



IP CONNECTIONS

CANADIAN INTELLECTUAL PROPERTY & TECHNOLOGY LAW NEWSLETTER

It's all about the advertising

Advertising can make or break a brand. Avoid common pitfalls and get the most out of your advertising campaign.

**January/
February 2009**

- 1 It's all about the advertising
- 3 Managing patent portfolios during tough economic times
- 4 Amending an issued Canadian patent
- 5 The official mark — a creature unique to Canada
- 7 Recent developments in brief

The phenomenal success of the new TV series *Mad Men* is testimony to the enduring allure of the advertising industry. From the classic *Bewitched* TV series (where Samantha's husband Darren was an advertising executive) to this new hit series, the fast paced, creative and sometimes cut-throat business of promoting brands continues to fascinate those viewing the process from the outside.

Advertising can make or break a brand. At its best, it can result in exponential increases in profits and a cache that can give a brand a boost in consumer demand that can last for years, or even decades. For example, the Harley-Davidson promise of respite from the demands of middle aged life by embracing the freedom of the road has been an enduring message that shows every sign of continuing for many years to come. At its worst, an advertising campaign that misses the mark can become a brand owner's worst nightmare.

The advertising industry is found both in independent advertising firms and in marketing departments of companies. Its hallmarks are creativity, finding fresh ways of interesting the consumer in products and services and, in today's fast paced business world, speed, requiring long hours, many pots of coffee and

a scramble to put ideas into substantial form for consideration by the brand owner. As in all industries, increased competition has raised the bar and the pressure to provide superior ideas, at a competitive price in an ever decreasing timeframe.

In the haste to get an interesting concept before the brand owner, some key legal considerations can be forgotten, potentially resulting in costly revisions on the eve of launch, an inability to protect the new concept after launch or even worse, disaster when the new ad campaign hits the streets. A new concept, logo, slogan or campaign that results in a cease and desist letter, application for an injunction or action for infringement may mean catastrophe for both the brand and the brand owner. In addition, a new campaign that is a success can become prey to others who want to cut costs by copying. With a little forethought and advance planning advertising agencies and marketing departments can organize their business and take steps that can guard against these problems down the road. A few tips to avoid some of the legal pitfalls are as follows:

1. The best way to avoid infringement is to create a new concept, design, logo, slogan

or brand, rather than making changes to something borrowed from another source. While it is sometimes possible to make enough changes to avoid customer confusion between brands, it's never a 100% certainty. Fresh ideas are the best route to avoid infringement problems.

2. Get a legal opinion of the availability of a new brand, design, logo etc. **as early as possible** in the creative process. Even if the ad concept is believed to be completely new, many hours and dollars can be saved by checking at the beginning of the process. It is amazing what can come out of the woodwork in a search, and it's better to be safe than sorry.
3. When choosing a new trade-mark, try to avoid words, pictures or slogans that describe the product or service. For example, KODAK was a good choice. It may mean photography now, but it certainly didn't when it was first chosen. While MIX 'N BAKE might seem like a good trade-mark for a cake mix, it's hard to protect and also more likely to have been already adopted by someone else.
4. Think long-term and think global. As the world shrinks, your client or your company likely plans to market its products or services outside of Canada. A legal opinion on the availability of the new look in other countries may help avoid a costly redesign for other markets. Quite apart from the cost, the brand owner would likely rather market "FISHRIGHT" lures around the globe instead of the "FISHRIGHT (known as FISHSMART in Finland)".
5. Consider protection from the outset. Since your new campaign or concept is bound to be a hit from day one, the brand owner will want to ensure that it is protected, or at least capable of being protected from the day it's released. Certain types of designs, logos etc. can be registered or otherwise protected, but some cannot. This can, of course, affect decision making about the entire advertising strategy and your client or your company should be aware of this and get appropriate legal advice from the outset.
6. When a third party agent or designer is employed it is critical to have a clear, written agreement regarding who owns the rights to the material. Does the



designer retain copyright or any other rights in the design? Have moral rights been waived? These may be key concepts in the event of a dispute, even if it is not between the original creator and the brand owner. Without comprehensive, written evidence of ownership of the advertising material, the brand owner may find itself without the power to prevent infringements.

Keeping these tips in mind can help avoid the derailment of an advertising campaign either early or late in the life of the product or service and can create a vehicle for positive and long lasting results. After all, when it comes to getting word out to consumers in an effective way, it's all about the advertising.

Keltie R. Sim, Toronto
krsim@smart-biggar.ca

Managing patent portfolios during tough economic times

With a well-conceived strategy, a company's patent portfolio can be managed during difficult economic times while continuing to maintain and build a competitive edge.

There is no denying that we are going through challenging economic times. Managers are increasingly asked to do more with less: less people, less time, and less money. Intellectual property (IP) budgets are not immune to this reality. Now, more than ever, it is important to ensure that the most is made of every dollar spent. When managing your patent portfolio with reduced resources, consider taking the following measures.

Assess and understand the assets you have.

To manage your patent assets effectively, it is important to understand the rights you have and how they support your company's business. Use this economic downturn as an opportunity to go through your patent portfolio and classify each patent asset as being:

- Relevant to current or future business activities,
- Not relevant to current or future business activities but valuable for other reasons (see below), or
- Not relevant and of little or no value.

Keep in mind that the value of a patent asset is not static. Patents that were once valuable can become obsolete due to a change in technology or in a company's business focus. Once identified, patent assets that are no longer relevant to current or future business activities can be dealt with appropriately.

Drop underperforming assets. Maintaining patent assets costs money (e.g., examination fees, maintenance fees, etc.). In some cases, these fees can amount to thousands, if not tens of thousands of dollars annually. Managers are often reluctant to allow patent assets to lapse, but this reluctance should be questioned: by maintaining obsolete patent assets, are resources that could be used for other opportunities being wasted? Unless a patent asset is protecting market share or has the potential to be sold, licensed, or otherwise leveraged, it might not be worth keeping.

Determine if patent assets can become a potential source of revenue. Just because a patent asset is not directly relevant to your company's business activities does not mean

that it doesn't have value for others. It is often said that one man's garbage is another man's treasure. In this spirit, determine if any of your patent assets can be sold, licensed, or donated to third parties. This can turn an asset that was expensive to maintain into a source of revenue for your company.

Maintain a long term strategic vision. When IP budgets are trimmed, the knee-jerk reaction is often to stop filing new patent applications in the hope of cutting costs. Unfortunately, this may be short sighted. Patent assets are often a long term investment. Patents having only a minimal value today may become valuable in the future once the patented technology becomes commercially successful. Missing opportunities to obtain patents that could be valuable in the long-term simply to avoid incurring costs in the short-term is not advisable. Obviously, with reduced resources, the decision as to which technology to protect will have to be considered more carefully, but not protecting a technology at all should not be the preferred option. Economic slumps do not last forever, so it is important to keep in mind that patent assets obtained now could impact your company's future value and success.

Emma Start and Brigide Mattar, Montreal
emstart@smart-biggar.ca
bmattar@smart-biggar.ca



Amending an issued Canadian patent

It can be a long process from filing to issuance of a Canadian patent and there may be numerous amendments along the way. However, the story doesn't always end there and the patent owner will sometimes want to amend the patent after it has issued. Fortunately, in addition to the possibility of correcting clerical errors, the *Patent Act* provides a number of alternatives that allow a patentee to make substantive changes to an issued patent.

Amending the claims of an issued patent may allow a patent owner to maintain the validity of some of the claims. For example, a patentee may want to distinguish a newly discovered prior patent or other reference that didn't come to light during prosecution. Similarly, a patentee may want to add additional claims or amend the existing claims to remove unnecessary and unintended limitations in order to increase the likelihood of establishing that another party is infringing.

Reissue. Section 47 of the *Patent Act* provides authority for a patent to be reissued in an amended form. Importantly, the reissue procedure permits a patent owner to broaden the scope of the claims of an issued patent increasing the likelihood of establishing infringement.

Procedurally, a patent owner can file an application for reissue, which is examined by the Patent Office to determine whether it meets the statutory requirements for reissue. If the Patent Office determines that the requirements for reissue are established, the reissue application is directed to an Examiner for expedited examination, according to the current Patent Office policy.

It is not surprising that a patent owner's ability to reissue a patent is limited because of the

potential impact on third parties if the claims of an issued patent are broadened. First, an application for reissue must be filed within 4 years from the issue date of a patent. Also, a patent owner must establish that the issued patent is defective or inoperative as a result of an error that arose due to "inadvertence, accident or mistake, without any fraudulent or deceptive intention". The Supreme Court of Canada has held that reissue may be available where an issued patent did not accurately express the inventor's intention with respect to the description of the invention or with respect with the scope of the claims.

The original patent is surrendered upon the issuance of a reissue patent. This has important implications on a patent owners right to compensation for infringement of the originally issued patent before it is surrendered. A patent owner continues to have the right to compensation for newly added or amended claims appearing in the reissued patent provided they are "identical" to claims in the original patent. The Federal Court of Appeal has interpreted "identical" to mean that the particular claim is identical in substance rather than identical in all respects. As a result, the right to compensation for amended claims is not foreclosed, but it may be desirable to include certain claims from the original patent and make amendments by adding additional claims to minimize the risk that compensation for past infringement will be unavailable.

Disclaimer. A patent owner can amend an issued patent by filing a disclaimer pursuant to section 48 of the *Patent Act*. Unlike reissue, a disclaimer can be used only to narrow the scope of the claims. Filing a disclaimer may be desirable where a patent owner becomes aware of a new publication or other prior art reference after the patent issued and wants to increase the likelihood that certain claims will be found to be valid. For example, a further limitation can be added by way of disclaimer to distinguish a newly discovered prior art reference.

Akin to reissue, a patent owner does not have an unlimited right to file a disclaimer. A patent owner must establish that as a result of "mistake, accident or inadvertence, and without any wilful intent to defraud or mislead the public" the patent claimed more than the patent owner was entitled to claim. The Courts have held that the entitlement to a disclaimer depends on the state of mind of the patent owner when he prepared the patent application.



Where available a disclaimer provides a simple and inexpensive means to amend an issued patent. The Patent Office is simply obliged to record a disclaimer upon filing and is not entitled to scrutinize the propriety of the disclaimer. However, a patent owner has the onus of establishing a disclaimer is proper if it is challenged in subsequent litigation. Although the prerequisites to filing a disclaimer are similar to reissue, there is an important distinction. A disclaimer may be filed at any time.

Re-examination. Certain patents may also be amended through re-examination, according to the procedure set out in sections 48.1–48.5 of the *Patent Act*, depending on the filing and issue dates of the patent. A patent owner can request re-examination by filing a request for re-examination that sets forth the pertinency and applicability of any prior art to claims for which re-examination is requested. Requesting re-examination provides a patentee with the opportunity to distinguish problematic prior art and cure other defects that may affect the validity of certain claims. Notably, in contrast to the disclaimer and reissue provisions, a patent owner is not required to establish a defect as a result of inadvertence, accident or mistake without any fraudulent or deceptive intention for re-examination to be available.

Re-examination is intended to be a relatively summary and prompt procedure. Initially, the Patent Office is required to determine whether a substantial new question of patentability is raised in a request for re-examination within 3 months of receipt. If the Patent Office considers a substantial new question of patentability to be raised, a re-examination proceeding is initiated during which a patentee

is entitled to make amendments provided that the amendments do not enlarge the scope of the claims. The Patent Office is required to conclude the re-examination within 12 months after determining there is a substantial new question of patentability.

The Patent Office may issue a certificate that may cancel, amend, or add new claims to a patent upon the conclusion of a re-examination proceeding. Amended or newly added claims are deemed to be effective from the date of the certificate of re-examination for the unexpired term of the patent. As a result, a patent owner's right to recover compensation for infringement before the date of the certificate of re-examination may be lost and should be carefully considered before a patent owner files a request for re-examination.

A third party may also file a request for re-examination to attack the validity of certain claims of an issued patent. However, a discussion of the advantages and disadvantages of this procedure is beyond the scope of this article.

Summary. There are a number of alternatives available to a patent owner who wishes to amend an issued patent in order to increase the likelihood that a patent will be determined to be valid or infringed. However, there are constraints limiting each of these procedures and there could be an impact on the right to compensation for infringement predating the amendments that should be carefully considered before proceeding.

Joseph J. Fraresso, Toronto
jjfraresso@smart-biggar.ca

The official mark — a creature unique to Canada

The Canadian flag, the emblem of the Red Cross on a white background, the words United Nations and its emblem — these are all highly recognizable marks or symbols. In Canada, they are given special protection that can be found in section 9 of the Canadian *Trade-marks Act*.

Section 9 contains a list of symbols, words, flags, arms, emblems and other marks that cannot be adopted in connection with a business, as a trade-mark or otherwise. The same prohibition applies to marks that so nearly resemble these so-called prohibited marks as to be mistaken for them. Included in this list are the emblem of the Red Cross on a

white background, the emblem of the United Nations, as well as any national flag of a country and marks that are associated with governments or royalty. The premise behind section 9 and these prohibited marks is that no business should be able to reap the benefits of an apparent association with or endorsement by well-known public organizations, or any form of government or royalty.

The list of prohibited marks in section 9 also includes what are called "official marks". Public authorities have the ability to request that public notice be given of their use and adoption of an official mark. Well-known examples of official marks include the Olympic

Rings design of the Vancouver Organizing Committee for the 2010 Olympic and Paralympic Winter Games, as well as the POSTES CANADA/CANADA POST word and design trade-marks. Once published in the Canadian Trade-marks Journal, official marks become prohibited marks and cannot be adopted by others in connection with a business, as trade-marks or otherwise. Interestingly, official marks are unique to Canada.

There are significant advantages to official marks. First, they are easily obtained. The public authority only needs to request that public notice be given of its use and adoption of the mark. Provided that the public authority is able to establish that it is indeed a public authority and that it has used and adopted the official mark, the Canadian Trade-marks Office will publish the official mark in the Canadian Trade-marks Journal. Unlike regular trade-marks, an official mark does not need to distinguish the wares and services of the public authority; it may be merely descriptive and may even be confusing with another mark.

Second, although many public authorities incorporate information about their products and services in their public notices, this is not a requirement for official marks. As a result, a published official mark is not restricted to any particular products and services. Therefore, when an official mark is cited by the Canadian Trade-mark Office against an application for an ordinary trade-mark on the basis that the ordinary trade-mark so nearly resembles the official mark as to be mistaken for it, the products and services associated with the ordinary mark are not a relevant consideration. The only way to get past an official mark is to either successfully argue that the ordinary trade-mark does not so nearly resemble the official mark or to obtain the consent of the owner of the official mark.

Against this backdrop, it is easy to see why official marks can be a valuable asset. As a result, it appears that an increasing number of organizations are attempting to obtain official marks for use in association with commercial activities. However, this may be contrary to the original intent behind the creation of prohibited marks, especially so in view of the rest of section 9, which provides protection to the marks of government, royalty, and high-profile public organizations.

In view of the foregoing, the Trade-marks Office and Canadian courts have had to deal with a number of cases in the past decade where attempts have been made by various organizations to obtain an official mark. The



central debate has been whether these organizations qualify as public authorities. For example, public notices were given of the use and adoption by the Association of Architectural Technologists of Ontario (AATO) of the official marks ARCHITECTURAL TECHNICIAN, ARCHITECTE-TECHNICIEN, ARCHITECTURAL TECHNOLOGIST and ARCHITECTE-TECHNOLOGUE. The Ontario Association of Architects (OAA) sought to overturn the Registrar's decision to give public notices of the adoption and use of these marks. Members of the OAA were concerned that they would be prevented from using these words in association with their professional services and sought a declaration that the AATO is not a public authority. In dealing with the question of whether the AATO is a public authority, the Federal Court of Appeal confirmed that the test to be applied by the Registrar has two requirements: 1) a significant degree of control must be exercised by the appropriate government over the activities of the applicant; and 2) the activities of the applicant must benefit the public. The Court held that the fact that the AATO was a statutory self-regulatory body, whose objects and powers could be amended unilaterally and exclusively by the legislature that created it, does not constitute "governmental control". Ongoing government supervision of the activities of AATO was required to satisfy the test. As a result, the Court found that AATO was not a public authority and set aside the public notices.

In another example, public notices were given of the use and adoption by the United States Postal Service ("USPS") of 13 official marks, including the mark UNITED STATES POSTAL SERVICE. Canada Post Corporation brought an application for judicial review of the Registrar's decision to give public notice of the adoption and use of these marks. The Federal Court held that to be entitled to an official mark, the institution claiming the mark must be subject to governmental control within Canada. As the

USPS did not meet this test, the decision of the Registrar was set aside. The USPS was unsuccessful in its appeal to the Federal Court of Appeal, and its leave to be heard by the Supreme Court of Canada was rejected.

As can be seen from the above, those entities wishing to obtain official marks will find that Canadian courts have not been generous when it comes to interpreting section 9 and the public authority test. An applicant for an

official mark should expect its application and status as a public authority to be fully scrutinized. On the other hand, an organization or individual whose business activities have been affected by the presence of a newly obtained official mark may wish to consider challenging the mark if there is any doubt as to whether its owner is truly a public authority.

Kwan T. Loh, Ottawa
ktloh@smart-biggar.ca

Recent developments in brief

A defendant can run, but it's getting harder to hide. Serving documents on a defendant in a legal action has frequently required creativity. Defendants sometimes been reluctant to accept a document and have tried to evade personal service in any number of ways, such as slipping out the back door when the knock is heard at the door. Sometimes defendants have simply made themselves very difficult to find. However, with the evolution of communications and technology, including faxes, couriers, and computers, the means of service have expanded and means of tracking people down have improved. Recently, however, two truly novel ways of serving documents have gained the approval of courts in Australia. First, the court permitted service of a document by the National Rugby League on superstar Sonny Bill Williams by a text message sent to his mobile phone. Second, the court has recently approved of service of a default judgment by sending a message to the Facebook accounts of two defendants in an action. By these decisions, Australian courts have shown their willingness to embrace technology for the advancement of justice and bolstered their reputation as being among the most technologically advanced courts in the world.

Sleeman takes on Dead Frog. Ontario-based Sleeman Breweries Ltd. has launched a lawsuit against rival Dead Frog Brewery, located in Aldergrove, British Columbia. The dispute is over the embossed, clear glass bottle design used by both breweries to bottle beer. Sleeman considers the design to be proprietary and a part of its company heritage. Dead Frog claims that the design is utilitarian, in common use, and easily distinguishable from the Sleeman bottle since it is embossed with a picture of (what else?) a dead frog. Nonetheless, the companies are poised to fight out whether the bottle design can be protected.

Linux Defenders opens for business. In December 2008, a consortium of technology companies launched a new program at www.linuxdefender.org. The stated purpose of the organization is to provide a forum for individuals and organizations in the open source community to share prior art and new inventions so that "defensive publications" can be created. The concept is that these publications will be brought to the attention of the U.S. Patent and Trademark Office through organizations such as Peer-to-Patent for use in determining whether inventions submitted for patenting are novel. Thus, the Linux Defender's website indicates that they hope to prevent the issuance of patents for inventions that have been anticipated and thus "eliminate poor quality patents and ensure that only high quality patents issue." Roger Parloff's December 8, 2008, article in *Fortune* magazine has indicated that, by this new initiative, Linux hopes to shield the open-source industry from threats posed by companies or individuals holding dubious software patents and to create a "no-fly zone" to help protect the industry from patent trolls. The use of Linux Defenders is free of charge to contributors.

Profiting from invalidity. For those seeking to make a profit in tough economic times, there is a variation of the Linux Defense system now available at www.articleonepartners.com. Open for business as of November 2008, Article One Partners invites the public to become "AOP Advisors" and submit prior art that may be used to show that issued U.S. patents are invalid, for a potential reward of up to \$50,000 U.S. The company founder has indicated that they plan to focus on patents that have the greatest economic impact, particularly those involved in costly patent disputes. The hope is that companies that are accused of infringing high profile patents will be prepared to pay for information that can be used to prove that the patent is invalid.



SMART & BIGGAR FETHERSTONHAUGH

Barristers & Solicitors • Patent & Trade-mark Agents

OTTAWA

55 Metcalfe Street Suite 900
PO Box 2999 Station D
Ottawa ON K1P 5Y6
Canada
t. 613.232.2486
f. 613.232.8440
ottawa@smart-biggar.ca

TORONTO

Box 111 Suite 1500
438 University Avenue
Toronto ON M5G 2K8
Canada
t. 416.593.5514
f. 416.591.1690
toronto@smart-biggar.ca

MONTREAL

Suite 3300
1000 De La Gauchetière Street West
Montreal QC H3B 4W5
Canada
t. 514.954.1500
f. 514.954.1396
montreal@smart-biggar.ca

VANCOUVER

Box 11560 Vancouver Centre
2200-650 West Georgia Street
Vancouver BC V6B 4N8
Canada
t. 604.682.7780
f. 604.682.0274
vancouver@smart-biggar.ca

www.smart-biggar.ca

With approximately 100 professionals in four offices, Smart & Biggar is Canada's largest firm practising exclusively in intellectual property and technology law. Related to the patent and trade-mark agency firm Fetherstonhaugh through common partners, offices and personnel, we have been leaders in our field for over a century.

Virtually every member of our firm has an engineering or scientific educational background and many also have post-graduate degrees. More than two-thirds of our firm members, including most of our lawyers, are registered patent agents.

This technical depth and record of superior service are the reasons Canada's most innovative corporations and law firms look to Smart & Biggar/Fetherstonhaugh for a full range of intellectual property and technology law services including:

- Patent and trade-mark protection worldwide
- Trade secrets and confidentiality
- Strategic IP audits
- Anti-counterfeiting
- Licensing
- Litigation
- IP valuation
- Technology commercialization agreements
- IP management and strategic counselling
- Domain names
- E-commerce

To offer your feedback on this newsletter or any of its articles, please contact:

Keltie R. Sim (Editor)
krsim@smart-biggar.ca

Geneviève M. Prévost (Co-editor)
gmprevost@smart-biggar.ca

Emma Start (Co-editor)
emstart@smart-biggar.ca

Disclaimer

The preceding is intended as a timely update on Canadian intellectual property law. In order to request a copy of any decision, paper or legislative document, or for more detailed information or suggestions, kindly contact an author of the relevant article, or the editor, Keltie R. Sim. The contents of our newsletter are informational only, and do not constitute legal or professional advice. To obtain such advice, please communicate with our offices directly. To be put on the *IP Connections* mailing list, or to amend address information, please call (416) 593-5514 (ext. 318).