognized by the Canadian Dental Association)

.... means a mark that is used for the purpose of distinguishing or so as to distinguish wares or services that are of a defined standard with respect to

- (a) the character or quality of the wares or services,
- (b) the working conditions under which the wares have been produced or the services performed,
- (c) the class of persons by whom the wares have been produced or the services performed, or
- (d) the area within which the wares have been produced or the services performed,

from wares or services that are not of that defined standard

**Distinguishing Guises:** identify the unique three-dimensional shape of a product or its package

- ~~(a)~~ a shaping of wares or their containers, or
- ~~(b)~~ a mode of wrapping or packaging wares
  - the appearance of which is used by a person for the purpose of distinguishing or so as to distinguish wares or services manufactured, sold, leased, hired or performed by him from those manufactured, sold, leased, hired or performed by others (i.e. Unicef box, Listerine bottle)

### **Official Marks (aka Section 9 Marks)**

- Marks that are adopted and used by any public authority in Canada and published by the Trade-marks Office under Section 9 of the *Trade-marks Act*
- Unlike trade-marks, rights not limited to specific wares and services
- Once published, no person can adopt the Official Mark or any mark that nearly resembles the Official Mark as a trade-mark or in connection with a business without consent from the public authority
- Coca Cola cannot have an official mark because it is not public
- Do not get registered– they are published in Trademark Journal– Do not need to be renewed (i.e Ryerson University, Sick Kids Foundation)

## Trademark Infringement and Passing Off

- Most common type of trademark infringement is when company represents business, goods, or services as someone else's through confusingly similar mark or name
- Passing Off:** a tort that occurs when a company represents its business, goods, or services as someone else's through confusingly similar mark or name
- This cause of action protects both registered and unregistered trademarks
  - To succeed, business claiming that mark or name has been illegitimately used must prove 3 things:
    1. That the business had established a reputation of goodwill in its name, mark, or logo
    2. That the imposter represented itself in a manner that resulted in misrepresentation or confusion to the public
    3. That the established business suffered or is likely to suffer harm
  - Confusion in the marketplace is also grounds for one business to oppose another's attempt to register a trademark in the first place

## Types of Trademark Infringement

- Occurs when exact imitation of trademark is used without permission (i.e. a knockoff—an item for sale that looks very much like a product made by trademark holder and represented by similar mark)
- When another mark has effect of confusing consumers (i.e. through similar words or phrases)
- **Trademark Depreciation:** occurs when one person uses the mark of another to depreciate the value of its goodwill (i.e.

when Perrier water sued Canadian company that called its beverage “Pierre Eh”)

- Foreign party imports an authentically branded product into Canada as though it was the authorized Canadian distributor

### **Legal Remedies**

- Trademark holder will claim damages from infringement of its exclusive right to hold the mark
- Sometimes trademark holder doesn't suffer damages but claims infringer has been unjustly enriched through illegitimate use of mark—if profit has been earned court may order accounting of profits
- Injunction—court will make order restraining infringer from continuing to do business in manner that involves illegitimate use of the mark
- Sometimes infringing party is order to deliver up the infringing materials— turn over goods bearing the mark to the trademark holder or to otherwise dispose of them

### **Trademarks V. Other IP**

- Copyright can exist in trade-marks with significant design element and rights can be used together to enforce IP rights in a brand(i.e. in competing commercials Tide cannot use “sunlight” logo to say their product is better b/c of copyright)
- Interplay between patent and trade-mark rights not common but can occur eg. Lego case: Owners of Lego had patented the building blocks and attempted to extend monopoly by applying for protection under the Trademarks Act as a distinguishing guise “*To be a valid trade-mark within the Act, the mark cannot be primarily functional*”

## **Can be overlap between trade-marks and industrial designs**

- an applicant can first have a registered industrial design, then after significant use in Canada apply for protection under the Trade-marks Act as a distinguishing guise (*“industrial design”* means 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)

### **Compare with “trade-name”**

*means the name under which any business is carried on, whether or not it is the name of a corporation, a partnership or an individual*

## **Trademark Registration Process 1. Pre-Application Pre-clearance/availability searches**

- Consider conducting in multiple jurisdictions if goods/services likely to be international
- Can be of both registered trade-marks and common law
- Helps identify potential risks associated with adoption of trade-mark

Ideally conducted before trade-mark is put into use- if serious issues revealed by search, decision can be made to modify or pick a different mark

- ✦ But, “clear” search does not guarantee that trade-mark is available/without issues– searches also cost a lot of money

## 2. Filing of Application • Standard required information

- ✦ Applicant name and address
- ✦ Identity of trade-mark and description
- ✦ List of wares and services (Canada uses plain language whereas other places use different descriptive process— launching in Canada can be more difficult) **Filing basis**
- ✦ Proposed use
- ✦ Use and application/registration abroad
- ✦ Use in Canada
- ✦ Made known in Canada (i.e. spillover advertising when TV commercials run in Canada but stores not in Canada yet)
- ✦ Required statements re: applicant satisfied it is entitled to use
- ✦ Priority claim (if applicable)—if you file in the first six months after filed in Canada, you get to you Canadian filing date for international applications)

## 3. Examination

- ✦ The Trade-marks Division of the Canadian Intellectual Property Office (“CIPO”) examines application for compliance with technical filing requirements and substantive content to confirm trade-mark is acceptable for registration in Canada
- ✦ If Examiner objects to application for any reason, an Examiner’s report is issued detailing the objection and setting a deadline by which the Applicant must respond

- Multiple Examiner's reports can issue - examination can take years... **Section 12 of the Trade-marks Act sets out objections that can be raised during examination including:**
- "primarily merely" the name or surname of an individual living or died in past 30 years
- More famous you are—more trouble you will have getting your mark through
- Clearly descriptive or deceptively misdescriptive of the associated wares and services (i.e. Cat Food for Cat Food)
- The name in any language of the associated wares and services
- Confusion with a registered trade-mark
- Prohibited by Section 9 of the *Trade-marks Act* (so nearly resembling as to likely be mistaken for an Official Mark)

#### **4. Approval and Advertisement**

- Once all objections have been dealt with/overcome in Examination, the application is approved for advertisement and advertised to the public in the Trade-marks Journal (published weekly)  
Any third party has 2 months from the date of advertisement to object to registration of an advertised trade-mark by commencing Opposition Proceedings

#### **5. Opposition Proceedings (possible)**

- Only occur if a third party objects to registration of the advertised trademarks
- Summary type proceedings that are handled by the Opposition Board of the Trade-marks Office, but can be lengthy and very costly

- Oppositions are commonly used for strategic purposes beyond simply not wanting to see a trade-mark registered
- To be discussed in detail in Session 8

### **6. Allowance**

- An application will be allowed once the advertisement period has ended or once any Opposition proceedings have ended (and not resulted in abandonment of the application)
- If application based on proposed use in Canada, Applicant must file a Declaration of Use confirming that the mark has been used in Canada with the wares and services in the application before the registration can issue
- For all other types of applications, Applicant must simply pay the registration fee— unless you filed before you used trademark then you have to file declaration of use

### **6. Registration**

- Issues upon payment of registration fee (and filing of Declaration of Use if applicable)
- Valid for 15 years, renewable for subsequent 15 year periods (indefinitely)
- No requirement to show continued use of trade-mark (unless registration challenged by a third party)

### **What Makes a Strong Trademark**

- Arguably, coined words that are in no way suggestive/descriptive of the associated wares and services are the strongest trade-marks
- Such marks have a high level of inherent distinctiveness
- Ex// Google, IKEA

**Any of the following will lessen the inherent distinctiveness of a trade-mark to some degree**

- Containing or comprised of words (written or sounded) that are suggestive of or describe the associated wares/services, the manner in which they are produced or performed or the effect of use (i.e. healthy options for processed meats and other foods which is descriptive of wares)— pizza pizza is a case that is registered because it says the ware name twice
- Containing or comprised of a name or surname (celebrities have difficulty getting names registered)
- Containing or comprised of an indication of origin (eg. Country, city, region)--
- Containing words, symbols or designs in common use with similar wares/services
- Marks consisting solely of letters and or numbers  
However, while unique, coined words generally make strong marks, effectiveness of mark could be lessened if too unique/cumbersome for customers in target market to remember/pronounce  
Ideal to have mark easily recognizable and communicated within the intended market (no one is going to remember the whole verse therefore not a strong mark)
- Ex// Meloche Monnex—people can't find this mark which makes it ineffective
- The strongest trade-marks are distinctive, unique and so dissimilar to other brands that there is no likelihood of the mark being mistaken for others, particularly in association with similar wares/services
- No company wants consumers to be guessing as to whether goods or services are performed by them or a competitor- this

means your mark is not distinctive of your goods/services and, therefore, not strong

- ← Ideally, a trade-mark will immediately on first impression convey to the consumer the source of the goods/services and the general characters/qualities associated with those goods/services- otherwise there could be confusion in the marketplace

### **Confusion**

- ← Just because marks are the same/similar does not necessarily mean they are confusing...
- ← Question to be asked is whether the average consumer on first impression having an imperfect recollection of the first mark would think that the wares/services of the second mark originated from the owner of the first mark- if yes, confusion...

***Trade-marks Act* sets out specific factors to be considered for the assessment of confusion:** 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-marks 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.

### **Alavida Case**

Superior rights are with the person who is first to use the trade-mark anywhere in Canada, whether such adoption is by filing an application in Canada, making a trademark known in Canada, or using the trade-mark in Canada—Masterpiece was used since 2001 and Alavisa used after 2005. Even though they were not used in same geographical areas— Alavdia applied for trademark that madeit good throughout Canada. Masterpiece won case at Surpreme Court and Alavida's trademark was taken off registry b/c common law rights were attributed to Masterpiece.

### **Famous Trademarks**

### **Entitled to broader protection but not unlimited protection**

- A trade-mark's fame is capable of carrying across product lines, but fame is not a "trump" card see *Mattel, Inc. v. 3894207 Canada Inc.*, 2006 SCC 22 where Mattel unsuccessfully challenged registration of BARBIE with restaurant services and *Veuve Clicquot Ponsardin v. Boutiques Cliquot Ltée*, 2006 SCC 23 where the defendant clothing boutique was found not to infringe the rights in the VEUVE CLICQUOT champagne trade-mark
- However, the broader the use of the trade-mark, the broader the protection can be expanded based on fame ex. broad use of Virgin trade-mark

### **International Branding Issues**

- Be careful to ensure your trademark does not offend others (i.e WTF— Taikwandoo may be offenses)
- Similar names and different businesses
- What is acceptable in some places may not be acceptable in others (i.e. Starbucks logo does not have the woman in Saudi Arabia)

### **Recent Trends in Trademarks**

- Eliminate unnecessary word matter—i.e Starbucks no longer has its name on its logo
- Make softer and more friendly—walmart and Kraft recently re did logos • Stick with existing, known and reliable brands—just expand product line (i.e. Dove care for men)

## French Language Considerations

- Public Signage must be markedly predominant in French
- Narrow exemption for trade-marks- but if registered in French must be used in French

## Summary of Considerations

### When selecting a new mark:

- Conduct availability searches in relevant jurisdictions- register and common law
- Consider whether marks/names revealed by search are absolute bars, potentially problematic or relative non-issues
- Ask if mark has a specific meaning in other languages/cultures that may be unfavourable or make mark weak (i.e. if word matter is descriptive, a surname etc.)
- Ask if mark will be easily remembered and understood by target/relevant consumer base

## How To Protect Existing Trade Marks

- Essential to maintain distinctiveness of a trade-mark to maintain strength of the mark and prevent others from using similar trade-marks Primary concerns:

- 1. Dilution
- 2. "Genericization"
- 3. Counterfeit and Gray Market Goods

### Dilution

- If everybody's using it it's going to be more difficult to claim it's yours

Dilution can occur even if trade-mark used by related entities

- essential to have all marks of a specific brand owned and controlled by the same company
  - the right to use the marks of a brand can then be licensed to others to use (as desired)

### **“Genericization”**

- Strong marks can become weak if used as descriptive terms, verbs etc.
- May have to take active steps to prevent trade-mark from becoming a generic term or take reactive steps to reinstate the trade-mark status ex. “KLEENEX Brand”

### **Counterfeit and Grey Market Goods**

- Counterfeit and grey market goods of different (generally lesser quality) than authentic local goods can affect brand reputation and depreciate goodwill in the trade-marks
- Aggressive enforcement to prevent counterfeiting – restricted by availability of law enforcement/resources in jurisdiction
- Public awareness campaigns (particularly if product/public safety is an issue)
- Circulation of grey market goods needs to be addressed in manufacturer/supplier/distributor agreements

### **Trade Secrets Trade secrets**

- Used to protect compositions and methods that are either not amenable to patent protection or that a greater than 20 year monopoly would be desired
- Reverse engineering
- Confidentiality
- To what extent is the information known outside the business?

- To what extent is the information known by employees and others involved in the business?
- To what extent are measures undertaken by an employer to protect the secrecy of the information?
- What is the value of the information to the employer?
- What amount of effort or money has been expended by the employer in developing the information?
- What is the ease or difficulty with which the information could be properly acquired or duplicated by others?

### **KFC**

- Spice mix made at three different locations in the U.S., no one location knows the complete recipe
- A signed copy of Sanders' recipe is kept in a vault in corporate headquarters, along with 11 vials containing the recipe's herbs and spices
- Only two people in the entire organization know the recipe in its entirety
- A third knows the combination to the vault
- Few people know the identities of the three executives, who are not allowed to travel together on the same plane or in the same car

### **Coca Cola**

- Contains: carbonated water, sugar, caffeine, phosphoric acid, caramel color, and natural flavourings
- Formula of natural flavourings is a trade secret
- Original copy of formula was held in SunTrust Bank's main vault in Atlanta for 86 years.

- On December 8, 2011, the original secret formula was moved from that vault to a new vault that is on display in the World of Coca-Cola museum in downtown Atlanta.

### **Gillete Razors**

- In the U.S., stealing trade secrets is a federal crime
- In 1997, an employee stole several trade secrets, including drawings of razor designs and data, and sent them to Bic, Warner-Lambert, and other competitors
- Employee pled guilty to five counts of theft of trade secrets and received a sentence of 27 months in jail and over a million dollars in fines

