



# IP CONNECTIONS

CANADIAN INTELLECTUAL PROPERTY & TECHNOLOGY LAW NEWSLETTER

July/August 2009

- 1 Going organic with confidence
- 2 Pfizer's blockbuster blue pill victorious in Canada
- 4 Three deadly sins of patent portfolio building
- 6 Get noticed: tips for increasing brand recognition and brand value
- 7 Recent developments in brief

## Going organic with confidence

**The Canadian government has unveiled tough new standards for organic producers and a logo that confirms compliance.**

The organic food business is booming in Canada, but since the word first appeared in the marketplace, there has been considerable uncertainty among retailers and consumers alike as to exactly what the word "organic" means. The Canadian Food Inspection Agency has moved to reduce the uncertainty and boost consumer confidence by introducing its new CANADA ORGANIC logo, which will make it easy for Canadians to identify food products that comply with the government's rules. The rules will also bring Canada's standards in line with its major trading partners, including the United States, Mexico, Japan and 27 European Community countries.

The rules came into force on June 30, 2009, by way of Canada's new *Organic Products Regulations*. The *Regulations* apply to both domestic and imported products and cover food for human consumption, animal feed and products used for the cultivation of plants. The minimum standards, set by the Canadian General Standards Board for organic agriculture, are based on principles such as sound production and management practices, enhancing the quality and sustainability of the environment and ensuring the ethical treatment of livestock.

As of June 30, the following rules apply:

- Only products with organic content that is greater than or equal to 95% may be labeled as organic or bear the new CANADA ORGANIC logo.
- Multi-ingredient products with 70-95% organic content may carry the declaration "contains x% organic ingredients." These products may not use the organic logo and/or claim to be organic.
- Multi-ingredient products with less than 70% organic content may only contain organic claims in the product's ingredient list. These products may not use the organic logo.
- Certified organic products must bear the name of the certification body that has certified the product as organic.

The rules for organic products prohibit a long list of forbidden substances and techniques, such as fertilizers containing prohibited substances, synthetic growth stimulators and a variety of synthetic processing substances.

It is important to note that the term "organic" does not necessarily mean "free range" or "natural," so careful attention to wording will still be necessary. However, the new CANADA ORGANIC logo and the accompanying rules will go a long way to help bolster consumer confidence in the products they purchase by ensuring that they meet the new government criteria for classification as "organic".

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



## Pfizer's blockbuster blue pill victorious in Canada

The Federal Court of Appeal considers the meaning of what is "obvious" in a case involving VIAGRA.

A patent in Canada provides its owner with the exclusive right to make, use and sell the patented invention and exclude others from making, using and selling it throughout the life of the patent. One of the requirements to obtain a patent in Canada is that an invention must not be obvious. Non-obviousness is sometimes referred to as "inventive ingenuity" or an "inventive step." Obviousness is one of the most common grounds for challenging the validity of a patent and thereby attempting to limit the rights of the patent owner. Obviousness is assessed from the point of view of a hypothetical person, referred to in the intellectual property field as an "unimaginative skilled technician," who lacks any inventive abilities but is familiar with the advances in the field of the invention. This familiarity can be demonstrated through common general knowledge of the field and published scientific articles, books and other patents. In the rapidly developing and competitive pharmaceutical industry, obviousness can be particularly problematic from a patenting perspective because progress in this field is made by incremental research and development. Therefore, as advances are made, the skill and knowledge of the hypothetical person also increase.

Pfizer Inc., one of the world's biggest pharmaceutical companies, has recently won a case in the Federal Court of Appeal against Apotex Inc., a generic drug manufacturer, regarding its Canadian patent number 2,163,446 for VIAGRA. The case involved an appeal from a lower Court decision that had

upheld the validity of the VIAGRA patent. The lower Court had concluded that the invention was not "obvious" and that the most that could have been said as of the priority date of the VIAGRA patent was that the claimed invention was "worth a try." In reaching this finding, the lower Court had applied a well-accepted test for obviousness, according to which a claimed invention is obvious only if the state of the art and common general knowledge would have led a skilled person directly and without difficulty to the claimed invention. This was the test applied to determine obviousness in Canada for more than two decades until November 2008, when the Supreme Court of Canada issued a decision relating to the drug PLAVIX.

In the PLAVIX decision, the Court focussed on whether the differences between the claimed invention and the existing state of the art would have been obvious. The Supreme Court held that an "obvious to try" inquiry may be appropriate in "areas of endeavour where advances are often won by experimentation" and identified a number of non-exhaustive considerations to aid in the inquiry into whether an invention was "obvious to try":

- Is it more or less self-evident that what is being tried ought to work? Are there a finite number of identified predictable solutions known to persons skilled in the art?
- What are the extent, nature and amount of effort required to achieve the invention? Are routine trials carried out

or is the experimentation prolonged and arduous, such that the trials would not be considered routine?

- Is there a motive provided in the prior art to find the solution that the patent addresses?
- Another important factor may arise from considering the actual course of conduct that culminated in the creation of the invention.

With respect to the first of these considerations, the Supreme Court emphasized that the "obvious to try" test will work only where it is "very plain or... self-evident that what is being tested ought to work."

In the VIAGRA decision, the Federal Court of Appeal held that the Canadian "obvious to try" test requires that it must be "self-evident" that something will work, rather than just possible that something may work. While recognizing that a high degree of motivation may compel the skilled person to pursue experimentation, even if the chances of success are not particularly high, the Court emphasized that no degree of motivation will satisfy the separate requirement that it must

be "more or less self-evident that what is being tried ought to work."

Pfizer's VIAGRA case and the PLAVIX decision indicate that the introduction of an "obvious to try" inquiry into Canadian law has not significantly raised the threshold of inventiveness or non-obviousness required to support a patent. It is clear from these decisions that an invention will not be held obvious merely because it was worth a try, unless it would have been self-evident that what was being tested ought to work. These decisions leave open the question as to when an "obvious to try" inquiry is appropriate. Although this inquiry has thus far been applied only to the pharmaceutical industry, the reference in the PLAVIX case to "areas of endeavour where advances are often won by experimentation" is broad enough to encompass many other industries, and the full impact remains to be seen in future cases. For now, Pfizer has won yet another battle in court in its worldwide intellectual property disputes regarding rights to its famous drug, VIAGRA.

**Kathy Rzeszutek, Vancouver**  
krzeszutek@smart-biggar.ca



## Three deadly sins of patent portfolio building

Building a strong patent portfolio is a complex exercise that should, first and foremost, take into consideration strategic business factors, both current and future. The evolution of a company and its industry should be a guiding force behind the process. This sort of strategic, long-term thinking will help to avoid running into common patent pitfalls, some of which we will describe here. These pitfalls can be referred to as "sins" of patent portfolio building, since they can lead to "patent perdition."

**Failing to establish effective tollgates around your technology.** The first sin when building a patent portfolio is approaching it in a manner that is too focussed on the end product. This sin stems from a common misconception that patents exist only to protect end products. In reality, there is no requirement that patent protection be thus focussed, and yet this restrictive viewpoint is all too often a driving force in building patent portfolios.

In essence, a patent is not meant to protect a particular product. Fundamentally, this is not how patents operate. Instead, patents are legal tools that prohibit others from gaining access to a certain technology. When building a patent portfolio, the mindset therefore needs to change from focussing on what a company is doing to focussing on what the company doesn't want their competitors to do.

This approach can be referred to as a "tollgate" approach to patent protection. Under this approach, patent protection is obtained for strategic aspects and/or features of a product that would be necessary to develop a competing product with the same commercial advantages. Some of the most valuable patents are not directed towards end products per se but rather towards commercially interesting aspects and/or features of products. This approach may lead to patent protection that is extremely relevant from a commercial standpoint but that is not intimately connected with the core technology behind the product being commercialised.

For example, assume that the LukeWarm heating company makes a household climate control system. While LukeWarm's core technology relates to hot air distribution systems, from a practical standpoint, such

systems also require some sort of user programmability. Therefore, in addition to obtaining protection for the hot air distribution system, LukeWarm may also seek protection for the interface that allows a user to select from different air distribution settings. Without such programmability, it is unlikely that a competitor could design a competing product that would meet with any commercial success.

Therefore, this additional layer of protection effectively creates a tollgate, controlled by LukeWarm, through which any competitor must pass in order to access the marketplace of interest. From a purely technical/product perspective, LukeWarm's most important expertise and technology relates to their air distribution system. However, from an IP perspective, some of the most valuable protection resides in the programmability feature.

In short, it is important to understand and consider the extent of the potential rights that can be obtained for a new invention. When considering what sort of patent protection to get for a new invention, questions of the following type should be asked: "what are the distinguishing features of the product?" and "what aspects of the product are necessary to achieve a commercially suitable solution?" The answers to these questions will lead to commercial tollgates that will establish strategic patent protection.

**Failing to recognize the effects of time on evolving industries.** The second sin of patent portfolio building involves focussing only on innovations that are being developed today, instead of on the direction an industry is moving.

A patent has a long useful life. Typically, a patent applied for today will take several years to be granted, and its term may stretch out to 20 years from its filing date. To provide any value, a patent application must maintain its commercial significance at least up until the date of grant and preferably far beyond. In the past, a new invention could be expected to be used in an unchanged manner for many years to come. Today, however, the fast pace of business progress and the rate at which technology changes mean that innovations and products that are relevant in today's marketplace may not be relevant



tomorrow. Obviously, this dynamic changes the way in which patent filing decisions are made.

To develop a commercially significant patent portfolio, pursuing one or more "predictive" filings is an option to consider. Predictive filing is the art of anticipating the direction in which a given industry will move and filing patent applications that cover product trends that are expected to become significant as the industry evolves. Such predictive filings require divining what sorts of products will be relevant in the near future, which can be difficult. As experts in their fields, many inventors and business managers are in a good position to make such judgements. They often can, if inspired, anticipate the direction that their technological fields will take, at least within certain bounds.

Taking again the example of LukeWarm heating company, assume that the user interface currently requires manual programming. LukeWarm knows that voice recognition technologies will be accessible enough in the near future to be incorporated into their user interface. As a result, LukeWarm could prepare a predictive filing directed towards the use of voice recognition technology in the field of climate control systems. Although this innovation may not be commercially implemented for a few more years, by the time the industry has moved in this direction, LukeWarm will already have secured patent protection for this technology, thereby fortifying their position in the future marketplace.

Wherever possible, protection should be obtained for next-generation technology that will prevail in the future. In patent portfolio building, it is a sin to fail to recognize the effect of time on an evolving industry. By taking a forward-looking approach, not limiting patent filings to unnecessary technological platforms and pursuing a few predictive filings, this sin can be avoided and patent protection having long-term value can be obtained.

**Neglecting the commercial interests of business partners.** This third sin is possibly the most common of the patent sins. Patents are often regarded as purely defensive instruments, and accordingly, their usefulness is often only considered with respect to a company's competitors. However, a properly built patent portfolio can be a multi-purpose business tool that complements many aspects of a business strategy. In particular, a patent portfolio that is well developed and thought

out can be used to strengthen relationships with commercial partners. To do so, a patent portfolio must focus not only on a company's new innovations but also on the ways these innovations can enable commercial activities involving various business partners.

Keeping with the example of LukeWarm heating company, LukeWarm has also conceived a way to render their heating systems suitable for use in automobiles. Therefore, in addition to obtaining patent protection for the innovations relating to their newly conceived automotive climate control system, LukeWarm is also seeking patent protection for the automotive applications of their technology, such as the way the system interacts with window defrosting and heated seats. While LukeWarm is not necessarily interested in manufacturing automotive heating systems, by protecting these automotive applications with patents, they may be able to license this technology to an eventual partner in the automobile industry.

Therefore, when building a patent portfolio, it is important to consider all potential business relationships and revenue streams enabled by the technology, not just those that are within the same realm of commercial enterprise.

**Jean-Yves Pikulik, Montreal**  
jypikulik@smart-biggar.ca



## Get noticed: tips for increasing brand recognition and brand value

In these tough economic times, maximizing your profits by increasing the profile of your brands is a top priority. A few simple and cost-effective strategies can help you attract attention in today's competitive market.

The competition for market share in every field of endeavour has never been keener. As businesses from every corner of the globe work hard to gain the attention and purchasing power of Canadian consumers, promoting and increasing the recognition of your brands should be a key consideration in your marketing strategy.

What makes a brand stand out in a crowd? It can be a novel word, like the FCUK trademark adopted by French Connection or LULULEMON, owned by Lululemon Athletica Canada Inc. Designs and colours can make an instant impression, and a clever slogan can have an impact that lasts for decades: very few Canadians of a certain age will fail to remember YOU'VE GOT IT, PONTIAC! Even a few numbers strung together like 967 1111 can create a lasting impression if used effectively. Here are a few tips to help your brand stand out in the crowd:

**Avoid the temptation to choose descriptive words and phrases when selecting your mark.** While marks such as STIR AND BAKE seem to be appealing at the outset, it is quite likely that there will be many other similar marks on the market and they are less likely to make a lasting impression than a novel word or phrase.

**Choose a colour and stick with it.** When you see the colour green, do you know which Canadian bank you are dealing with? Colours that are a permanent feature of a trade-mark can become as recognizable as any other brand identifier. The key to creating colour awareness is prominent and consistent use of the same colour in the same shade.

**Avoid variations in the way that your brand is displayed.** Consumers are bombarded with information and images. The more mixed messages you provide, the more likely it becomes that your brand will join the mass of impressions in the minds of the public. One uniform image stands the best chance of making a lasting impression.

**Add a distinctive design to an old, tired or non-distinctive mark.** A picture can create an impression that can be just as memorable as a name or word and, in some cases, even more so.

**Avoid using your brand as a descriptor for the product or in a descriptive way.** It may have been appealing to the owners of "escalator" to think that everyone used their name for a moving staircase, but it was ultimately fatal to their ability to protect their mark.

**Protect your investment.** Register your trade-marks and maintain a lookout for infringers. Your brands may be your most valuable assets. Allowing others to use very similar marks in a similar business will erode your brand recognition and value.

**Keltie R. Sim, Toronto**  
krsim@smart-bigger.ca



## Recent developments in brief

**Trade-marks Office takes a step back from enforcement.** In a recent move that puts trade-mark owners more clearly in charge of enforcing their own rights, the Canadian Trade-Marks Office has announced that they will no longer send courtesy letters to applicants and registrants advising them of newly filed and potentially confusing applications. As a result, it is more important than ever for trade-mark owners to watch — or retain professionals to watch — for conflicting marks. The old imperial adage that an ounce of prevention (by blocking an application from reaching registration) is worth a pound of cure (once a mark is registered) holds as true for trade-marks as for anything else.

**BELLATOX application encounters a wrinkle.** An application for registration of the trade-mark BELLATOX was recently refused as the result of an opposition by Allergan based on its ten registrations and one pending application for BOTOX in various word and design formats. Both trade-marks are coined words — based on contractions of "Belladonna Toxin" in the case of BELLATOX, and "Botulinum Toxin" in the case of BOTOX — and both products have anti-wrinkle applications. The Opposition Board concluded that BOTOX is very well-known in Canada and that the use of the BELLATOX mark would likely lead to confusion among Canadian purchasers due to the similarity in the marks and in the products.

**Patent dispute interrupts helicopter show.** The Paris Air Show in June was unexpectedly interrupted during the showing of the new Quebec-made "429" civilian chopper by the appearance of a bailiff who arrived to take photos and collect information in connection with a patent dispute filed by Eurocopter, which is based in France. The project, based at the former Mirabel airport north of Montreal, is backed by the Canadian government and is considered key for the entire Canadian aerospace industry. It is hoped that the suit can be settled with the French company and that delivery to customers can continue unimpeded.

**Drawing the line on colours.** A decision of the Trade-Marks Office Opposition Board has affirmed the limitations on registering colour trade-marks in Canada. Unlike many other countries around the world, colour per se cannot be registered in Canada for a product — it must instead be tied to a

particular appearance of the product that must be shown in a drawing accompanying the application. An application to register the colour green for painter's tape was refused after opposition on the basis that there was insufficient use as well as concurrent use of green for other tapes, despite the fact that the colour was restricted to specific depictions of the particular tape. The ability to register colour as the sole or main feature of a mark remains limited in this country.

### **Glen Breton whisky wins war of the "glen."**

After losing a few battles along the way, Nova Scotia's Glen Breton whisky has won the fight to use "glen" in its name after a dispute with the Edinburgh-based Scotch Whisky Association that began in 2000. The Association challenged the right of a non-Scottish distillery to market whisky with a brand name including "glen" on the basis that Canadian customers, being used to Scottish products such as GLENFIDDICH and GLENLIVET, would assume that GLEN BRETON was also a product from Scotland. The Federal Court of Appeal, however, found that "glen" alone was not a trade-mark and could not be prohibited and that the overall mark GLEN BRETON was not confusing with any of other marks in current use. When the Supreme Court of Canada refused to hear an appeal, the war of the "glen" had finally been won by the small Canadian distillery.

### **Correction of innocent misstatement permitted.**

In a January decision of the Federal Court, an application by Parfums de Coeur to strike a trade-mark registration was denied. The application was requested on the basis that the applicant had originally signed a Declaration confirming that use of the mark had commenced in Canada under the mistaken impression that use was required in connection with only one of the products covered by the list of wares. In fact, the mark should have been used on each of the items before the Declaration was signed. The Court dismissed the application on the basis that the misstatement by the applicant was unintentional and that he took steps to correct it when he became aware of the error. This decision highlights the importance of careful attention to the details of documentation that is signed in the course of a trade-mark application, as well as the importance of correcting any errors that may come to light.

# 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](http://www.smart-biggar.ca)

With over 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 over one-third also have post-graduate degrees. More than two-thirds of our firm members, including most of our lawyers, are registered patent agents.

Our 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).