

# INTELLECTUAL PROPERTY

ANNUAL REVIEW 2013



**FINANCIER**  
WORLDWIDE corporate finance intelligence

# CANADA

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**Q HAVE THERE BEEN ANY RECENT LEGISLATIVE OR REGULATORY DEVELOPMENTS IN CANADA THAT WILL AFFECT INTELLECTUAL PROPERTY GOING FORWARD?**

**ROWDEN:** The biggest development is the introduction of Bill C-56, new legislation amending the Trade-marks Act and the Copyright Act to provide improved remedies for counterfeit enforcement, and to make a number of revisions to the Trade-marks Act. The Bill, entitled the Combating Counterfeit Products Act, includes new criminal sanctions for trademark infringement, adds provisions permitting registered trademark owners to ask for Customs assistance to detain imported counterfeit goods, provides for possible registration of new 'non-traditional trademarks', and changes to prosecution and opposition proceedings.

**Q COULD YOU OUTLINE ANY HIGH-PROFILE COURT CASES AND DECISIONS THAT HAVE ARISEN OVER THE LAST 12 MONTHS? WHAT IMPACT COULD THEY HAVE ON THE MARKET?**

**ROWDEN:** Focusing on trademarks, one of the most interesting decisions involved a long-standing dispute over the well-known Marlboro cigarette mark. In Canada, the trademark is owned by Marlboro Canada, a subsidiary of Imperial Tobacco, whereas the mark is used and registered in most other countries world-wide by Philip Morris. After years of selling cigarettes in Canada under names such as Matador or Maverick with trade dress features similar to those used on its Marlboro packaging sold in other countries, Philip Morris introduced a 'no name' package in Canada with those same trade dress features, and brought a motion for a declaration of non-infringement. Marlboro Canada counterclaimed for infringement of its registered Marlboro mark, despite the fact that the mark didn't appear on the packaging. The Court of Appeal found that the test for confusion was broad enough to encompass a similar "idea" and that consumers would be confused. Leave to appeal to the Supreme Court of Canada was refused. While highly fact specific, it shows that courts are not limited to assessing confusion from a side-by-side comparison of marks, if the surrounding circumstances may lead to consumer confusion.

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**Q** IN YOUR EXPERIENCE, ARE COMPANIES DOING ENOUGH TO MANAGE THEIR IP PORTFOLIO EFFECTIVELY? WHAT KEY CONSIDERATIONS DO THEY NEED TO MAKE?

**ROWDEN:** Many large IP owners today operate under increasing pressures for fast decision-making, with smaller budgets and fewer staff. Social media has also changed the way many companies advertise their brands, and has also forced companies to re-evaluate how they respond to unauthorised online activities. Increasing the numbers of gTLDs has posed both opportunities for some, but mostly concerns for many about how to address potential new domain name uses. Firms must now address, as early as possible, how new IP, including both patents and trademarks, will be used. The geographic extent of use and display, the length of time of use, and the likely exposure may impact both whether searches are conducted, and whether applications should be filed.

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**Q** WHAT ADVICE WOULD YOU GIVE TO COMPANIES ON PATENT PROTECTION AND ENFORCEMENT? HOW IMPORTANT IS IT TO POLICE AND MONITOR IP RIGHTS IN TODAY'S GLOBAL MARKETPLACE?

**ROWDEN:** In an increasingly competitive marketplace, monitoring the patent rights of your competitors is essential. Not only can this give you advance warning of where your competitors might be heading with their innovations, it can also reveal weaknesses or holes in their strategy that can be exploited. Policing IP rights in today's global marketplace is a challenge, but with some thought on where to file patents, and with trusted partners – including joint partners, licensees and distributors – an effective policing program can be developed and enforced.

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**Q** IN YOUR OPINION, SHOULD IP DUE DILIGENCE BE CONSIDERED AN ESSENTIAL PART OF M&A TRANSACTIONS? WHAT

**ROWDEN:** Of course IP due diligence is essential, since for many companies, IP is their most valuable asset. IP should be addressed early in any M&A transaction, to ensure that full audits of IP can be conducted and that technical issues such as ownership, licensing and full global searches can be conducted. Especially for trademarks and copyright, where rights can exist without registration, it is important to

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**ARE THE MAIN AREAS THAT ACQUIRERS NEED TO ADDRESS?**

ensure that all IP is addressed. Ownership of domain names is another issue that can impact easy transition of rights, and must be included in IP schedules. It is important for companies to remember that IP is mostly protected nationally, and international searches need to be conducted.

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**Q ARE YOU SEEING ANY RECURRING THEMES IN IP-RELATED DISPUTES? WHAT STEPS SHOULD COMPANIES TAKE AS SOON AS AN IP DISPUTE SURFACES?**

**ROWDEN:** The most obvious recurring theme in Canadian IP litigation involves the perpetual battle between brand name pharmaceutical companies and generics, which has not only been the focus of patent litigation in Canada for decades, but has also generated caselaw in trademarks on distinctiveness and registrability of shapes and colours. There are, in addition, common competitive themes that generate regular litigation and opposition proceedings, for example, in the tobacco and beer industries. Apart from that, companies are well aware that litigation is time-consuming and expensive. As a result, parties are using faster ways to get to court, as opposed to full trials with exhaustive discovery proceedings. Further, since damage awards, except in rare patent cases, normally don't come near to covering the parties' real costs and results are rarely predictable, it is key for parties to consider settlement options early, and frequently.

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**Q WHAT ADVICE WOULD YOU GIVE TO COMPANIES ON CONTRACTUAL ISSUES SURROUNDING IP RIGHTS? WHAT KEY CLAUSES SHOULD BE INCLUDED IN CONTRACTS TO ACCOUNT FOR THE**

**ROWDEN:** Probably the most important advice is to clearly appreciate both the short term and long term goals of the contract. Understanding the specific nature of the agreement, and what rights the parties sell and license vs what they keep sounds obvious, but is not often clear from the agreement. Firms should address geographic scope, which is very important given both global advertising and marketing opportunities. They should also anticipate the end, which no one ever wants to do. Firms should clearly set out both the parameters of use and the

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**POSSIBILITY OF FUTURE  
DISPUTES ARISING FROM AN  
AGREEMENT?**

consequences of breach and termination as fully as possible. Provide for ongoing contact between the parties, and make sure it occurs, to ensure that there will not be any issue of laches. Agreements should be clear on how disputes are to be handled and the impact of failing to raise any breach of an agreement. Don't always pick the jurisdiction of the owner or licensor of rights as the forum or law for litigation, since the jurisdiction of the user may be more relevant, particularly in terms of enforcement of rights. Encourage mediation as a settlement technique, and anticipate how it might work. Identify activities that might be offences so egregious that they would justify the cessation of the contract and the granting of interlocutory relief, should the offending activity not immediately cease.

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**Bereskin & Parr**  
INTELLECTUAL PROPERTY LAW

Cynthia Rowden is a partner at Bereskin & Parr and head of the firm's Trademarks practice group. She specialises in all areas of trademark and copyright law. Much of her practice relates to managing the trademark portfolios of large Canadian companies, and the Canadian portfolios of international companies. Her practice includes opposition and cancellation proceedings, strategy for enforcement, and Internet-related intellectual property issues.



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