



# IP CONNECTIONS

CANADIAN INTELLECTUAL PROPERTY & TECHNOLOGY LAW NEWSLETTER

## Registering trade-marks incorporating net speak

BTW, R U ^ 4 dinr l8r? :-)

To the generation of teens and young adults who have grown up communicating via the internet and cell phones, this article's subtitle will be easily understood. But for readers over 30 years of age, a translation may be required: "By the way, are you up for dinner later? <smile>"

While internet slang and emoticons ("net speak") were originally the preserve of a small group of internet users, to the dismay of many linguists (and parents), net speak has undeniably gone mainstream.

Though examples of emoticons have been identified in historical print media, internet communication and mobile text messaging have popularized the use of net speak worldwide. Driven primarily by a need to communicate quickly in a written medium lacking both verbal and physical cues, net speak has evolved into distinct variants linked to specific cultures, languages and interests.

One such example can be found in the distinction between Western-style and Asian-style emoticons. Both use a library of punctuation-based emoticons, but users in Asian cultures generally depict faces right side up, whereas users in Western cultures rotate the faces 90°. The following table

shows the correspondence between common Western-style and Asian-style emoticons.

Meaning	Western-style	Asian-style
Smile	:-)	(^_^)
Upset	>:-(	(>.<)
Winking	;-)	(^_~)
Laughing	:-D	(^o^)

Despite the variants, the use and comprehension of net speak has grown exponentially. Progressing from early development on bulletin boards and internet chat rooms, this abbreviated form of communication was adapted to email, instant messaging, mobile text messaging and, more recently, mobile instant messaging and social networking applications. Basic elements of net speak such as :-) and "FYI" have even entered widespread use, extending as far as the domain of business emails. Nevertheless, net speak is more commonly found in the more than two trillion mobile messages and four trillion instant messages estimated to be sent annually worldwide, although the proportions of users who understand net speak is unclear.

January/  
February 2010


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Businesses have begun to recognize the potential marketing opportunities of internet slang and emoticons. One approach is to employ this lexicon in online and print advertising to capture a reader's attention or otherwise build a specific brand. For example, Cineplex Entertainment recently used this approach to promote their online portal with print advertisements showing hands conversing in net speak.

Some businesses have gone further and incorporated net speak into their trade-marks directly. Two foreign examples have resulted in notable publicity. In 2000, Despair Inc. successfully registered the trade-mark :- ( in the United States for use in association with printed matter, namely greeting cards, posters and art prints. The company subsequently issued a satirical news release

threatening legal action with respect to use of the frown emoticon. Similarly, in 2008, a Russian entrepreneur registered the trade-mark ;- ) and issued news releases asserting his intent to license all commercial use of the winking emoticon.

The United States and Canada have already allowed the registration of several internet slang and emoticon based trade-marks with numerous other applications currently pending. The examples listed below demonstrate some of the potential approaches that businesses may employ. Although the registration of an emoticon by itself is available, other options include appending an emoticon to a phrase or translating a phrase entirely into internet slang.

Mark	Wares and Services	Status	Country
<3	Printed publications, promotional items, clothing, jewelry, accessories	Registered	CA
;-)	Jewelry, bags, stationery and other items	Registered	CA
;)	Wine	Registered	CA
TXT 2 LANDLINE	Wireless communication services	Registered	CA
HAVE A GR8 DAY!	Selling water and renting water coolers	Registered	CA
4 GR8 STYLE	Retail store services	Registered	CA
Separate applications for ROTF, GTG, BBL, and SUP?	Jewelry, bags, clothing, other items	Application	CA
	personal deodorant, anti-perspirant, skin care preparations	Allowed	CA
Separate registrations for :- ) ; ) :* ) :- ) ~ :- ( :O ) ; - P	Various	Registered	US
TXT DIS PIX	Electronic game software	Registered	US
PERSONAL SERVICE WITH A :-)	Online customer support	Registered	US
:( HAPPENS	Repair of computer hardware and computer networks	Registered	US
DON'T TEMPT F8, THAT TXT CAN W8	Promoting awareness of not driving and texting	Application	US
	Educational services	Application	US
	Modeled plastic toy figurines	Application	US
	Hosting digital content online	Application	US

However, businesses should be cautious when adopting such trade-marks. One potential pitfall arises from the numerous variations of net speak; a meaningful trade-mark in Canada may not be understood in foreign markets. More importantly, though, businesses should consider whether the use of net speak will successfully convey the intended meaning. Net speak clearly has the potential to add distinctiveness and cachet to a brand when properly used. However, such use could just as easily backfire: instead of creating valuable goodwill, consumers may

take affront to typical methods of protecting a trade-mark or see the trade-mark as a clumsy attempt to appeal to youth and young adults. That is, dey myt <3 ur biz 4 it, bt mak sur dey r not rotfl @ u, thnkn yr 404 (translation: "they might love your business for it, but make sure they are not rolling on the floor laughing at you, thinking that you know nothing").

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## When speed matters — obtaining rapid results in IP litigation

A common aspect to intellectual property ("IP") rights is the grant of "exclusivity" to the owner of the right. For example, a patent grants to its owner the exclusive right to make, use and sell the subject matter of the patent; a trade-mark grants to its owner the exclusive right to use the trade-mark in association with goods or services. Where necessary, the owner of an IP right enforces its rights (i.e. to maintain exclusivity) through litigation against infringers.

While an IP owner may be able to recover its damages or other monetary remedies from an infringer, often the more important objective for the IP owner in enforcing its rights is to remove the infringer from the market and to regain exclusivity as quickly as possible.

This article will briefly comment on some of the mechanisms available to an IP owner in litigation to obtain a remedy as quickly as possible, with a focus on the Federal Court, where the majority of IP litigation is conducted in Canada.

**Interlocutory injunctions.** An interlocutory injunction in IP litigation is a court order that directs a defendant to cease its allegedly infringing activity until a trial is held and the infringement of the right in issue is finally determined. An interlocutory injunction is a very powerful remedy. Indeed, in the context of IP litigation, the grant of an interlocutory injunction may have the practical effect of ending the dispute without the need to proceed further with the litigation. For example, a defendant in a trade-mark infringement action facing an interlocutory injunction may choose to adopt a different mark rather than incur the costs and inconvenience of a trial.

However, interlocutory injunctions are very difficult to obtain in IP litigation. To obtain an interlocutory injunction, the IP owner must show that: (a) there is a serious issue to be tried; (b) the IP owner will suffer irreparable harm if the injunction is refused; and (c) the balance of convenience lies in favour of granting the injunction.

The standard for a "serious issue" is relatively low, and the first element of the test is usually met.

With respect to the second element, "irreparable harm" is harm that cannot be quantified in monetary terms. In the Federal Court, it has been held that the evidence of "irreparable harm" must be "clear and not speculative," a standard that has proven difficult to meet in most IP cases where some monetary value can often be assigned to any harm to the IP owner arising from the continuation of the alleged infringing activity until trial. Examples of circumstances in which irreparable harm might be found could include where the IP owner can demonstrate that it will go out of business if the alleged infringing activity continues, or where it can be shown that the alleged infringer would not be able to pay any monetary award (e.g. due to insolvency).

With respect to the balance of convenience, an important consideration for the court is the status quo, which the court will typically strive to maintain. For this reason, it is important for an IP owner to move very quickly if it wishes to seek an interlocutory injunction. If the alleged infringement has been going on for weeks or months before the interlocutory injunction is sought, the court is far less likely to find irreparable harm

or that the balance of convenience favours the granting of the injunction.

**Summary judgment and summary trial.** The Federal Court provides several procedural tools for litigation to be decided "summarily."

Summary judgment and summary trial permit the Court to decide all or part of a case on a motion without a full trial. In general, the evidence on the motion will be presented in writing (e.g. affidavits) rather than through live witnesses testifying in court as would occur at a full trial.

Summary judgment permits the Court to grant judgment where it is satisfied "that there is no genuine issue for trial with respect to a claim or defence." Unfortunately, the Federal Court of Appeal has interpreted the summary judgment rule narrowly, holding that credibility issues, "broadly defined," should not be decided on a summary judgment motion. Given that expert evidence will often be required in IP litigation, an issue of credibility will almost invariably arise from the competing testimony of expert witnesses called by the opposing parties. As a result, summary judgment has rarely been sought in recent years in IP litigation in the Federal Court.

In a response to the limitations of the summary judgment rule, in December 2009, the Federal Court introduced a summary trial procedure. The test for granting judgment on a summary trial is very broadly stated: "if the court is satisfied that there is sufficient

evidence for adjudication, regardless of the amounts involved, the complexities of the issues and the existence of conflicting evidence, the court may grant judgment either generally or on an issue, unless the court is of the opinion that it would be unjust to decide the issues on the motion." The Court is also given broad discretion to make orders with respect to the conduct of the summary trial, and may, for example, order witnesses to attend for cross-examination before the Court.

While there has yet to be a case decided in the Federal Court under the new summary trial rule, the experience in British Columbia, where such a procedure has existed for a number of years, has been very positive. It can be expected that summary trial will prove to be a valuable tool in IP cases where the issues are relatively simple and the expense of a full trial is not justified.

**Trial within two years.** As a final note, even where the procedural mechanisms discussed above are not available to an IP owner and a full trial is necessary, the Federal Court has made significant strides in recent years in reducing the time required to proceed to trial. Through early requests for trial dates and effective oversight of the progress of litigation by the Court, recent experience has demonstrated that even the most complex IP litigation may proceed to trial in the Federal Court in less than two years.

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## One more try at containing official marks

Official marks — a distinctly Canadian institution — are either brilliant or a nuisance, depending on one's point of view. Consider the following:

- without any opposition procedure, an entity that is subject to sufficient governmental control and the activities of which are of public benefit can protect virtually any mark;
- the basic principle of trade-mark law — that protection cannot be obtained for trade-marks that describe wares or services — does not apply to official marks, which are not limited in scope by wares or services.

To obtain official mark protection, an entity need only establish that:

- it has already adopted and used the official mark;
- it is a public authority.

And what a protection it is: the official mark can prevent a trade-mark owner from expanding its family of already-registered trade-marks if in conflict with an official mark. Against this backdrop, one will not be surprised to learn that there are some limits imposed, both by the *Trade-marks Act* and the Federal Court of Canada, on who can obtain an official mark and benefit from the scope of the protection it provides. Here are a few such limitations:

- **What constitutes a public authority?** Some entities have argued in the past that their creation, pursuant to a

government statute or their compliance with governmental regulations, should suffice to entitle them to public authority status. The Federal Court has rejected these arguments and established that, to qualify as a public authority, an entity must demonstrate that its governance and decision-making are subject to ongoing government influence. Failure to do so resulted in the loss of official mark status for Chosen People Ministries Inc.'s Menorah design (shown on the left) and the words ARCHITECTURAL TECHNICIAN as adopted by the Association of Architectural Technologists of Ontario.



- Official mark protection is not available to non-Canadian entities.** While the protection afforded by official marks was initially extended to non-Canadian entities, this protection has now been limited to entities able to demonstrate that they are subject to Canadian government control. In a case involving Canada Post Corporation and the United States Postal Service, the Federal Court (in a decision later confirmed by the Federal Court of Appeal) focused on a grammatical interpretation of the *Trade-marks Act* to deny public authority status to the United States Postal Service at the request of Canada Post and quashed the Registrar's decision to issue public notice for several official marks. The underlying philosophy in the Court's approach was that the legislative dispositions providing for official marks should be given a restrictive interpretation.
- Narrower scope of protection.** A trade-mark provides its owner with the possibility of preventing others from using not only the identical trade-mark but also a trade-mark that is likely to be confusing therewith. In contrast, the scope of protection for official marks is restricted to marks that are identical to or that so nearly resemble an official mark that they are likely to be mistaken for it. An example of an application of this test is the failed attempt by the Canadian Olympic Association, owner of a family of pictograms used in association with the Olympic Games, to prevent the registration of the trade-mark shown to the left by Techniquip Limited in association with harnesses.



The Federal Court (in a decision upheld by the Federal Court of Appeal) found that Techniquip's trade-mark showing a motionless figure could not be mistaken for the Olympic official marks, which all show figures in movement.

More recently, the Federal Court has clarified that the validity of an official mark can always be attacked by a party against whom it is enforced. The consideration that official marks might have been immune from such attacks resulted from the process by which rights to an official mark are acquired — namely through publication in the Canadian Trade-marks Journal of a notice, issued by the Trade-Marks Registrar, advising the public of the official mark. As is the case with any decision from a federal board or commission, the Trade-marks Registrar's decision to publish an official mark can be challenged before the Federal Court, but there is a 30-day window in which to do so as set out in section 18.1(2) of the *Federal Courts Act*. The question now becomes: does this 30-day window apply from the date of the Registrar's decision (at a time when a party affected by this publication may not be aware of it) or from the date that the Registrar's decision affects that party's rights? Such was the question before the Court in Princess Group Inc. and the Canadian Standards Association. In that case, still pending before the Court, the Canadian Standards Association ("CSA") seeks to enjoin the unauthorized use by Princess Group Inc. ("Princess") of its official mark.



As part of its litigation strategy, Princess challenged the Trade-marks Registrar's 1982 decision to publish CSA's official mark. While the Court has not yet decided this case on the merits, it has accepted to hear Princess's challenge, notwithstanding that it comes well beyond the 30-day delay after publication of CSA's official mark — in fact, this case is being heard 27 years later. The Court's reasoning on this point was that Princess became directly affected by the Registrar's decision only when it was served with CSA's Statement of Claim and that it should be afforded a full opportunity to defend itself. Whether Princess will ultimately be successful in its endeavour remains to be seen.

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## Likelihood of confusion between trade-marks: would Homer Simpson be confused?

Canadian law provides protection for a trade-mark that has been registered or has been used to a sufficient extent that consumers have begun to associate that mark with the manufacturer of the goods or provider of the services. When there is a dispute between two parties, the perennial question is whether the concurrent use of two marks is likely to mislead purchasers into believing that the products originated from the same source. If a consumer sees TRIUMPH motorcycles and TRIUMPH lingerie, is he or she likely to think that they are made by the same company? Perhaps not, given the disparity between the products. If a consumer sees CHECKMATE on toothpaste and CHECKUP on mouthwash, however, the question may be more difficult to answer.

It is immediately apparent that a number of different factors have to be considered when assessing whether consumers are likely to be confused. These factors are listed in the *Trade-marks Act* and can be summarized as follows:

1. The inherent distinctiveness of the marks. In other words, are the trade-marks in issue descriptive of the product or service or are they novel or coined words? The trade-mark PAIN CONTROL is descriptive and lacks inherent distinctiveness when used in association with medication used to treat migraine headaches, but the same mark would be inherently distinctive if used in association with t-shirts.
2. The extent to which the trade-marks have become known. This is usually inferred from the length of use, although sometimes trade-mark owners will conduct a survey to assess the notoriety of a mark among Canadian consumers. A trade-mark that is very well-known will have an advantage over a mark that is not yet in use or has been used only to a limited extent.
3. The type of product or service associated with the marks and the "nature of the trade," meaning the type of stores where the mark is found or the way the product is sold or service is provided. For example, if the trade-marks are both used on shampoo and both products are sold in the same shopping aisle in a store, this will weigh in favour of a finding that confusion is likely. In contrast, in a situation where one

product is a professional hair spray sold in a specialty hair care store and the other product is a shampoo sold to the general public in a drug store, a finding of confusion becomes more doubtful.

4. The degree of similarity between the marks themselves in terms of their appearance, sound or the ideas that they suggest.

From the dawn of trade-mark law, the question of whether trade-marks are likely to cause confusion among purchasers has been much considered and debated. The factors listed above have been reviewed and analyzed at length and in detail, and the law has developed through judicial comment and decisions. A few principles have emerged, including the following:

- The first part of a trade-mark is considered of greatest importance when assessing confusion. Thus, marks like SANDOCK and SANDSPOT may be more likely to be confused than SANDOCK and TACKDOCK.
- While all of the factors noted in the list above should be considered when assessing confusion, one or more factors may be given greater importance, depending on the circumstances.
- When a product is very specialized or very expensive, consumers are likely to take a great deal of care in making the purchase and are more likely to distinguish between two similar marks than consumers who are purchasing an inexpensive item or making an "impulse purchase."

Assessing the likelihood of confusion between two trade-marks has not always been a completely serious business. In the course of the many cases that have considered the issue, there have been a few memorable comments by the judiciary. Two all-time favourites are:

1. In October 1978, Mr. Justice Foster of the British High Court of Justice considered whether English consumers, familiar with the national daily newspaper the MORNING STAR, would be likely to confuse it with a proposed new daily paper to be called the DAILY STAR. The MORNING STAR was a left-wing news publication with a daily circulation of

21,000 in the U.K. and could usually be purchased at news vendors and only if it was ordered in advance. The DAILY STAR, in contrast, was to be a tabloid with large headlines and pictures with an initial circulation of about 1 million copies daily. Mr. Justice Foster, in denying an application for an interlocutory injunction, held that, given the common use of the word STAR for newspapers and differences in appearance, content, price and method of sale between the two newspapers, only a "moron in a hurry would be misled."

2. More recently, in September 2009, the Federal Court of Canada considered the likelihood of confusion between the trade-mark owned by Atomic Energy of Canada (left, above) and the mark owned by a company called Areva (left, below).



Atomic Energy of Canada and Areva are competitors in the provision of nuclear products and services in Canada. Justice Zinn reviewed the various tests of confusion and found that the nature of the products and business were of primary importance in this case. He indicated that the consumers of

nuclear products and services would be highly sophisticated and prudent in making purchases of this nature. Justice Zinn determined that there could be no such thing as a "hurried consumer" in this case and that it was "beyond the realm of possibility that any utility could be confused by the resemblance of the Atomic Energy and Areva marks into purchasing a reactor from the 'wrong' company." In summarizing the type of purchaser who would be involved, Justice Zinn found the perfect illustration to make the point: "In this industry, the fact that Homer Simpson may be confused is insufficient to find confusion."

While the relevant purchaser is not normally comparable to either the moron in a hurry or Homer Simpson, these memorable illustrations serve as useful reminders that the assessment of confusion involves more than just an assessment of the similarities between the trade-marks themselves. Given the variety of factors involved, determining the likelihood of confusion remains a multi-faceted issue.

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## Recent developments in brief

**Marketers skirt boundaries of Olympic marks and venues.** With the Vancouver Winter Games almost upon us, it is predictable that what has become known as "ambush marketing" will be on the rise. Ambush marketing is a term given to a promotional campaign that is designed to capitalize on an event, commonly a sporting event, without making official arrangements with the event organizer or paying the licensing fee. The World Cup and the Super Bowl have seen their share of ambush tactics, but nothing compares to making an impact at the largest of all sporting events, the Olympic Games. Ingenuity and a willingness to risk prosecution by the Olympic Committee are often in evidence in tactics by companies that are not official Olympic sponsors and try methods such as launching new product lines with names or other indicia that look or sound close to official Olympic marks, sponsoring events in close proximity to Olympic venues, or even driving promotional vehicles as close to the venues as possible,

thus suggesting some connection with the events. With Olympic spirit at an all-time high in Canada, the Games may not yet have begun for the athletes, but the ambush marketing games are already well under way.

**Green patents expedited.** The United States Patent and Trademark Office has implemented a pilot program in which patent applications relating to certain "green" technologies may be fast-tracked through the examination process. The program launched on December 8, 2009 and will last for 12 months, with the first 3,000 petitions being accepted. To be included in the program, the invention must enhance the quality of the environment, contribute to the discovery or development of renewable energy resources or the conservation of other energy resources, contribute to the reduction of greenhouse gases, and meet other specific criteria. If accepted, the application will enjoy a reduction in the examination period of approximately one year. Similar programs are being introduced in the U.K. and Australia.



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