

ANNUAL SURVEY OF CANADIAN LAW

INDUSTRIAL PROPERTY

*William L. Hayhurst, Q.C.**

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I. INTRODUCTION

I cannot resist this opportunity to utter an anguished comment. Claim 1 (to use an example) of this patent has approximately 178 words. The Gettysburg address has, I understand, 270 words. But the Gettysburg masterpiece uses not only words but punctuation, including periods, to convey its meaning. Claim 1 has no periods. It is one long, complicated sentence employing approximately 6 commas. It is said the *Patent Rules* . . . and the Patent Office require that claims be stated in this way — one sentence. I suspect the real answer is that this drafting method is merely traditional . . .

My perplexed cry is: What is wrong with periods throughout a claim or section? Why, in claims and statutes, do they appear to be anathema?

In patent suits, claims are often, at best, riddles. When technical and difficult words and phrases are all bundled into one huge sentence, the claim passes from riddle to enigma.¹

The claim is not intended to form part of the description of the invention but a determination of the boundaries wherein the invention is confined, so as to provide the reader with a reliable definition of the right assertable by the patentee. The declarant Mr. Spencer is thus directing his mind to the wrong criterion when he states that the possibility of uncertainties and ambiguities is greater when "a draftsman attempts to describe mechanisms of great complexity by means of a single sentence." There is certainly no reason why such an attempt should be made. What the claim is needed for is to distinguish and not to describe. Nor is it much to the point that engineers in the applicants' employ confirm their retention of the kindergarten experience that it is easier to read a succession of simple sentences than a single complex sentence. They could with equal justification have stated a preference for mono to polysyllabic words.²

The former of the foregoing comments is by a generalist, the latter by a specialist judge. Specialists and generalists alike may both suffer from a certain intolerance and this characteristic will probably be observed at some places in the present Survey.

So as to pick up where the valuable reviews by George E. Fisk left off,³ this Survey covers Canadian patent cases for the period 1973 to mid-1978. For trade mark cases it has been necessary to regress a little

* Of the Bar of Ontario

¹ Xerox of Canada Ltd. v. IBM Canada Ltd., 33 C.P.R. (2d) 24, at 88 n.14 (F.C. Trial D. 1977) (per Collier J.).

² Leonard's Application, [1966] R.P.C. 269, at 275 (P.A.T. 1965) (Lloyd-Jacob J.). In the United States, where the claims of most Canadian patents originate, the division of claims into sentences is not allowed by the Patent Office. See MANUAL OF PATENT EXAMINING PROCEDURE, s. 608.01(m) (3d ed. U.S. Dep't of Commerce).

³ Patent cases for the periods 1965-68 and 1969-72 are surveyed in Fisk, *Industrial Property Law*, 3 OTTAWA L. REV. 220 (1968) and Fisk, *Industrial Property*, 6 OTTAWA L. REV. 455 (1974). Trade mark cases for the period 1967-69 are covered in Fisk, *Industrial Property: Trade Marks and Unfair Competition*, 4 OTTAWA L. REV. 220 (1970). A useful index to the literature was published by The Patent and Trademark Institute of Canada. See P. PARR, CENTENNIAL INDEX (2d ed. 1975).

farther, to 1970. Discussion of copyright and industrial design cases begins in 1967.⁴

II. RECENT LEGISLATION

To recount briefly the legislative developments, the last amendment of substance to the Patent Act⁵ was in 1968-69. The "drugs and Saturdays" bill⁶ made Saturday and certain other holidays *dies non* in the Patent and Trade Marks Offices⁷ and extended the powers of the Commissioner of Patents to grant compulsory licences in relation to patents for medicines.⁸ The "drugs and Saturdays" bill also made minor amendments⁹ to the Trade Marks Act¹⁰ to facilitate the importation of medicines made abroad by companies closely related to the owners of Canadian trade marks.¹¹ A further amendment was made in 1977 to enable the Registrar to delegate to others his duties in respect of proceedings brought by persons wishing to oppose the registration of trade marks.¹²

On March 15, 1978 the federal government terminated the Canada-France Trade Agreement of 1933, pursuant to which Canada had protected over four hundred French appellations of origin, including the important appellation "Champagne".¹³ This does not necessarily mean that the French producers have no rights in Canada. The present Trade Marks Act provides some protection for appellations of origin,¹⁴ and further

⁴ See H. FOX, *THE CANADIAN LAW OF COPYRIGHT AND INDUSTRIAL DESIGNS* (2d ed. 1967).

⁵ R.S.C. 1970, c. P-4 [hereinafter cited as Patent Act].

⁶ An Act to amend the Patent Act, the Trade Marks Act and the Food and Drugs Act, S.C. 1968-69, c. 49, ss. 1, 2, 4. The title "drugs and Saturdays" was coined by the late Christopher Robinson, Q.C.

⁷ Patent Act, s. 81. (In 1974 the Canadian Patent Office published a *MANUAL OF PATENT OFFICE PRACTICE*, a valuable tool for those concerned with the handling of Canadian patent applications. The manual is available through Supply and Services Canada, cat. no. RG 42-3/1974.)

⁸ Patent Act, s. 41(4)-(16).

⁹ An Act to amend the Patent Act, the Trade Marks Act and the Food and Drugs Act, S.C. 1968-69, c. 49, s. 3.

¹⁰ R.S.C. 1970, c. T-10, *as amended* [hereinafter cited as Trade Marks Act].

¹¹ Trade Marks Act, s. 50 (read with the definition of "related companies" in s. 2), *as amended* by S.C. 1974-75-76, c. 43, s. 2, *as amended* by S.C. 1974-75-76, c. 101, s. 1.

¹² Miscellaneous Statute Law Amendment Act, 1977, S.C. 1976-77, c. 28, s. 44.

¹³ During the life of this agreement the Supreme Court of Canada gave effect to the rights of the French producers of Champagne by restraining the use of the term "Canadian Champagne". See *Chateau-Gai Wines Ltd. v. Institut National des Appellations d'Origine des Vins et Eaux-de-Vie*, [1975] 1 S.C.R. 190, 14 C.P.R. (2d) 1. The 1933 Agreement was implemented by the Canada-France Trade Agreement Act, 1933, S.C. 1932-33, c. 31. For a list of trade mark registrations which are regarded as having lapsed upon termination of the agreement, see 25 *TRADE MARKS J.* at 1111 (Apr. 26, 1978).

¹⁴ *Fincham et al., Report in the Name of the Canadian Group*, A.I.P.P.I ANNuaIRE 488 (1973).

protection may be available at common law, following principles discussed in cases in the United Kingdom.¹⁵

The most significant legislative changes affecting trade marks have been not federal but provincial. Quebec's well-known French Language Charter (Bill 101)¹⁶ makes important provisions affecting business names and trade marks as well as affecting the enforceability of contracts which may, of course, include provisions affecting industrial property rights. Trade marks cannot be registered provincially, but a trade mark may have to be translated, in whole or in part, for use in Quebec.¹⁷ If the Charter and the Regulations thereunder¹⁸ are strictly construed, it may be necessary in some circumstances to use only a French language trade mark in Quebec. The Quebec provisions do not affect trade marks which do not include words, but they do apply to words appearing in marks used for wares, for services, or for both wares and services.

It is an understatement to say that the Quebec provisions are not easy to interpret; this is admitted by officials charged with administration of the provisions. Consequently, changes are likely to ensue. The following is a summary of important provisions of the Charter and its Regulations as they affect trade marks. It must be remembered, however, that there are obvious risks in attempting to simplify and, further, that the original French language text governs.

(a) A French language version of a trade mark need not be used in Quebec if the mark was registered in Canada before August 26, 1977¹⁹ or if it is a proper name (a personal or place name).²⁰ "Smith" is a proper name; "Smith's", however, may not be regarded as one, particularly because the possessive apostrophe is not known in the French language.

(b) The position as to coined words (*e.g.*, "Exxon" or "Kodak"), which are not translatable, is yet to be clarified but such marks probably are not affected and may continue in use.

(c) Trade marks accompanying wares supplied from outside Quebec need not be in French if: the wares are not offered to the retail trade but are for use in processing or producing other goods; the wares are in very limited use and substitutes accompanied by appropriate French terminology are not available in Quebec; the wares are merely to be shown at an exhibition; or the mark is engraved, baked or inlaid on the wares.²¹

(d) Non-French marks may be advertised in non-French media.²²

¹⁵ See, *e.g.*, *H.P. Bulmer Ltd. v. J. Bollinger S.A.*, [1978] R.P.C. 79 (C.A.). See also the *Advocaat* case, *Warnink B.V. v. S. Townend & Sons (Hull) Ltd.*, [1978] F.S.R. 473 (C.A.). Leave to appeal to the House of Lords was granted.

¹⁶ Charter of the French Language, S.Q. 1977, c.5.

¹⁷ A trade mark cannot be translated. Apparently, however, this was not understood by the draftsmen of the Charter or its Regulations.

¹⁸ Q. Reg. 77-488.

¹⁹ Reg. 13(b).

²⁰ Reg. 13(d).

²¹ Reg. 4.

²² S.Q. 1977, c. 5, s. 59.

(e) In situations not covered by the foregoing exceptions a French language version of a trade mark is required. A version in another language (but not more prominent than the French version) may also be used (*e.g.*, "Red Wing — Aile Rouge") for inscriptions on products, packaging, catalogues, brochures and business documents, but not on other commercial advertising, signs or posters.²³

Returning to the federal sphere, the Copyright Act²⁴ was amended in 1971 to eliminate the right of record manufacturers to claim compensation for public performances of their recordings and to preserve the right of composers to claim such compensation.

Although no substantial changes have been made to the Industrial Design Act,²⁵ section 6 thereof (the antique provision which states in part that refusals to register a design are appealable to the Governor in Council) has led to arrangements for the establishment of an informal appeal board in the Patent Office to review actions taken by the examining staff.²⁶

Some amendments of significance to industrial property owners have been made to the Combines Investigation Act.²⁷ The Stage One amendments of 1976 gave jurisdiction to the Restrictive Trade Practices Commission to deal with cases of refusal to deal,²⁸ consignment selling,²⁹ exclusive dealing, market restriction, and tied selling.³⁰ It was made clear that ownership of a patent, trade mark, copyright or design is no defence to a charge of resale price maintenance.³¹ A person guilty of proscribed conduct is now exposed to a civil right of action for damages by an injured person.³²

²³ S.Q. 1977, c.5, ss. 51, 53, 58, 59, 91.

²⁴ R.S.C. 1970, c.C-30, *as amended by* S.C. 1970-71-72, c. 60, s. 1. Further amendments were made by the Cultural Property Export and Import Act, S.C. 1974-75-76, c.50, s. 47 (facilitating copying directed by the Secretary of State for the collection of copies of cultural property) and by the Miscellaneous Statute Law Amendment Act, 1977, S.C. 1976-77, c.28, s.10 (changing dates in Schedule I of the Copyright Act from June 4, 1921 to Jan. 1, 1924).

²⁵ R.S.C. 1970, c. 1-8, *as amended by* Federal Court Act, S.C. 1970-71-72, c.1, s.64(3) [Hereinafter cited as the Industrial Design Act] (altering references in the industrial property statutes to the Exchequer Court and repealing the Trade Marks Act, s. 61, relating to appeals to the Supreme Court of Canada).

²⁶ See 15 C.P.R. (2d) 197 (1974). This and other useful changes in the practice of the Patent Office in relation to industrial designs have been due largely to the efforts of Peter Kirby. (A summary of the law and practice is available from the Department of Consumer and Corporate Affairs).

²⁷ R.S.C. 1970, c. C-23, *as amended by* S.C. 1974-75-76, c.76.

²⁸ Combines Investigation Act, s. 31.2, 31.7 (S.C. 1974-75-76, c.76, s.12).

²⁹ Combines Investigation Act, s.31.3 (S.C. 1974-75-76, c.76, s.12).

³⁰ Combines Investigation Act, s.31.4 (S.C. 1974-75-76, c.76, s.12).

³¹ Combines Investigation Act, s.38(1) (S.C. 1974-75-76, c.76, s.18).

³² Combines Investigation Act, s.31.1 (S.C. 1974-75-76, c.76, s.12). The bar has not been slow to take this up; see *Eli Lilly & Co. v. Marzone Chemicals Ltd.*, [1977] 2 F.C. 104, 29 C.P.R. (2d) 255 (App. D. 1976), *aff'd* 29 C.P.R. (2d) 253, dismissing application.

III. PROPOSED LEGISLATION

The proposed Stage Two amendments to the Combines Investigation Act are, at the time of writing, set out in Bill C-13.³³ The principal proposals affecting industrial property owners are in clause 31.74 (which rewords the current section 29 and transfers jurisdiction from the Federal Court to a new Competition Board with power to declare agreements unenforceable, to direct the grant of licences, etc.), and in clauses 31.72 and 31.73 ("monopoly" provisions which, unlike section 33, do not exclude the exercise of rights under the industrial property laws). Representations have been made to Parliament that the substance of these proposals requires re-examination and that the drafting leaves something to be desired.³⁴

A general review of the Canadian industrial property statutes has been in process for several years. In 1971 the Economic Council of Canada published its report on Intellectual and Industrial Property.³⁵ Subsequently the Department of Consumer and Corporate Affairs engaged consultants to write working papers on revision of the statutory law of trade marks, patents, copyright and industrial designs. Papers have now been produced on these subjects with the exception of industrial designs. No attempt will be made to summarize their proposals, some of which are highly controversial and undoubtedly will be subject to substantial revision as a result of cogitations within and outside the Department of Consumer and Corporate Affairs.

A *Working Paper on Trade Marks Revision*³⁶ was published in January, 1974. It contained much thoughtful commentary, coupled with recommendations for amendment of the Trade Marks Act. The paper was largely an academic exercise, and it attracted some spirited briefs. A revision bill, S-11, was introduced in the Senate in February, 1979, based on the paper and taking into account some of the submissions made with respect thereto.

A *Working Paper on Patent Law Revision*³⁷ was published in June, 1976, accompanied by a draft statute. The paper was produced without much consultation with representatives of business or their advisers and it provoked voluminous comments, the bulk of which were highly critical. Several proposals in the paper have been withdrawn by the Minister, but his Department is forecasting that within the next few years the Patent Act will be completely revised.

³³ 30th Parl., 3d sess., 1977 (first reading, Nov. 18, 1977). The bill died on the order paper.

³⁴ Following very effective representations authored by John C. Osborne, Q.C., House and Senate Committees have recommended against an ill-conceived proposal to permit compulsory licensing of trade marks.

³⁵ REPORT ON INTELLECTUAL AND INDUSTRIAL PROPERTY (A. Smith *et al.* Jan. 1971) (Supply and Services, cat. no. EC22-1370). "Industrial property" is generally regarded as relating to trade marks, patents and industrial design, whereas "intellectual property" is used in relation to copyright.

³⁶ (D. Magnusson *et al.* Jan 1974) (Supply and Services, cat. no. RG43-8/1974).

³⁷ (D. French *et al.* June 1976) (Supply and Services, cat. no. RG43-11/1976).

The third paper, *Copyright in Canada: Proposals for a Revision of the Law*,³⁸ was published in April, 1977. Chastened no doubt by previous experience, the Department of Consumer and Corporate Affairs has taken pains to announce that the views expressed and the recommendations made are those of the authors alone. The proposals are, in fact, quite conservative ones for amending the present statute so as to take into account the great technological changes that have occurred since the principal parts of the present statute were written in 1921. Submissions on it are still being received.

Still to come is a paper on industrial designs. As a piece of legislation, the Canadian Industrial Design Act is probably unequalled for obscurity and incompleteness. Despite this, the law on industrial design, enriched by British decisions, is reasonably clear. The principal policy issue, which will no doubt be a major topic in an eventual working paper, is whether a copyright system should replace or supplement the present system, which requires registrations of designs and confers an exclusive right therein, approximating a patent right.

In the following sections I shall, for continuity, deal with topics in much the same order as in the preceding Survey,³⁹ but without reference to topics on which there have been no significant developments.

IV. PATENTS

A. *Matters in Which the Patent Office has Original Jurisdiction*

1. *Conflicts*

Occasionally two or more persons apply for patents for essentially the same subject matter. In most countries a patent is granted to the person who first applies. In Canada an effort is made to grant a patent to the first inventor:⁴⁰ Canada has a "first to invent" system rather than a "first to file" system. Although the "first to invent" system is fair in theory, it has bogged down in practice. Under section 45 of the Patent Act, the Commissioner of Patents, confronted with two applications for a patent for the same subject matter, is obliged to institute conflict proceedings to determine the first inventor. Once the Commissioner has made his decision, a dissatisfied applicant may commence an action in the Federal Court of Canada for an in-depth consideration of his entitlement to a patent.⁴¹ There is a further possibility of appeal to the Federal Court of Appeal and to the Supreme Court of Canada.

³⁸ (Keys & Brunet Apr. 1977) (Supply and Services, cat. no. RG43-15/1977).

³⁹ Fisk, *Industrial Property*, 6 OTTAWA L. REV. 455 (1974).

⁴⁰ Patent Act, s. 28(1)(a) (qualified when a patent has been obtained by s.63).

⁴¹ An attempt by the Federal Court to restrict the area of inquiry was overturned by the Supreme Court of Canada. See *Radio Corp. of America v. Hazeltine Corp.*, [1969] S.C.R. 533, 58 C.P.R. 1, 4 D.L.R. (3d) 395, rev'g 63 C.P.R. 149 (Ex. 1970).

In *Radio Corp. of America v. Hazeltine Corp.*,⁴² involving patent applications filed in the early 1950's for basic inventions in colour television, the court held that, upon determination of one conflict proceeding, the Commissioner of Patents may institute a second such proceeding in respect of subject matter not previously dealt with. As a result, there are applications for patents pending in Canada with respect to subject matter on which patents have long since expired in other countries. Though this is an extreme case it is not unique, and there is little doubt that on its next revision of the patent laws Canada will adopt the "first to file" system.

2. Compulsory Licences

The owners of patents for medicines continue to live under a regime in which competitors may obtain licences from the Commissioner of Patents, under section 41 of the Patent Act, without the slightest difficulty. In *Beecham Group Ltd. v. Frank W. Horner Ltd.*⁴³ the Federal Court of Appeal could see no error, in principle, in fixing a royalty of a mere one per cent of the net selling price of the final dosage of a drug known as Ampicillin, although the licensee might, depending on how the drug was made, need a similar licence from up to three other patentees and thus might have to pay a total of four per cent to the various patentees.⁴⁴ One wonders what effect such confiscatory royalty rates in Canada⁴⁵ have had on Canadian drug prices, research, and manufacture.

All patents are subject to the grant of compulsory licences to a third party for what is compendiously called "abuse" under section 67 of the Patent Act. In *Weld-Loc v. Hattori*⁴⁶ an application for a compulsory licence was made to the Commissioner of Patents. The first ground was that the patented invention was capable of being "worked" in Canada (that is, the subject matter was capable of being manufactured in Canada), that it was not being worked in Canada, and that no satisfactory reason was given by the patentee for non-working.⁴⁷ The fact that the applicant was already

⁴² 14 N.R. 614, 33 C.P.R. (2d) 211 (F.C. App. D. 1977).

⁴³ [1974] 1 F.C. 9, 13 C.P.R. (2d) 5 (App. D.). The Federal Court of Appeal has clearly lost its patience with appeals by patentees. See, e.g., *Gruppo Lepetit S.P.A. v. I.C.N. Canada Ltd.*, 15 N.R. 51, 33 C.P.R. (2d) 1 (F.C. App. D. 1977).

⁴⁴ In subsequent licences the Commissioner has endeavoured to introduce terms which might yield four per cent to a patentee when only his patented inventions are used. The difficulties in working out such terms are discussed by R. Goodreau, *The Effects of Compulsory Licensing in the Pharmaceutical Industry in Canada*, in *ANNUAL OF INDUSTRIAL PROPERTY LAW* 1976 (J. Warden ed.), 150, at 167-68.

⁴⁵ For example, the royalty awarded in the United Kingdom for diazepam (better known by the trade mark Valium) was equivalent to 23 per cent of the licensee's bulk selling price, compared with the Canadian rate of 15 per cent on bulk. See *Hoffmann-La Roche & Co. A.G.'s Patents*, [1973] R.P.C. 601 (P.A.T. 1972). Corresponding legislation in the United Kingdom has been repealed. See *Patents Act 1977*, U.K. 1977, c. 37, ss.48-50.

⁴⁶ *Weld-Loc Systems of Canada, Ltd. v. Hattori*, 106 C.P.O.R. July 11, 1968 xxi(Comm'r of Patents).

⁴⁷ Patent Act, s. 67(2)(a).

manufacturing in Canada (and perhaps, therefore, infringing the patent) showed that the invention was capable of being worked in Canada. The patentee admitted that, apart from the applicant's activity, the Canadian market was being supplied by importation. During the past seven years the patentee had had a licensee who contended that he always intended to manufacture in Canada, but the Commissioner was not impressed. He concluded that there was an abuse and turned his attention to whether there were circumstances that should cause him to refuse a licence to the applicant. Previous decisions showed that infringement of the patent by the applicant is not of itself sufficient reason to refuse a licence. The patentee contended that manufacture under his patent would require infringement of the patents of other patentees, but the Commissioner held that this was irrelevant, being a question between the applicant and the other patentees. Furthermore, it was immaterial whether the patent in question was for an improvement on the subject matter of another, basic patent. The Commissioner decided to grant the applicant a non-exclusive licence.

The second ground on which the application was based was that the demand for the patented articles was not being met to an adequate extent and on reasonable terms.⁴⁸ The Commissioner rejected this contention. The applicant had declined to buy from sources authorized by the patentee because the applicant considered the price unreasonable. However, the applicant failed to show that this was the view of customers generally or that the Canadian demand was not being met, or that the prices were such as to restrict demand in Canada as a whole for the patented articles.

The third ground asserted was that the patentee had refused to grant a licence to the applicant upon reasonable terms, that the trade of the applicant was prejudiced and that it was in the public interest that a licence be granted.⁴⁹ The patentee had refused to license the applicant, but the applicant did not satisfy the Commissioner that its business had been prejudiced. The patent was for certain buckles that could be used with strapping sold by the applicant, but the applicant's strapping trade was not shown to have suffered from the applicant's inability to supply patented buckles which were available, at a price, from sources approved by the patentee. In many cases other buckles would suffice.

3. *Subject Matter Capable of Being Patented*

Not all things that are new, useful and unobvious fall within the statutory definition of an invention. In the Patent Office, the Patent Appeal Board has struggled with a number of cases in the period under review. In its decisions⁵⁰ the Board has sometimes referred to the statement by the Supreme Court of Canada in *Vanity Fair Silk Mills v. Commissioner of*

⁴⁸ Patent Act, s. 67(2)(c).

⁴⁹ Patent Act, s. 67(2)(d).

⁵⁰ See, e.g., *Behringwerke A.G.'s Application No 950,086*, 105 C.P.O.R. Apr. 5, 1977, xiii, at xvii (P.A.B.).

Patents that "the Commissioner of Patents ought not to refuse an application for a patent unless it is clearly without substantial foundation".⁵¹ This has been the position in the United Kingdom, but in 1964 the Supreme Court of Canada indicated that the Commissioner has a more robust part to play than his United Kingdom counterpart.⁵²

(a) *Printed Matter*

The Board has stated that a new arrangement of printed or design matter may be patentable if it produces a combination having functional characteristics and practical utility, but not if it produces only an artistic, intellectual or literary result.⁵³ The distinction is often important in patent applications for games and mechanical calculating devices. In *Akzona's Application*⁵⁴ a claim was presented for a pack of pills arranged in a particular order together with written or printed indications or directions. The indications or directions and the manner of packing were such as to provide guidance in order that the pills would be taken in the correct sequence. Although the significant discovery may have been in the method of treatment, which could not be patented (as will be discussed later), the Board allowed the claim. It dismissed the fact that the claim referred to written or printed indications or directions, noting that the claim also specified a manner of packing which provided guidance to the user.⁵⁵

(b) *Games*

As well as presenting difficulties in respect of printed matter,⁵⁶ many games have elements that do not co-act directly (*i.e.*, in the way that elements of a machine co-act), but require human intervention resulting from mental steps. However, the Board has found sufficient functional co-operation in a game in which a board depicts a golf course with indicia indicating positions for game pieces, the dice have indicia also corresponding to these positions, and the game pieces are manually movable to those positions.⁵⁷

(c) *Mental Processes and Computer Programs*

The operation of a computer to produce information may resemble an

⁵¹ [1939] S.C.R. 245, at 246, [1938] 4 D.L.R. 657, at 658.

⁵² *Commissioner of Patents v. Farbwerke Hoechst A.G.*, [1964] S.C.R. 49, 25 Fox Pat. C. 99, 41 C.P.R. 9.

⁵³ *Boussac's Application* No. 996,098, 101 C.P.O.R. Dec. 25, 1973, viii (P.A.B.).

⁵⁴ No. 003,772, 104 C.P.O.R. July 13, 1976, xiii (P.A.B.).

⁵⁵ The corresponding application was allowed in the United Kingdom. *See* *Organon Laboratories Ltd.'s Application*, [1970] R.P.C. 574 (P.A.T.). *But see* *London Rubber Indus. Ltd.'s Patent*, [1968] R.P.C. 31 (P.A.T.) (where a claim to pills in a package was rejected).

⁵⁶ *See, e.g.*, *Cowan's Application* No. 040,799, 100 C.P.O.R. Oct. 17, 1972, vii (P.A.B.) (the application was refused because the only novelty was in the meaning of indicia on a game piece).

⁵⁷ *Boileau's Application* No. 055,210, 100 C.P.O.R. May 16, 1972, vi (P.A.B.).

intellectual exercise, and consideration of the mental steps problem, alluded to previously in relation to games, is necessary.

With respect to mental steps, the Patent Appeal Board, in *Polnauer's Application*,⁵⁸ had to consider a claim to a process of designing nozzles. The process consisted of making certain measurements on operating nozzles having different parameters, producing equations from the measurements, and selecting design values by means of those equations. The process did not change any material object, produce any physical result or include any novel physical steps. It did, however, involve mental steps to produce information. The advance in the art was regarded as purely mental and the claim was refused. However, in another case relating to the design of nozzles⁵⁹ the Board allowed a claim which included an equation to define the shape of the nozzle. The Board held in that case that no judgmental step was involved in following the equation.

In an earlier decision⁶⁰ where claims were allowed, the Board focussed on the requirement of utility, suggesting that a process which includes a mental step, the nature of which is dependent on reasoning or judgment, is not predictable or precise. To cover a useful art any human response must be clearly defined (for example, turning something off or on, a step that could be performed by a non-human operator). A computer will of course operate only in the latter manner.

In the first reported Canadian decision on computer programs⁶¹ the applicant, Waldbaum, had devised a program for operating a known computer in a new and unobvious way to yield information about telephone traffic density. The Patent Appeal Board considered decisions in the United Kingdom and the United States and held that claims of the following styles could be allowed:

- (a) claims defining a machine which is programmed so as to operate in a new and unobvious manner;
- (b) claims defining a process for conditioning the operation of a data processor;
- (c) claims expressing a mode of using the known computer;
- (d) claims which are directed to a method for controlling the operation of a computer.⁶²

However, the Board agreed with the applicant that a mere list of instructions is not patentable subject matter.⁶³

⁵⁸ No. 078,277, 104 C.P.O.R. Oct. 5, 1976, xii (P.A.B.).

⁵⁹ Glenn's Application No. 176,809, 106 C.P.O.R. June 13, 1978, xix (P.A.B.).

⁶⁰ *Re Application for Patents Containing Claims That Read on Mental Steps Performed by a Human Operator in Deciding to Transmit a Signal*, 23 C.P.R. (2d) 93 (Comm'r of Patents 1972) (claims were not reproduced in the report).

⁶¹ *Re Application No. 961,392*, 5 C.P.R. (2d) 162 (P.A.B. 1971).

⁶² *Id.* at 168-69. The Board suggested that if all of these styles of claim were presented by the applicant, some might be rejected as redundant.

⁶³ MANUAL OF PATENT OFFICE PRACTICE, *supra* note 7. S.12.03.01 gives an example of non-statutory subject matter: "A computer programme per se, an algorithm, or a set of instructions to operate a computer (which is essentially mathematical information developed from an algorithm)".

The Board has recently reviewed its decision rendered in the *Waldbaum* application.⁶⁴ After tracing intervening developments in other countries, particularly United States decisional law, and the trend in modern legislation to exclude computer programs from patent protection,⁶⁵ the Board reversed itself as to the allowability of all the foregoing styles of claim. It reasoned that a general purpose computer is inherently capable of operating as directed and such claims merely added intellectual information which is unpatentable. In this the Board correctly anticipated the majority view in the United States Supreme Court in *Parker v. Flook*.⁶⁶

The applicant Flook had devised a way of operating a general purpose computer and presented a method claim in which the only novel feature was use of a mathematical formula or algorithm. To the method steps performable by a computer, Flook added a post-solution step, said to be conventional, that restricted the claimed method to a limited field of technology so that the claim could not be said to pre-empt all uses for the algorithm. Nonetheless, the Court held that this added nothing which was patentable. Such decisions are strange to those who were brought up to understand that an unpatentable new idea or discovery may be transformed into a patentable invention if the idea or discovery is put to practical use and that the inventive step may be in the idea or discovery, in the way of putting it to practical use, or in a combination of these.⁶⁷ The majority in the United States Supreme Court proceeded on the basis that the algorithm revealed a relationship that had always existed and must be treated as though it were a familiar part of the prior art.⁶⁸ If this were the correct approach, all judges who have stated that a discovery may supply the crucial inventive step have been wrong. Further, despite the denials of the majority, the dissenting minority in the Supreme Court pointed out that the majority's approach introduces criteria of novelty and inventiveness that do not belong in a consideration of whether there is subject matter which is patentable.

The decision of the Canadian Board, however, was not entirely negative. The Board expressed the view that it would be possible to claim a process control system which includes novel apparatus tied to a computer to control a function at the end of the computer. It concluded its decision as follows:

⁶⁴ Schlumberger's Application, 106 C.P.O.R. Aug. 1, 1978, xviii (P.A.B.) (currently on appeal to the Federal Court).

⁶⁵ Such exclusions, however, leave considerable room for interpretation. See Kolle, *The Patentable Invention in the European Patent Convention*, 5 INT'L REV. OF INDUS. PROP. & COPYRIGHT L. (IIC) 140 (1974).

⁶⁶ 437 U.S. 584, 98 S. Ct. 2522, 198 U.S.P.Q. 193 (1978).

⁶⁷ National Research Dev. Corp.'s Application, [1961] R.P.C. 134, at 139 (H.C. Aust.); *Continental Soya Co. v. J.R. Short Milling Co.*, [1942] S.C.R. 187, 2 C.P.R. 1, [1942] 2 D.L.R. 114.

⁶⁸ The Canadian Appeal Board also appears to have been influenced by the thought (surely erroneous) that "the development of algorithms and computer programs, however difficult, is merely expected skill of a programmer and therefore not patentable": *supra* note 64, at xix.

To state our position now, taking into account the developments since *Waldbaum* it is:

1. Claims to a computer program *per se* are *not* patentable;
2. Claims to a new method of programming a computer are *not* patentable;
3. Claims to a computer programmed in a novel manner, *expressed in any and all modes*, where the novelty lies solely in the program or algorithm, are *not* directed to patentable subject matter under Section 2 of the Patent Act;
4. Claims to a computing apparatus programmed in a novel manner, where the patentable advance is in the apparatus itself, are patentable; and
5. Claims to a method or process carried out with a specific novel computing apparatus devised to implement a newly discovered idea are patentable.

We strongly recommend the above criteria be adopted by the Commissioner of Patents.⁶⁹

In the *Waldbaum* decision⁷⁰ the Board noted that it did not have to consider whether claims might be allowed to such things as punched cards, tapes or magnetic or electrical devices operable with a data processor to carry out a program, and in its published decisions it has said nothing further relating to such claims.

The Canadian courts are still to be heard from, but it is distressing that those who are charged with the administration of a system which is designed to stimulate progress are among those who seem inclined to confine the field of patentability to the area that has been traditionally ploughed⁷¹ and not to encourage its cultivation in the most fruitful areas, another example of which follows.

(d) *Living Matter*

In Canada and elsewhere, many patents have been granted for claims to industrial processes which employ living organisms and their life processes. There can be little doubt that the statutory "process" class includes many such processes.⁷² In the United States the Court of Customs and Patent Appeals (C.C.P.A.), which hears appeals from decisions in the United States Patent and Trademark Office, has recently held in the *In re Bergy* case⁷³ that it is equally possible to patent a live, biologically pure culture of a micro-organism that has utility in producing a medicine by a fermentation process. The culture has novelty because, although the micro-organism may have been found in nature, it is not, in its natural

⁶⁹ *Supra* note 64, at xxv.

⁷⁰ *Supra* note 61.

⁷¹ Contrast this with the progressive attitude of the Australian High Court in *National Research Dev. Corp.'s Application*, *supra* note 67.

⁷² Patent Act, s.2 reads as follows:

"[I]nvention" means any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, machine, manufacture or composition of matter.

For a discussion of patents relating to industrial micro-organisms, see Hayhurst, *Patents Relating to Industrial Microorganisms in the English-Speaking Countries*, [1971] INDUSTRIAL PROPERTY 189.

⁷³ 195 U.S.P.Q. 344, 563 F. 2d 1031 (C.C.P.A. 1977).

state, in the laboriously obtained and useful form of a pure culture.⁷⁴ The applicant provided a description by which the micro-organism could be recognized and has made the culture available to the public by depositing it in a culture collection. In the view of the C.C.P.A., such a culture falls within the United States statutory classes of "manufacture" or "composition of matter", classes which are found also in the Canadian statutory definition of an "invention". The C.C.P.A. took care to state that whether other living things fall within these classes must be decided on a case-by-case basis. Later, in the *In re Chakrabarty* case,⁷⁵ the same court held as patentable a live micro-organism useful in controlling oil spills by degrading the oil into products on which aquatic life could feed. The micro-organism was new, having been produced by man through genetic modification of natural bacteria.

At the time of writing, these two C.C.P.A. decisions are under a cloud. The United States Supreme Court has vacated the *Bergy* decision and remanded the case to the C.C.P.A. for further consideration in the light of the Supreme Court's computer program decision, *Parker v. Flook*.⁷⁶ The thrust of *Flook* was that courts must proceed cautiously when "asked to extend patent rights into areas wholly unforeseen by Congress . . . 'unless the argument for expansion of privilege is based on more than mere inference from ambiguous statutory language' ".⁷⁷ The *Chakrabarty* decision has been set down by the C.C.P.A. for re-argument with *Bergy*.*

There is no reasoned Canadian decision on the patentability of living organisms. In *Apostolov's Application*⁷⁸ the applicant sought to claim a living cell line which was the product of a chance mutation of human cells. As a culture colony was on deposit with a publicly available culture collection, the Appeal Board was prepared to allow claims for the use of the cell line in the production of glycogen or enzymes. However, claims for the cell line itself were refused on the ground that the applicant had not and could not satisfy the statutory requirements of section 36 of the Patent Act, which requires that the applicant describe his invention in such a way as to enable any person skilled in the art "to make, construct, compound or use it".⁷⁹ The Board⁸⁰ held that it was necessary for the applicant to

⁷⁴ Cf. *In re Ranks Hovis McDougall Ltd.*, 8 I.I.C. 453 (1976). The Australian Patent Office rejected claim to a micro-organism isolated from the soil on the ground of lack of novelty or mere discovery. The Australian Office would not allow a claim to the micro-organism in a culture medium known to be suitable for the species, nor one of cultivating the micro-organism in that medium, but the claims were not restricted to pure cultures. The Office considered that a claim to a new micro-organism would not be objectionable merely because the micro-organism is living.

⁷⁵ 197 U.S.P.Q. 72, 571 F. 2d 40 (C.C.P.A. 1978).

⁷⁶ *Supra* note 66.

⁷⁷ *Id.* at 200.

* *Editor's Note*: These decisions have now been affirmed. *In re Bergy*, 201 U.S.P.Q. 352, 596 F. 2d 952 (C.C.P.A. 1979).

⁷⁸ *Re Application No. 086,556*, 35 C.P.R. (2d) 56 (P.A.B. 1975).

⁷⁹ Emphasis added.

⁸⁰ The Board undoubtedly read the section correctly as requiring a description of how to make the invention *and* use it.

teach persons skilled in the art how to make the cell line from the original source by mutation of human cells. This the applicant could not do since the mutation was admittedly an unexpected chance occurrence.⁸¹ It is submitted that the Statute does not require an exposition of the particular replicable method by which the applicant first made a claimed invention, but is satisfied by an explanation of the most practicable means of getting it, that is, ordering it from the culture collection. In any event, the Board found it unnecessary to pursue the question of whether a living organism may be patented.⁸² However, in an earlier case, where an applicant had produced a vaccine containing a live, attenuated distemper virus, the Board allowed both the claims to a method of manufacturing the vaccine by passage of a virus through certain tissues, and also claims to the vaccine so produced.⁸³

(e) *Medical Treatment of Animals and Humans*

In *Crown Zellerbach Corp.'s Application*⁸⁴ the applicant had found that penetration of animal tissues by certain physiologically active agents (antihistamines, vitamins, anaesthetics, etc.) could be increased when the agents were mixed with dimethyl sulfoxide and a carrier. Claims to compositions having these ingredients were allowed, but claims to a method for increasing tissue penetration by application of the compositions were rejected. The Board analyzed the reasons for judgment in the *Tennessee Eastman* case,⁸⁵ where the Supreme Court of Canada rejected claims to a method of surgically bonding tissue using a substance which, because it was old and had been used for other purposes, could not itself be claimed. The Board concluded that claims for medical treatment "*in the strict sense*" are excluded from protection under the Patent Act, that the compositions used by the applicant were medicines and that no distinction is to be made between medical treatments for humans and those for animals.⁸⁶

In *I.M.C. Chemical Group, Inc.'s Application*⁸⁷ a product used to promote weight increase in normally healthy animals was held by the

⁸¹ To the same effect, in the Australian decision referred to in note 74, *supra*, claims to deposited variants or mutants were refused, as was a claim to a deposited natural isolate, for lack of description of methods whereby they could be again produced. It followed that claims to methods of producing the variants were also refused.

⁸² Patent No. 999,546 which issued from *Apostolov's Application*, *supra* note 78, includes claims to a cell culture comprising the cell line in association with a nutrient culture medium.

⁸³ *Behringwerke A.G.'s Application*, *supra* note 50. See also *Behringwerke A.G.'s Application* No. 879,884, 102 C.P.O.R. Jan. 8, 1974, vii (P.A.B.) (product claim allowed for a vaccine containing living viruses in a mixture).

⁸⁴ *Re Application* No. 947,803,32 C.P.R. (2d) 236 (P.A.B. 1974).

⁸⁵ *Tennessee Eastman Co. v. Commissioner of Patents*, [1974] S.C.R. 111, 8 C.P.R. (2d) 202 (1972).

⁸⁶ See also *Behringwerke A.G.'s Application*, *supra* note 50, at xviii (refusing claims to a method of immunizing animals by spraying them with a certain vaccine).

⁸⁷ No. 047,754, 105 C.P.O.R. Dec. 20, 1977, xiv (P.A.B.).

Board to be a medicine. Although claims to the process of making the product and to the product so made were allowed, claims to the method of use of the product were refused. This decision reflects a doubt expressed in the last Survey as to the durability of an earlier inconsistent decision of the Board.⁸⁸ The Board has, however, allowed claims to a feed rationing method where the method was not restricted to the use of a particular foodstuff.⁸⁹

Canadian authority holds that the word "medicine" as used in section 41 of the Patent Act should be interpreted broadly.⁹⁰ However, the Board accepts as patentable methods of treatment that are not such "in the strict sense",⁹¹ as, for example, claims to various diagnostic and testing methods.⁹²

(f) *Medical Inventions*

As already noted, the Board in the *Crown Zellerbach* case⁹³ allowed claims to compositions containing physiologically active agents, dimethyl sulfoxide and a carrier. Another case exemplifying this approach to the claiming of medical inventions is *Sussman's Application*,⁹⁴ where the inventor had discovered that a previously known enzyme, collagenase, was useful in the treatment of intervertebral discs of mammals. The method of treatment could not be claimed in view of the authorities previously mentioned, and because the enzyme was old. The applicant therefore adopted the approach of attempting to claim the old substance in a new form or state of admixture in which it could be used for the newly discovered purpose. Sussman was allowed to claim a sealed vial containing collagenase in a condition suitable for its medical use on the basis that, but for Sussman's discovery of the use, it would not occur to a

⁸⁸ Fisk, *supra* note 39, at 474.

⁸⁹ *Re Application No. 954,851*, 5 C.P.R. (2d) 201 (Comm'r of Patents 1971).

⁹⁰ See the discussion, *supra* note 87, at xvii. But see *Burton Parsons Chemicals Ltd. v. Hewlett-Packard (Can.) Ltd.*, [1976] 1 S.C.R. 555, 17 C.P.R. (2d) 97, 54 D.L.R. (3d) 711 (a cream used to provide good contact between an electrocardiograph electrode and the skin held not to be a medicine).

⁹¹ For the origin of the expression, see *Schering A.G.'s Application*, [1971] R.P.C. 337 (P.A.T.) (where it was held that a method of contraception was not a method of medical treatment). The case was cited by the Supreme Court of Canada in *Tennessee Eastman*, *supra* note 85, at 121, 8 C.P.R. (2d) at 209.

⁹² See, e.g., *Re Application No. 880, 719* (Patent No. 944,693), 18 C.P.R. (2d) 114 (P.A.B. 1973); *Re Application No. 016,962* (Patent No. 947, 179), 17 C.P.R. (2d) 177 (P.A.B. 1973); *Re Application No. 047,327*, 16 C.P.R. (2d) 79 (P.A.B. 1973); *Re Application No. 003,389 of N.V. Organon*, 15 C.P.R. (2d) 253 (P.A.B. 1973). These decisions reflect a change of position from *Re Patent Application No. 839,690*, 9 C.P.R. (2d) 283 (P.A.T. 1970) and *Re Application No. 908,951*, 9 C.P.R. (2d) 286 (Comm'r of Patents 1968) (where claims were refused for methods of diagnosing pregnancy by testing urine). Another problem that may arise in this area is the Board's insistence on operability, in the sense that the method be controlled by man, with the desired result following inevitably. See *supra* note 50.

⁹³ *Supra* note 84.

⁹⁴ No. 050,156, 105 C.P.O.R. Aug. 30, 1977, xviii.

skilled person to put up the collagenase in this way. A claim to a product may effectively secure protection for a method of medical treatment which uses the product.⁹⁵

Where the substance itself is new, the applicant for a patent faces interesting problems. Section 41(1) of the Canadian Patent Act singles out inventions relating to substances prepared or produced by chemical processes and intended for food or medicine and prevents claims to the substances themselves. The section allows the inventor of such a substance to claim it when produced by a particular process, but this leaves it open to others to make and sell the substance if they can find a different process for producing it. In *Sandoz Patents Ltd. v. Gilcross Ltd.*⁹⁶ the invention related to a new drug, thioridazine. The patentee had succeeded in obtaining a Canadian patent containing claims to processes for making thioridazine, to thioridazine when so made and to pharmaceutical compositions consisting of thioridazine when so made and mixed with a pharmaceutically acceptable carrier. The last-mentioned claims were held invalid as not involving any inventive step beyond what was claimed in the other claims of the same patent. One wonders what the court's view would have been had the patentee made no claim other than a claim to thioridazine (however produced) when mixed with a carrier or put into some other administrable form. It seems that the court would have held that such a claim was merely an artifice to evade the provisions of section 41(1).⁹⁷ Yet had thioridazine been an old substance, presumably the patentee might have had claims of the kind allowed in *Sussman*.⁹⁸ The British long ago dropped their version of section 41(1) from their legislation⁹⁹ and the demise of the Canadian section is overdue.

Meanwhile, the Board has ruled that an intermediate, not itself a medicine, but whose only known utility is conversion into a medicine, is a substance "intended for medicine" within the section¹⁰⁰ and that substances taken orally and affecting the metabolism of the animals to promote weight gains are foods or medicines.¹⁰¹ The Supreme Court has

⁹⁵ Nolan's Application, [1977] F.S.R. 425 (P.A.T.).

⁹⁶ [1974] S.C.R. 1336, 8 C.P.R. (2d) 210. See Fisk, *supra* note 39, at 480.

⁹⁷ Cf. note 52, *supra*.

⁹⁸ *Supra* note 94.

⁹⁹ Patents & Designs Act, 1919, 9 & 10 Geo. 5, c. 80, s. 11, as amended by 22 & 23 Geo. 5, c. 32, s. 8, as amended by 12 & 13 Geo. 6, c. 62, s. 40 (repealed by 12, 13 & 14 Geo. 6, c. 87).

¹⁰⁰ *Re* Application No. 965,900, 17 C.P.R. (2d) 165 (P.A.B. 1974); *Re* Application No. 946,848 (Patent No. 979,888), 31 C.P.R. (2d) 64 (Comm'r of Patents 1974); *Re* Applications No. 154,365 & No. 154,366 (Patents No. 1,061,730 & No. 1,011,729), 37 C.P.R. (2d) 233 (P.A.B. 1975). These cases held that the section cannot be circumvented by claiming a process for making the intermediate. The Board did not decide whether the disclosure of non-medical utility for the intermediate would take it out of the operation of the section. Where the utility of a compound is not apparent, a statement that it would be useful to make other undefined compounds is not a sufficient disclosure of utility. See Anonymous Application, 104 C.P.O.R. June 29, 1976, xlviii (P.A.B.)

¹⁰¹ I.M.C. Chemical Group, Inc.'s Application, *supra* note 87.

held that a cream applied to the body to take electrocardiographs is not a medicine¹⁰² and that a process for making powdered milk was a "chemical process" where a significant part was played by chemical operations such as hydration, crystallization and hydrogen bonding.¹⁰³ The Court considered that the public policy underlying section 41(1) requires a liberal interpretation of the section and reiterated that the expression "chemical process" is to be read in a popular rather than a scientific sense.¹⁰⁴ The Appeal Board has held that a microbiological fermentation step is chemical,¹⁰⁵ distinguishing it from the biological processes which were held to be non-chemical by the Supreme Court in *Continental Soya Co. v. J.R. Short Milling Co.*¹⁰⁶

(g) *The Progeny of Sandoz v. Gilcross*

As mentioned above, in *Sandoz v. Gilcross*¹⁰⁷ the Supreme Court held that a claim to the medicine thioridazine, when made by a claimed process and mixed with a pharmaceutically acceptable carrier, was invalid because it involved no inventive step over a claim to thioridazine when made by the claimed process. The claims were all in the same patent. The Appeal Board has applied this reasoning faithfully¹⁰⁸ and has extended it to non-medical inventions. The Sandoz decision, infuriatingly terse, was possibly justifiable because of the special restrictions imposed by section 41(1) on claiming chemically produced medicinals. The logic of extending it to other situations escapes most patent practitioners. Patents almost invariably contain a series of claims which are thought to define subject matter that is new, useful and unobvious in relation to the then known prior art. Yet the Patent Office has begun to insist that it can, despite its lack of full knowledge of the prior art, divine where there is anything unobvious in one claim having regard to another claim of the same application. The Federal Court of Appeal has apparently joined this heresy.¹⁰⁹

The Appeal Board recognizes that, if a substance is old, the discovery of an unexpected and unobvious property will justify claims to a novel method of using the substance to give effect to that property (assuming the process is non-medical). The discovery will also justify claims to a novel mixture of the substance with an obvious and conventional carrier that renders the substance suitable for the new use, the novelty being in the

¹⁰² *Burton Parsons Chemicals Ltd. v. Hewlett-Packard (Can.) Ltd.*, *supra* note 90.

¹⁰³ *Dairy Foods, Inc. v. Co-opérative Agricole de Granby*, [1976] 2 S.C.R. 651, 7 N.R. 421, 23 C.P.R. (2d) 1 (1974). In the *Burton Parsons* case, *supra* note 90, the Court was in doubt as to whether the electrocardiograph cream, an emulsion, was made by a chemical process.

¹⁰⁴ *Supra* note 103, at 663, 7 N.R. at 433, 23 C.P.R. (2d) at 15.

¹⁰⁵ *Re Applications No. 154,365 & No. 154, 366*, *supra* note 100.

¹⁰⁶ *Supra* note 67.

¹⁰⁷ *Sandoz Patents Ltd. v. Gilcross Ltd.*, *supra* note 96.

¹⁰⁸ *See, e.g., Re Application No. 027,931 (Patent No. 946,381)*, 17 C.P.R. (2d) 195 (P.A.B. 1973).

¹⁰⁹ *Agripat v. Commissioner of Patents* (No. A-589-76, Dec. 14, 1977) (involving a claim to an insecticide plus carrier).

mixture and the unobviousness being in the discovery of the property.¹¹⁰ But if a substance is claimed as a new substance, claims are refused to the commercially important mixtures (*e.g.*, new substance plus carrier) where the utility disclosed as the basis for the claim to the substance is the same as that disclosed for the mixture.¹¹¹ This leads to the curious result that if an inventor first discovers a new substance that is useful as, for example, a coating, he may patent the substance *per se*. If he later discovers that the substance has the unobvious property of being useful as a catalyst, he may obtain another patent for it in a conventional mixture or form suitable for the new use. But if he discovered both uses when he first discovered the substance and disclosed both uses in a single patent application, it seems that he would be denied the latter claim. The difficulty, and the illogicality, is that the Patent Office uses the inventor's own disclosure against him. It is said by the Office that where the inventor discloses both the substance and its use and claims the substance on the strength of the disclosed use, he is not claiming any further "invention" by claiming the substance in a form suited to that use. Yet "invention" (over the substance) there would surely be if the substance proved to be old but unknown for the new use. Surely the inventor is entitled to claim the substance when specially adapted for the new use. The real question is whether he should be able to claim the substance *per se* when he has discovered the substance but has not yet discovered all of its potential uses. A logical argument might be made that he should be confined to claims which restrict him to exploiting the utility or utilities which he has discovered. But the law long ago rejected this narrow view of the scope of what may be claimed.¹¹² To give reality to this view of the law, the invention of a new substance must be regarded as a much broader invention than that of a particular use (though the latter may provide the utility justification for a claim to the former) and claims to both should be allowed. The Patent Appeal Board has not, in other situations, insisted that there must be an unobvious difference between what is claimed in different claims of an application.¹¹³ Where a claim to a compound has been allowed, a claim to a method of using it is regarded in the Office as being allowable in the same application¹¹⁴ unless the method is one for medical treatment.

¹¹⁰ *Re* Application No. 948,406 (Patent No. 968,176), 22 C.P.R. (2d) 245 (Comm'r of Patents 1972).

¹¹¹ National Patent Dev. Corp.'s Application No. 131,656, 106 C.P.O.R. Jan. 10, 1978, xiv (P.A.B.); *Re* Application No. 027,931, *supra* note 108.

¹¹² *See, e.g.*, *Marzone Chemicals Ltd. v. Eli Lilly & Co.*, 37 C.P.R. (2d) 37, 22 N.R. 511 (F.C. App. D. 1978); *Rohm & Hass Co. v. Commissioner of Patents*, [1959] Ex. C.R. 155, at 172: "A patentee is entitled to every use of which his invention is susceptible." The inference may be drawn from s. 41(1) that for cases not governed by s. 41(1) an inventor of a new substance may claim the substance itself.

¹¹³ *Re* Application No. 008,653; *Re* Patent No. 941,511, 13 C.P.R. (2d) 275 (P.A.B. 1973).

¹¹⁴ *See* Notice, 106 C.P.O.R. Nov. 29, 1977, xiii. *See also* Commissioner of Patents v. Ciba Ltd., [1959] S.C.R. 378, 19 Fox Pat. C. 18, 30 C.P.R. 135 (allowing in one application a claim to a compound and an obvious method of making it).

(h) *Aggregations and Exhausted Combinations*(i) *Synergism*

It is a well known principle of patent law that "a mere placing side by side of old integers so that each performs its own proper function independently of any of the others is not a patentable combination . . .".¹¹⁵ Cases on printed matter, games and pharmaceutical mixtures are ones where this problem of aggregation lurks in the background. A straightforward case of an aggregation was dealt with by the Board in *Ruff's Application*.¹¹⁶ The application concerned a claim to an artificial sunbathing enclosure which consisted of a number of previously known units (a ceiling, a base, lamps shining directly on the base and other lamps reflecting off the ceiling). The Board rejected the claim as being an aggregation, but added: "In a true combination synergism must be present and the result must exceed the sum of the functions of the various parts."¹¹⁷

This reference to synergism was, one hopes, no more than a reiteration of the requirement that the elements must interact or co-act, *i.e.*, have a potential working relationship¹¹⁸ rather than operate independently. Reference to synergism has turned up also in the Federal Court in *Domtar Ltd. v. MacMillan Bloedel Packaging Ltd.*¹¹⁹ Collier J., in a footnote, cited the United States Supreme Court decision in *Sakraida v. Ag Pro, Inc.* where the Court made reference to synergism in the sense of "an effect greater than the sum of the several effects taken separately".¹²⁰ This phrase is giving grey hairs to United States attorneys, who point out that mechanisms cannot do more than co-act to produce effects which, given the idea of putting them together, can yield only a predictable sum. Synergism is a strand that, in the United States, has somehow become tangled in the legal web. Its presence is an indication of unobviousness and of co-action, but is a *sine qua non* of neither.

(ii) *Mixtures*

The requirement of co-action cannot be applied blindly. Some claims which, at face value, seem to be merely for aggregations are in substance the only practicable expressions, in terms of means, of the underlying inventive idea or discovery. If the discovery is made that old substance X has the property of curing warts, this method of use cannot be claimed. For successful use to cure warts, X may have to be diluted with an inert carrier. This mixture is new, useful, and unobvious because, but for the discovery

¹¹⁵ *British Celanese Ltd. v. Courtaulds Ltd.*, 152 L.T. 537, at 542, [1952] R.P.C. 171, at 193 (H.L.) (*per* Lord Tomlin).

¹¹⁶ *Re Application No. 999,637*, 9 C.P.R. (2d) 278 (P.A.B. 1971).

¹¹⁷ *Id.* at 282.

¹¹⁸ *Kessler's Application*, [1973] F.S.R. 189, at 196 (P.A.T.).

¹¹⁹ 33 C.P.R. (2d) 182 (F.C. Trial D. 1977).

¹²⁰ 425 U.S. 273, at 282, 96 S. Ct. 1532, at 1537 (1976), quoting *Anderson's-Black Rock, Inc. v. Pavement Salvage Co.*, 396 U.S. 57, at 61, 90 S. Ct. 305, at 308 (1969).

that warts could be cured, there was neither reason to make the mixture nor knowledge to use it. A claim to *X* mixed with a carrier is a claim to elements each of which merely exhibits its own properties and does its own thing. But the claim is also to *X* in a novel (diluted) form and is within the statutory class of a new composition of matter.¹²¹ Further, *X* is contributing a hitherto unknown property. Claims to mixtures have fared quite well, as we have seen in the discussion on medical inventions.¹²²

(iii) *The Aggregative or Unnecessary Addition*

If elements *A* and *B* co-act to provide a patentable invention and may be used with element *C* which does not co-act with them, the inventor may claim *A + B*. But suppose he chooses to claim *A + B + aggregative C*. The addition of *C* merely imposes an unnecessary limitation on the claimable combination of *A + B*. That the applicant chooses to limit his claim in this way should not concern the Patent Office unless the claims are unduly multiplied. Nevertheless, claims which include the additional element *C* are sometimes objected to either on the ground that what is being claimed is not a true combination but an aggregation, or on the ground that the claims are for an "old combination" or "exhausted combination" where *C* has previously been used together with something similar to *A + B*.

To take a slightly simpler but equivalent case, if *A* alone is a patentable invention, a claim to *A + C* (where *C* is aggregative or has previously been used with something like *A*) confers no greater rights than would the claim to *A*, despite judicial mis-statements to the contrary. Typical of the latter is the statement of Swinfen-Eady J. in *Sirdar Rubber Co. v. Wallington, Westen & Co.*:

Where the only invention is in the form of one part of an article or machine, which part is separately claimed as an invention, the scope of the Patent cannot be enlarged by claiming that part in every combination in which it can be used, however obvious.¹²³

His Lordship was dealing with a patent (held invalid for insufficiency, want of novelty and obviousness) which claimed a wheel-rim (*A*) in claim number one and a wheel-rim plus tire (*A + C*) in claim number two. The defendant made tires and it was conceded that he was entitled to make and sell tires that would fit rims made by the plaintiff who had no claim for tires per se. The defendant fitted his tires onto rims made by the plaintiff after the plaintiff's tires had worn out. It was alleged that the defendant, while not infringing claim number one for the rim, infringed claim number two for the rim plus tire. Had this been so, claim number two would have

¹²¹ Patent Act, s.2 defines invention as, *inter alia*, "any new and useful . . . composition of matter".

¹²² *Supra* notes 84, 94. See also Behringwerke A.G.'s Application No. 879,884, *supra* note 83 (allowing claims to a mixture of viruses).

¹²³ 22 R.P.C. 257, at 266 (Ch. 1905), *aff'd* 97 L.T. 113, 24 R.P.C. 539 (H.L. 1907). This case was cited in *National Patent Dev. Corp.'s Application*, *supra* note 111.

increased the scope of the patent. But on the learned judge's premise that the entire invention lay in the rim, claim number two could hardly be infringed by putting the defendant's tires on rims made by the plaintiff. The learned judge held that the defendant was merely making a legitimate repair to what the plaintiff had sold. In consequence his suggestion that the scope of the patent had been enlarged was misplaced.¹²⁴ Here, as in the progeny of *Sandoz v. Gilcross*,¹²⁵ is another illustration of the use of the inventor's own disclosure against him and of failure to understand that to add a merely aggregative element in a claim is to limit the claim, not to enlarge it.¹²⁶

Why would one want the more restricted claim $A + C$? One reason is that it is not always crystal clear that C is aggregative. Inventors are not omniscient. C may limit the claim to the field of application in which the inventor is commercially concerned and to which he was directing his energies. For all he knows, A may have previously existed in some place where he would not think to look. Like the carrier in the case of mixtures, C may give life and vitality to the underlying unobvious idea. Or if, in a case like that of *Sirdar Rubber*,¹²⁷ the claimed rim configuration happened to be old for some other purpose (*e.g.*, for a pulley) but no one had conceived of using the configuration for wheels, the learned judge might have seen the alleged invention in an entirely different perspective. He might have found that there was an invention in the tire configuration (unclaimed) as well as in the claimed combination. Had this been the case, then the defendant's activities might possibly have constituted a substantial taking of the invention and an infringement.

In the *Agripat* case,¹²⁸ the applicant had been allowed a claim to a compound (which was useful as an insecticide) and sought to obtain, in the same patent, claims to the compound in various mixtures in which it could be used as an insecticide. The Appeal Board¹²⁹ rejected the latter claims, relying on the *Sandoz* decision and also on the aggregation or "exhausted combination" argument, despite the fact that, had the compound been old, the Board would presumably have allowed the mixture claims. The applicant made the argument that the mixture claims were needed in case

¹²⁴ In the United States the addition of an aggregative element has given rise to fears that the patentee may attack or frighten someone dealing in that element but not dealing in the true combination, but there is a body of opinion that this fear is unwarranted: *see Ex parte Barber*, 187 U.S.P.Q. 244, at 246 (B.A. 1974).

¹²⁵ *Supra* note 96.

¹²⁶ The point is well dealt with in *British United Shoe Mach. Co. v. A. Fussell & Sons*, 25 R.P.C. 631, at 649 ff. (C.A. 1908). *See also In re Bernhart and Fetter*, 163 U.S.P.Q. 611, at 618 (C.C.P.A. 1969); *In re Hirao and Sato*, 190 U.S.P.Q. 15 (C.C.P.A. 1976). Yet the objection sometimes characterized as an "old combination" or "exhausted combination" persists in some United States jurisdictions. *See, e.g., Jamesbury Corp. v. Litton Indus. Prods. Inc.*, 196 U.S.P.Q. 544 (D. Conn. 1977).

¹²⁷ *Supra* note 123.

¹²⁸ *Supra* note 109.

¹²⁹ *Agripat S.A.'s Application No. 132,421*, 105 C.P.O.R. May 17, 1977, xxii (P.A.B.).

the compound turned out to be old.¹³⁰ As to this, the Board hypothesized that the compound claim might still be valid if the utility discovered by the applicant had not previously been disclosed. Clearly this is wrong if the compound per se had previously been disclosed as useful for some other purpose. The applicant could not now claim the compound per se. It also seems to be wrong even if the compound, though old, had not been known to have any utility.¹³¹

It is submitted that if what is claimed is new, useful and unobvious, the addition of an alleged aggregative or unnecessary element in the claim is not objectionable unless that element is plainly a stray, unrelated to the result achieved by the remainder, or unless the claims are indecently multiplied, so that the statutory requirement for distinct and explicit claiming is not met.¹³²

4. Division

Section 38(2) of the Patent Act provides that where a patent application describes and claims more than one invention the applicant may, and on the direction of the Commissioner of Patents shall, limit his claims to one invention only. The invention or inventions defined in the other claims may be made the subject of one or more divisional applications, if such divisional applications are filed before the issue of a patent on the original application. Section 38(3) provides that the divisional applications shall bear the filing date of the original application. In *Preformed Line Products Co. v. R. Payer & Cie.*¹³³ the defendant argued that the Preformed patent in question resulted from an application which was not entitled to divisional status. The application was, on this argument, not entitled to the filing date of an earlier application from which it had purportedly been divided. In 1956, when Preformed's alleged divisional application was filed, the Patent Office was fairly liberal in according divisional status to applications. In later years the Patent Office tended to insist that claims presented in a divisional must have appeared in the original application before the filing of the divisional, having regard to the references to "claims" in section 38(2). The judge in the *Preformed* case observed that the claims which concerned him were in the original application "in substance as well as in detail, even though they were not described in completely identical language" and he went on to hold that: "[w]here there is full support in the earlier application for the claims in the

¹³⁰ Cf. *In re Wakefield and Foster*, 164 U.S.P.Q. 636, at 639 (C.C.P.A. 1978).

¹³¹ *Re Gyogyszeripari Kutato Intezet's Application*, [1958] R.P.C. 51 (P.A.T.). The case might be different if there were no prior knowledge of how to make the compound. See *Smith Kline & French Laboratories' Application*, [1968] R.P.C. 415, at 420 (P.A.T.); *Firestone Tire & Rubber Co.'s Patent*, [1966] F.S.R. 366, at 371 (U.K. Pat. Off.); *Betts v. Menzies*, 10 H.L. Cas. 117, at 154, 31 L.J.Q.B. 233, at 243-44, 7 L.T. 110, at 114-15 (1862); *In re Samour*, 197 U.S.P.Q. 1 (C.C.P.A. 1978).

¹³² Patent Act, s. 36(2).

¹³³ 24 C.P.R. (2d) 1, *aff'd* 16 N.R. 283, 34 C.P.R. (2d) 141 (F.C. App. D. 1977) (the point under discussion here was not considered)

second one, there is no requirement at law that the claims of both applications be in identical language".¹³⁴ The emphasis, in short, should be on substance, not form, and Patent Office practice since the *Preformed* decision conforms to this.

5. Reissue

Within four years of the issue of a patent it may be possible for a patentee to seek amendment of his patent by applying for a reissue under section 50 of the Patent Act. Reference was made in the last Survey¹³⁵ to the *Burton Parsons* case.¹³⁶ The Supreme Court has, in that case, now affirmed that not only a faulty but also an invalid patent may be reissued. The Statute requires an error in the original patent that arose from inadvertence, accident or mistake; the court saw no reason to confine correctable errors to ones made by the inventor rather than by his patent agent.¹³⁷

Reference is frequently made in reissue cases to the intent of the applicant. Section 50 does not use the word "intent", but the intent of the applicant clearly may have a bearing on whether there was inadvertence, accident or mistake in the draftsmanship of the original specification. Further, the Commissioner has a discretion whether to grant the reissue,¹³⁸ though this must of course be exercised judicially. Subjective elements may, therefore, enter into reissue proceedings, although the issue of inadvertence, accident or mistake is plainly one of fact.

In addition, it is a requirement of the Statute that the reissue patent must be for the "same invention" as the original patent. A logical and persuasive case can be made¹³⁹ that whether the two patents are for the same invention is purely a matter of construction of the two documents, and that intent is irrelevant to the issue of "same invention". The Appeal Board seems to have come close to recognizing this in *Film Corp. of America's Application*.¹⁴⁰ The Board held that, as to intent, the issue is not whether the applicant intended to claim in the original patent what he now claims in the reissue, but rather whether there was lack of intent to claim it,¹⁴¹ so that, it is submitted, the question of intent is purely a question of

¹³⁴ *Id.* at 3.

¹³⁵ Fisk, *supra* note 39, at 482-83.

¹³⁶ *Supra* note 90.

¹³⁷ See also *Curl-Master Mfg. Co. v. Atlas Brush Ltd.*, [1967] S.C.R. 514, 36 Fox Pat. C. 84, 52 C.P.R. 51.

¹³⁸ Patent Act, s. 50 provides that the Commissioner *may* cause a new patent to be issued. See also *Burton Parsons*, *supra* note 90, at 567-68, 17 C.P.R. (2d) at 107-08, 54 D.L.R. (3d) at 720-21. The patentee's diligence in seeking reissue may be a factor. See *In re Leonard's Appeal*, 14 Ex. C.R. 351, at 360, 13 E.L.R. 280, at 285, 14 D.L.R. 364, at 367 (1913).

¹³⁹ Space does not permit it to be made here; it requires careful analysis of the old decisions.

¹⁴⁰ *Re Application No. 100,628, of Film Corp. of America*, 11 C.P.R. (2d) 283 (P.A.B. 1972).

¹⁴¹ See *Re Application No. 060,764*, 13 C.P.R. (2d) 280 (P.A.B. 1973) (fraudulent intent).

inadvertence, accident or mistake. The Board allowed a reissue with claims broader than those of the original patent but not as broad as those abandoned during the prosecution of the application for the original patent.

What constitutes the "same invention" arose in *Hewko's Application*.¹⁴² There the applicant sought to add, in his reissue application, claims which the Examiner considered would not have been allowable in the same application as the original claims. In other words, if the applicant had tried to insert those claims in the application for his original patent, he would have had to divide them out and make them the subject of a separate divisional application. This would have been necessary having regard to the requirement of section 38 of the Patent Act that a patent shall be granted for one invention only and section 60 of the Patent Rules¹⁴³ which provides that an application that does not contain a claim broader in its scope than any other claim in the application shall be deemed to be directed to more than one invention. The Board held that it was wrong to consider such issues of division in a reissue application,¹⁴⁴ although the petitioner for reissue could be in difficulty if the new claims were ones that had been cancelled from the original application as a result of an objection at that time. Rather, the Board focussed on whether the reissue was for unclaimed parts of the real invention.¹⁴⁵

On the question of discretion, the Commissioner has stated that:

there is a balance of interest between the public's right to *abandoned* subject matter and the potential loss of a patentee's valuable property rights through erroneous claiming. In striking this balance, a patentee is given preference and is permitted to eradicate his ostensible abandonment, provided certain carefully defined conditions are satisfied.¹⁴⁶

On this basis the Commissioner has referred a reissue application back to the Examiner for further prosecution when the Commissioner was "not satisfied beyond a reasonable doubt that the applicant has failed to meet the intent of s. 50 of the Patent Act".¹⁴⁷

6. Disclaimer

Section 51 of the Patent Act provides for disclaimer, at any time, of what a patentee does not claim to hold by virtue of his patent. By subsection 51(5) the patent may be valid for what remains. Section 60

¹⁴² *Id.*

¹⁴³ S.O.R. Cons./55, Vol. 3, 2510, as amended by S.O.R./78-174, s.14 (104 Can. Gazette Pt. II, 499).

¹⁴⁴ MANUAL OF PATENT OFFICE PRACTICE, *supra* note 7, s. 14.02 states that office practice is not to call for division of a reissue application. This renders of little application the provisions of s. 50(3), which permit multiple reissue patents for parts of the invention.

¹⁴⁵ The Board, unfortunately but pardonably having regard to old *dicta*, reverted to looser use of the word "intended" than might have been expected from its earlier decision in the *Film Corp.* case, *supra* note 140.

¹⁴⁶ *Id.* at 288.

¹⁴⁷ *Re* Application No. 009,562, Patent No. 930,656, 12 C.P.R. (2d) 169, at 172 (P.A.B. 1971).

provides that, despite the invalidity of one or more claims, effect shall be given to valid claims. Therefore, the Statute hardly encourages filing disclaimers of entire claims. However, the disclaimer provisions may be useful where, for example, it is desired to save a claim by narrowing its scope. By a notice to the profession in 1970, the Canadian Patent Office announced that it would record disclaimers only when directed to complete claims.¹⁴⁸ The reasoning set forth in the notice was lost on most practitioners and, more to the point, on the Federal Court of Appeal. The decision in *Monsanto Co. v. Commissioner of Patents*¹⁴⁹ has caused the Patent Office to revert to its duty of recording disclaimers of parts of the disclosure and of all or part of a claim.¹⁵⁰

B. Substantive Matters in the Courts

1. Intervening Rights

At the time of the last Survey¹⁵¹ an appeal was pending in *Peterson Electric Die Co. v. Plastiseal Inc.*¹⁵² in which the patent in suit claimed a process and the product of the process. At trial, Walsh J. concluded that a person who, before the grant of the patent, had carried out the process claimed, was entitled, under section 58 of the Patent Act, to continue to use the process to produce new products after the grant of the patent. This was consistent with the reasoning of Thurlow J. in the earlier case of *Libbey-Owens-Ford Glass Co. v. Ford Motor Co. of Canada*.¹⁵³ It seemed, therefore, that a patentee who elected to claim a process was exposing himself to competition by pre-grant users of the process despite the fact that the patentee was also able to claim the product of the process. These trial judges were not required to decide whether the intervening rights of such pre-grant users would entitle them to expand the scale of the process after grant, or to acquire new or additional apparatus to carry out the process where the patent also contained apparatus claims. It is clear, though, from the decision of the Supreme Court of Canada in the *Libbey-Owens-Ford* case¹⁵⁴ that apparatus acquired before the grant of the patent may continue to be used despite later-issued process and apparatus claims. Unfortunately for those who wonder whether the trial judges were right, in the appeal of the *Peterson* case¹⁵⁵ the Federal Court of Appeal found it unnecessary to deal with the section 58 point because, agreeing with the trial judge, it held the patent invalid. The Court of Appeal went on, however, to make the interesting statement that the section 58

¹⁴⁸ See Notice, 98 C.P.O.R. Jan. 27, 1970, vi.

¹⁴⁹ [1976] 2 F.C. 476, 13 N.R. 56, 28 C.P.R. (2d) 118 (App. D.).

¹⁵⁰ 104 C.P.O.R. July 27, 1976, xxii (P.A.B.).

¹⁵¹ Fisk, *supra* note 39, at 463-64.

¹⁵² 8 C.P.R. (2d) 222 (F.C. Trial D. 1972), *aff'd* 14 C.P.R. (2d) 48 (F.C. App. D. 1974).

¹⁵³ [1969] 1 Ex. C.R. 529, 57 C.P.R. 155, *aff'd* [1970] S.C.R. 833.

¹⁵⁴ *Id.*

¹⁵⁵ *Supra* note 152.

declaration should be deleted from the judgment of the Trial Division, making it clear that at the appellate level the court will entertain argument against extension of the Supreme Court's ruling in *Libbey-Owens-Ford*.

Further encouragement may be taken from two decisions of Mr. Justice Gibson. In *Steel Co. of Canada v. Sivaco Wire and Nail Co.*,¹⁵⁶ one of the patents in suit had claims to a process and to a die used in the process. His Lordship plainly took the view that the rights of intervening (pre-grant) users would not extend to replacement dies made after the patent issued. More recently, in *Reeves Bros. Inc. v. Toronto Quilting & Embroidery Ltd.*,¹⁵⁷ Gibson J. had to consider a patent claiming a process and the product of the process, and a second patent (resulting from a division of the application for the first) claiming an apparatus that could carry out the process. He emphasized that section 58 relates to the right of using and vending to others the "specific" article, machine, manufacture or composition of matter acquired before issue of the patent. He noted that "article, machine, manufacture or composition of matter" could be equated with "invention" and found that the two patents were for the same "invention". He also held that the defendant had no continuing immunity under section 58 where a first apparatus, used before the patents issued, had been destroyed, and where the defendant had failed to prove that a second apparatus had been used before the patents issued, or that purchase of parts for the second apparatus had occurred before the patents issued.

In *Farbwerke Hoechst A.G. v. Halocarbon (Ontario) Ltd.*,¹⁵⁸ one defendant, an American company, had been using a process in the United States since 1962. The plaintiff's Canadian patent for the process issued in 1964. The other defendant began to import the American company's product in 1970. Collier J. held that neither defendant had the benefit of section 58; in his view it was necessary for a defendant to have acquired the invention in Canada before the grant of the patent. In *Teledyne Industries, Inc. v. Lido Industrial Products Ltd.*,¹⁵⁹ Mahoney J. held it to be arguable that a defendant who had purchased articles outside Canada before the patent issued may bring them into Canada thereafter. If careful regard is had to the statutory history, the correct geographical test seems to this writer to be whether the defendant had, before the grant of the patent, done in Canada, or had threatened¹⁶⁰ to do in Canada, that which would have been actionable had it occurred after the grant. However, in *Procter & Gamble Co. v. Bristol-Myers Canada Ltd.*,¹⁶¹ where the patent had

¹⁵⁶ 11 C.P.R. (2d) 153, at 199 (F.C. Trial D. 1973).

¹⁵⁷ (Unreported, F.C. Trial D., Dec. 13, 1978, no. T-534-72).

¹⁵⁸ [1974] 2 F.C. 266, 15 C.P.R. (2d) 105 (Trial D. 1974), *rev'd* [1976] 2 F.C. 468, 28 C.P.R. (2d) 63 (App. D. 1976).

¹⁵⁹ (Unreported, F.C. Trial D., Aug. 23, 1977, no. T-546-77).

¹⁶⁰ *Cf.* Barber v. Goldie Const. Co., [1936] O.W.N. 383 (C.A.).

¹⁶¹ 39 C.P.R. (2d) 145 (F.C. Trial D. 1978), *aff'd* 39 C.P.R. (2d) 171, 24 N.R. 342 (F.C. App. D. 1978). Leave to appeal to the Supreme Court of Canada denied, June 21, 1979.

claims to a product and to a method of using the product, Addy J. held that the defendant which, before the grant of the patent, sold the product (with instructions on how to use the product) but did not itself use the product, was not protected by section 58. This was so despite the fact that, after the grant, the same acts of the defendant made it a party to the carrying out of the method by its customers and an infringer of the method claims.

2. *Personal Liability of Persons in Control of Corporate Infringers*

In *Mentmore Manufacturing Co. v. National Merchandise Manufacturing Co.*,¹⁶² the plaintiff sued an incorporated company and its president for patent infringement. The company was found to have infringed the patent. The Federal Court of Appeal then had to consider whether its president was personally liable. The president and his brother-in-law controlled the company and directed its operations (each owned fifty per cent of the shares). The court held that the same principle should apply to a small, closely held corporation as to a large corporation. While it was not necessary for the plaintiff to show that a director or officer of the corporation knew or had reason to know that acts which he directed or procured constituted infringement of a patent,

there must be circumstances from which it is reasonable to conclude that the purpose of the director or officer was not the direction of the manufacturing and selling activity of the company in the ordinary course of his relationship to it but the deliberate, wilful and knowing pursuit of a course of conduct that was likely to constitute infringement or reflected an indifference to the risk of it.¹⁶³

The court made it clear that it was not attempting a precise formulation of the appropriate test; room must be left for a broad appreciation of the circumstances of each case to determine whether as a matter of policy they call for personal liability. However, the passage quoted above suggests that a director or officer who has received notice that his company is likely to infringe a patent, and that the patent is probably valid, may put himself in personal jeopardy. He would be wise to consult professional advisers whose opinions are privileged.

It is suggested that the trial judge formulated a better test on this matter, namely, whether the individual "deliberately or recklessly embarked on a scheme, using the company as a vehicle, to secure profit or custom which rightfully belonged to the plaintiffs".¹⁶⁴ The Court of Appeal said that it was unable to conclude that the trial judge's test was wrong in its essential emphasis, although opinions might differ as to the appropriateness of the precise language of his test.

3. *Double Patenting*

It sometimes happens that different persons are granted patents for very similar things. Sometimes the same person obtains more than one

¹⁶² 22 N.R. 161 (F.C. App. D. 1978), *aff'd* 14 C.P.R. (2d) 151 (F.C. Trial D. 1974).

¹⁶³ *Id.* at 173.

¹⁶⁴ 14 C.P.R. (2d) at 167.

patent for what seems essentially to be one invention. In the *Xerox* case,¹⁶⁵ it was argued that one of the patents in suit was invalid because the patentee had earlier obtained another patent for the same invention. The learned judge dealt with the argument shortly, accepting the proposition that the later patent will be valid if its claims are not "precisely conterminous"¹⁶⁶ with the claims of the first patent. The authority cited for this proposition is, with respect, unsatisfactory, despite the fact that it is an editorial note¹⁶⁷ written by the late Harold G. Fox, Q.C. Dr. Fox stated the above proposition, but cited in support only one United Kingdom decision¹⁶⁸ which is of minimal assistance.

There is a great deal of law on double patenting in the United Kingdom and elsewhere, but there are few relevant decisions in Canada. Probably the most important is that of the Supreme Court of Canada in *Commissioner of Patents v. Farbwerke Hoechst A.G.*,¹⁶⁹ decided after Dr. Fox wrote his note. The *Hoechst* case involved an attempt to obtain a patent for a pharmaceutical mixed with a carrier, when a patent had already issued for the pharmaceutical when produced by a specific process. The claims were clearly not conterminous, but the Supreme Court took the view that the same invention was involved.¹⁷⁰ The *Hoechst* case can be distinguished, the best argument probably being that it turned solely on what can be claimed in Canada in the special circumstances created by section 41(1) of the Patent Act, rather than on what might be claimed apart from section 41(1). The conclusion of the learned judge in the *Xerox* case can be defended, but one hopes that the issue will be more thoroughly discussed when it next arises for decision.¹⁷¹

4. Sufficiency of Disclosure

(a) Promised Results

One of the requirements of section 36 of the Patent Act is that the description in the specification be sufficient to enable any person skilled in the art to make the invention. This requires that the skilled person be able

¹⁶⁵ *Xerox of Canada Ltd. v. IBM Canada Ltd.*, *supra* note 1.

¹⁶⁶ *Id.* at 59.

¹⁶⁷ See *Lovell Mfg. Co. v. Beatty Bros.*, 23 Fox Pat. C. 112, at 116-17 (Ex. 1963).

¹⁶⁸ *Arrow Electric Switches Ltd.'s Application*, [1943] R.P.C. 1, at 4 (P.A.T.).

¹⁶⁹ [1964] S.C.R. 49, 41 C.P.R. 9, *rev'g* 39 C.P.R. 105 (Ex. 1962).

¹⁷⁰ The Supreme Court used similar reasoning in *Tennessee Eastman*, *supra* note 85. See also the Board of Appeals decision in *Norimasa Mujairi's Application*, No. 207,229, 106 C.P.O.R. May 23, 1978, xiv, holding that claims to an antibiotic and to a method of using it were in essence claims for the same invention.

¹⁷¹ In *Zelon Indus. Ltd. v. Bonar & Bemis Ltd.*, 39 C.P.R. (2d) 5 (F.C. Trial D. 1978), Gibson J. has resisted the opportunity. He appears to have drawn the sensible conclusion that an earlier patent, held void as being granted to someone who was not the first inventor, does not affect the validity of a later patent to the true inventor. In *Consolboard Inc. v. MacMillan Bloedel (Saskatchewan) Ltd.*, 39 C.P.R. (2d) 191 (F.C. Trial D. 1978) Collier J. repeated his conclusion in the *Xerox* case, *supra* note 1, without discussion. (Appeal to the Federal Court of Appeal was allowed on May 11, 1979; leave to appeal to the Supreme Court of Canada was granted on June 18, 1979).

to follow the directions and get the promised results; failure to provide this is sometimes labelled "inutility".¹⁷² In *Consolboard Inc. v. MacMillan Bloedel (Saskatchewan) Ltd.*,¹⁷³ both the disclosure and the claims of the patent in suit called for production of a uniform mat, but according to the evidence the apparatus described in the patent would not produce a satisfactory or acceptable uniform mat. Collier J. held that this rendered the claims invalid. In so doing he stated: "The plaintiff contends the changes, which all witnesses agreed should be made, could be routinely done by an ordinary skilled workman. My answer is that usefulness in a modified form is no answer."¹⁷⁴

Despite this curt answer, it is not the law that nothing can be expected of the ordinary skilled workman; at the least, he can be expected to correct obvious errors.¹⁷⁵ More recently, Addy J. held that it may be left to competent workmen of ordinary skill to perform routine trials and experiments.¹⁷⁶

(b) *Date for Sufficiency*

In the last Survey,¹⁷⁷ the question was raised as to the date as of which the sufficiency of a specification is determined. One would think the relevant date to be the date on which the specification is filed pursuant to section 35 of the Act. It would be odd if an applicant could file an insufficient specification and rely on fortuitous increases in the stock of knowledge to render the specification sufficient when, often several years later, the specification is published. Equally, the applicant should not be penalized by shifts in the meaning of terms occurring after he adopted them. This is the view taken in the United States;¹⁷⁸ the British seem to be confused on this matter;¹⁷⁹ the Canadian Patent Appeal Board has chosen

¹⁷² *Tetra Molectric Ltd.'s Application*, [1977] R.P.C. 290, [1976] F.S.R. 424 (C.A.). Nowadays the term "inutility" tends to be used more in relation to the claims; though the disclosure of the patent may be sufficient to achieve the promised result, the claims may be too broad in that they encompass useless subject matter.

¹⁷³ *Supra* note 171.

¹⁷⁴ *Id.* at 216.

¹⁷⁵ See *Vidal Dyes Syndicate, Ltd. v. Levinstein, Ltd.*, 29 R.P.C. 245, at 271 (C.A. 1912); *Valensi v. British Radio Corp.*, [1973] R.P.C. 337, at 377 (C.A.); *Union Carbide Can. Ltd. v. Transcanadian Feeds Ltd.*, [1966] Ex. C.R. 884, at 937-38, 49 C.P.R. 29, at 65-66.

¹⁷⁶ *Supra* note 161.

¹⁷⁷ *Fisk*, *supra* note 39, at 480.

¹⁷⁸ See *In re Hogan and Banks*, 194 U.S.P.Q. 527, at 535 (C.C.P.A. 1977). In the United States, however, as in Britain, public access to micro-organisms described in the specification is not required until the specification is published: *Feldman v. Aunstrup*, 186 U.S.P.Q. 108 (C.C.P.A. 1975); *American Cyanamid (Dann's) Patent*, [1971] R.P.C. 425 (H.L. 1970).

¹⁷⁹ *American Cyanamid Co. v. Berk Pharmaceuticals Ltd.*, [1976] R.P.C. 231, [1973] F.S.R. 487 (Ch. D.) (date of application); *Illinois Tool Works Inc. v. Autobars Co.*, [1974] R.P.C. 337, at 369 (Ch. D.) (date of publication, but the date was not critical to the decision).

the filing date.¹⁸⁰

5. *Anticipation by a Printed Publication*

Section 28(1)(b) of the Patent Act excludes from patentability subject matter described in a publication which was printed more than two years before the date of the Canadian patent application. It would seem that the publication, not just the printing, must occur before the two year period. What constitutes "publication" and what constitutes "printing" have been considered in two recent Canadian cases.

In *Xerox v. IBM*,¹⁸¹ Collier J. stated that "publication" requires that the document relied on must "have become generally available, without restriction, to members of the public", the recipient or recipients having "no special relationship to the author".¹⁸² The learned judge did not state what was meant by a "special relationship", but he cited *Re Galloway Ltd.'s Application*¹⁸³ where it was held that a drawing sent by one company to its partner in a design project was not published.

Collier J.'s statement in the *Xerox* case was accepted by Gibson J. in *Owens-Illinois Inc. v. Koehring Waterhouse Ltd.*¹⁸⁴ There it was held that a report was not published when the author had sent a copy to the Pulp and Paper Research Institute of Canada where five mimeographed copies were made, put in the Institute's "private library", and kept confidential at the request of the author, though available for loan to personnel of member companies of the Institute having an acceptable reason for obtaining access to a confidential report. Gibson J. apparently accepted the British position, enunciated in *Bristol-Myers Company's Application*,¹⁸⁵ that communication to a single member of the public without any inhibiting fetter would constitute publication. Also, where communication is made to a company through its employee, and the company is free to do as it wishes, it is immaterial that the employee must abide by the wishes of the company.¹⁸⁶ Gibson J. indicated that there must be "dissemination of the secret of the concept of the invention to the public"¹⁸⁷ but it seems that this will occur if

¹⁸⁰ See 104 C.P.O.R. June 29, 1976, xxviii. This decision relates to an abandoned application. The applicant did not give permission for publication; therefore, all the information which could identify the application was deleted from the decision.

¹⁸¹ *Supra* note 1.

¹⁸² *Id.* at 85. The judge cited *Stead v. Williams*, 2 W.P.C. 126, at 141-43, 2 L.T.O.S. 34 (C.P. 1843), which suggests that a single copy of a work brought from a depository where it has long been kept in obscurity would not be a publication. He also cited *Tecalemit's Application*, [1967] F.S.R. 387 (P.A.T.), where a United States pamphlet had been received by the library of a large United Kingdom company and was available for perusal by any of its technical staff, but was not held to be published in the United Kingdom.

¹⁸³ In the Matter of *Galloway Ltd.'s Application for Patent*, [1959] R.P.C. 141 (P.A.T.).

¹⁸⁴ 40 C.P.R. (2d) 72 (F.C. Trial D. 1978).

¹⁸⁵ [1969] R.P.C. 146 (Q.B. 1968). The British statutory definition under consideration in that case (*id.* at 151) seems to have been declaratory (*id.* at 153).

¹⁸⁶ *Id.* at 152.

¹⁸⁷ *Supra* note 184, at 89.

there is a single printed document in a library and accessible to the public.¹⁸⁸

As to what is "printed", in the *Xerox* case Collier J. did not consider that a typewritten document was printed. He referred to *In re Tenney*,¹⁸⁹ where the United States Court of Customs and Patent Appeals held that a single microfilm copy of the typewritten specification of a German patent application was not printed.¹⁹⁰ Suppose that, after being typewritten, the document had then been reproduced in several copies by microfilm, by an offset process, or photostatically. Collier J. did not find it necessary to decide these questions, but seems to have thought that the definition of "printed" may change with the years. He was considering an alleged publication in 1953, set up against a patent for which the date of invention was 1953 and the date of filing was 1961. He concluded that, due to the state of the copying art in 1953, the alleged publication would not qualify as "printed".¹⁹¹

In the *Owens-Illinois* case,¹⁹² Gibson J. ascribed to "printed" what he called the dictionary definition, but unfortunately did not quote that definition.

A party attacking a patent must show, by a preponderance of evidence, that a document on which he relies is a "printed publication".¹⁹³

6. Obviousness

(a) Date at Which Obviousness is Tested

In the *Xerox* case,¹⁹⁴ one of the patents in suit was attacked on the ground that the alleged invention was obvious having regard to certain art that was available more than two years before the Canadian patent application was filed. The judge found that the invention claimed in the patent had been made prior to the date of the art on which the defendant was relying. He disposed of the attack by stating, without reasons, that it is at the date the invention was made that the question of obviousness is decided. With respect, it is also necessary to consider whether the alleged invention was obvious having regard to two-year-old patents, printed publications, public uses and sales under paragraphs 28(1)(b) and (c) of the

¹⁸⁸ *Supra* note 185, at 153; *Potter Instrument, Inc. v. ODEC Computer Systems, Inc.*, 181 U.S.P.Q. 572, at 581 (Dist. Ct. R.I. 1974).

¹⁸⁹ 117 U.S.P.Q. 348, 254 F. 2d 619 (C.C.P.A. 1958).

¹⁹⁰ But the United States authorities are not unanimous: see P. ROSENBERG, *PATENT LAW FUNDAMENTALS* 1975 (with 1978 supp.); *Philips Elec. and Pharmaceutical Indus. Corp. v. Thermal and Elecs. Indus. Inc.*, 171 U.S.P.Q. 641 (3d Cir. 1971).

¹⁹¹ *Supra* note 1, at 85. His Lordship suggested that "today a run of so-called 'photostatic copies' might well be held to be 'printed'": *id.* It would be a strange rule if the meaning of the statutory language could vary with the state of the art at such variable dates.

¹⁹² *Supra* note 184, at 90.

¹⁹³ See the *Xerox* case, *supra* note 1, at 85.

¹⁹⁴ *Id.* at 86.

Patent Act.¹⁹⁵ If the law were as stated by the learned judge, it would be impossible to assess the obviousness or unobviousness of an alleged invention without litigating to ascertain the relevant date.¹⁹⁶

(b) *Obviousness over Hard-to-Find Prior Art*

In the *Xerox* case, the defendants relied on prior publications in arguing that the patented subject matter was old (anticipated) and obvious. Where a defendant asserts that a single prior art reference is an anticipation, it is irrelevant that the reference may have been difficult to find, at least if it qualifies as a reference under paragraphs 28(1)(b) or (c) of the Patent Act. In the *Xerox* case the plaintiff argued that, where the attack is based on obviousness, it is necessary for the defendant to show how easy it would have been to find the references on which the defendant relies. The learned judge declined to rule on the necessity aspect but held that absence of testimony on this matter is something which the court ought to consider and weigh.¹⁹⁷ Unfortunately he did not say anything about the distinction, put to him by counsel for the defendant, between instances where the defendant relies on a mosaic of prior references and instances where counsel bases his attack on a single reference. In the latter instance, if the reference was notionally available to skilled workmen on the issue of anticipation, it seems incongruous to say that it should not notionally have been before them when considering obviousness.¹⁹⁸ In the former instance (where it is necessary to rely on a mosaic), the majority view in the United Kingdom is that consideration should be given only to what would have been found on a diligent search.¹⁹⁹ This is to be contrasted with the position in the United States, where it has been said that one should picture the inventor working in his shop with the prior art references hanging on the walls around him, at least where the references are in his field of endeavour.²⁰⁰

¹⁹⁵ I have discussed this in 18 C.P.R. (2d) 222, at 239-40 (1975); see also Fisk, *supra* note 39, at 478.

¹⁹⁶ If I am right that the issue is to be considered both as of a date two years prior to the Canadian filing date and as of the date of invention, there will of course still be uncertainty as to whether in litigation one may find that the date of invention was less than two years before the filing date, so that one may rely on less ancient art than otherwise.

¹⁹⁷ *Supra* note 1, at 62. Earlier judicial allusions to this problem are referred to by Fisk, *supra* note 39, at 478-79.

¹⁹⁸ *But see* Imperial Chem. Indus. Ltd. (Pointer's) Application, [1977] F.S.R. 434 (P.A.T.) where Whitford J. took the same view as Collier J. It is arguable that a reference under the Canadian Patent Act, s. 28(1)(a) must anticipate or fail altogether, as noted in my article, *supra* note 195, at 240. The Patent Office accepts this in relation to references under s. 43: see Texaco Dev. Corp., Application No. 113,546, 103 C.P.O.R. Oct. 28, 1975, xi.

¹⁹⁹ General Tire & Rubber Co. v. Firestone Tyre and Rubber Co., [1972] R.P.C. 457, at 498-500 (C.A. 1971).

²⁰⁰ See, e.g., *Re Antle*, 170 U.S.P.Q. 285, at 287 (C.C.P.A. 1971).

(c) *Obviousness to Try*

In the United Kingdom, the courts consider that subject matter is obvious if at the relevant date a skilled person would have thought that the subject matter warranted trying, and that it had real prospects of success, even if the actual results are surprisingly better than would have been expected.²⁰¹ The rationale is apparently that no one should be prevented by a patent from using what was readily available for use.²⁰²

On the other hand, the United States Court of Customs and Patents Appeals has taken a different view of obviousness to try. Section 103 of the United States Patent Act²⁰³ requires the court to consider whether "the subject matter as a whole would have been obvious . . . to a person having ordinary skill in the art". In the words of the C.C.P.A.: "As we have said many times, *obvious to try* is not the standard. . . . Disregard for the unobviousness of the results of 'obvious to try' experiments disregards the 'invention as a whole' concept. . . ."²⁰⁴ The C.C.P.A. pointedly asserts that obviousness cannot be predicated on what is unknown.²⁰⁵

On the appeal of *Farbwerke Hoechst A.G. v. Halocarbon (Ontario) Ltd.*,²⁰⁶ the Federal Court of Appeal clearly did not adopt the C.C.P.A. view.* It also rejected the trial judge's view that the prior art must have made it obvious that success *would* be achieved in order to defeat a claim on the ground of lack of inventive ingenuity.²⁰⁷ It seems probable that the Court of Appeal would favour the British approach and regard a thing as being obvious if the prior art pointed to the subject matter as having a prospect of success.²⁰⁸

7. *Scope of Claims*

The scope of patent claims is the subject of many attacks. An inventor usually directs his mind to producing one or more specific things that will have utility. When he files a patent application he or his agent must, given knowledge of those specific things, consider what other things might conceivably compete with him. This, and the difficulty attendant to

²⁰¹ *Varian Assoc.'s Application*, [1973] R.P.C. 728 (P.A.T. 1972).

²⁰² *Philips (Bosgra's) Application*, [1974] R.P.C. 241 (P.A.T. 1970).

²⁰³ 35 U.S.C. (1952).

²⁰⁴ *In re Antonie*, 195 U.S.P.Q. 6, at 8 (C.C.P.A. 1977).

²⁰⁵ *In re Shetty*, 195 U.S.P.Q. 753 (C.C.P.A. 1977).

²⁰⁶ *Supra* note 158.

* *Editor's Note*: As this issue went to press, the judgment of the Federal Court of Appeal was reversed by the Supreme Court of Canada in a 4-3 decision, June 21, 1979.

²⁰⁷ *Cf. Short v. Weston*, [1941] Ex. C.R. 69, at 86: "In order that a thing shall be 'obvious', it must be something that would directly occur to some one who was searching for something novel . . . without the necessity of his having to do any experimenting. . . ."

²⁰⁸ *See also Eli Lilly & Co. v. Marzone Chemicals Ltd.*, *supra* note 32. It seems that predictability may be given less weight if the effort (and perhaps the cost) of trying is likely to be slight, and vice versa: *American Cyanamid Co. v. Berk Pharmaceuticals Ltd.*, *supra* note 179, at 257, quoted with approval by Collier J. in the *Xerox* case, *supra* note 1.

defining anything, leads to the drafting of claims which cover more than the specific things which initially preoccupied the inventor. Excessively broad claims may be drafted inadvertently or deliberately, but invalidity of such claims follows in either event.

(a) *Claiming What is Not an Invention*

One way of overclaiming is to cover things which are old, obvious or useless. It has often been argued that it is pointless to hold invalid a claim which covers useless cases, as it merely extends to things which no one would want anyway, and is therefore harmless. The public is adequately protected by two other principles: first, that a patent is invalid if the disclosure as to utility is misleading; and secondly, that the claim is invalid, for covering more than was invented, where it covers more useful territory than could soundly have been predicted to be useful on the basis of what is disclosed. The United Kingdom Patents Act 1977,²⁰⁹ in listing possible grounds of invalidity in sections 72(1) and 74(3), has dropped the old ground of inutility.²¹⁰

Utility is plainly a requirement under the Canadian statutory definition of an invention.²¹¹ Claims in the chemical arts have suffered most from inutility attacks; where, for example, a group of compounds is specified by a claim, every compound of the group may seem, as a matter of language, to be included. If, as properly construed, the claim covers useless things, it is invalid unless the tribunal can be persuaded that the useless things are *de minimis*.²¹²

Rather than rely on a *de minimis* argument, an inventor is more likely to succeed by arguing that his claim should not be construed as covering anything useless. Most claims are capable of being misconstrued as covering useless things. A claim to a mechanism will probably not specify

²⁰⁹ U.K. 1977, c. 37.

²¹⁰ The objection may arise in different ways, however, because one of the grounds of invalidity under the United Kingdom legislation is that "the invention is not a patentable invention" (s. 72(1)(c)) and this requires, *inter alia*, that it be "capable of industrial application" (ss. 1(1)(c), 4(1)). Another of the grounds is that "the specification of the patent does not disclose the invention clearly enough and completely enough for it to be performed by a person skilled in the art", (s. 72(1)(c)); also a useless thing (e.g., a new compound which any chemist could make) may be regarded as obvious.

²¹¹ Patent Act, s. 2.

²¹² See T. BLANCO WHITE, PATENTS FOR INVENTIONS ss. 2-222, 4-111 (4th ed. 1974); *Stevens v. Keating*, 2 W.P.C. 172, at 184, 187 (Ch. D. 1847); *In the matter of I.G. Farbenindustrie A.G.'s Patents*, 47 R.P.C. 289, at 323 (Ch. D. 1930); *Hoechst Pharmaceuticals v. Gilbert & Co.*, [1965] 1 Ex. C.R. 710, at 730, 28 Fox Pat. C. 120, at 140, *aff'd* [1966] S.C.R. 189, 32 Fox Pat. C. 56, 50 C.P.R. 26 ("substantially all"). The Appeal Board has been content to allow claims where it is probable that a substantial number of conceivable substances within the claimed group has the promised utility. See *Rippel's Application No. 090,785*, 105 C.P.O.R. Aug. 23, 1977, xiii. See also *In re Angstadt and Griffin*, 190 U.S.P.Q. 214 (C.C.P.A. 1976) for a forceful argument that, at least in an unpredictable art such as catalysis, claims that may extend to useless cases are a practical necessity.

oil in the bearings²¹³ or bearings of adequate strength; these things are necessarily implied. In *Burton Parsons v. Hewlett-Packard*,²¹⁴ the Supreme Court of Canada rejected a literal approach to the construction of claims by recognizing that claims are to be read with the common sense possessed by a person skilled in the art. Burton Parsons, the patentee, claimed "[a]n electrocardiograph cream for use with skin contact electrodes and compatible with normal skin, comprising a stable aqueous emulsion that is anionic, cationic or non-ionic, containing sufficient highly ionizable salt to provide good electrical conductivity".²¹⁵

It was held by Jackett C.J. in the Federal Court of Appeal that this claim covered substances that were toxic or otherwise incompatible with normal human skin. The Supreme Court recognized that the patentee could do nothing other than cast his claim in broad terms, because a claim to use of specific substances could easily be avoided once the skilled reader had been given the patentee's instruction on the use of the substances within the class defined by the claims. The Court declined to construe the claim as covering substances that the skilled reader would know were unsuitable.²¹⁶

The *Burton Parsons* claim quoted above included functional language ("compatible with normal skin"). Functional language may sometimes be read as a saving limitation,²¹⁷ and sometimes as merely making a promise or stating a problem. Jackett C.J. read the functional language in the *Burton Parsons* claim as words of promise. The Supreme Court disagreed with this, but did not read the functional language as necessary to save the claim. Functional language seems unlikely to carry much weight in a case such as *Minerals Separation North American Corp. v. Noranda Mines Ltd.*,²¹⁸ where the expert reader would not as a matter of common knowledge reject something that is unworkable but within the ordinary meaning of the claim, or where, as in *Norton & Gregory Ltd. v. Jacobs*,²¹⁹ the patent specification teaches the use of something that is in fact unworkable but plainly intended to be covered.²²⁰

²¹³ See Hill, *Claim Inutility*, 35 C.P.R. 185 (1961); *British Thomson-Houston Co. v. Guildford Radio Stores*, 55 R.P.C. 71, at 88 (Ch. D. 1938).

²¹⁴ *Supra* note 90.

²¹⁵ 10 C.P.R. (2d) 126, at 132 (F.C. App. D. 1973).

²¹⁶ *Supra* note 90. In the *Bristol-Myers* case, *supra* note 161, at 160, Addy J. said that "a claim is not invalid merely because a non-useful embodiment is within its compass." With respect, the issue is one of construction of the claim and if a skilled reader would construe the claim as covering a useless thing the claim is invalid unless the thing can be dismissed as *de minimis*.

²¹⁷ *Mullard Radio Valve Co. v. Philco Radio and Television Corp. of Great Britain*, 53 R.P.C. 323, at 352, [1936] 2 All E.R. 920, at 939 (H.L.).

²¹⁸ 69 R.P.C. 81 (P.C. 1952).

²¹⁹ 54 R.P.C. 271 (C.A. 1937).

²²⁰ Thurlow J. said in the Federal Court of Appeal in the *Burton Parsons* case, *supra* note 215, at 142, that "it would lead to fantastic results if a person were permitted, for example, to claim 'a pen that writes, comprising etc.' and thereafter to say the claim is valid because all pens that do not write are outside the claim". See also *Stevens v. Keating*, *supra* note 212, at 184.

The reasons for judgment of Thurlow J. in *Leithiser v. Pengo Hydra-Pull of Canada Ltd.*²²¹ in the Federal Court of Appeal afford a good example of the stock approach to claims which cover obvious or useless subject matter. The patentee in that case disclosed a device around which an electrical cable could be wrapped, in passing from a reel to a tower, to maintain uniform mechanical tension on the cable as it was unwound from the reel. The device included a plurality of grooved capstan wheels which could move sideways to receive the cable as it came off the reel, the sidewise movement being accomplished by a pivotal mounting of a frame on which the wheels were supported. Thurlow J. considered that there was nothing inventive in the device except perhaps for the pivotal mounting arrangement; because certain claims were not limited to such arrangement, more was claimed than was invented and these claims encompassed the obvious. In addition, several claims covered a device having only one capstan wheel with multiple grooves. The evidence showed that such a single wheel would be unworkable and therefore had not been invented. These claims he held invalid because they encompassed the useless. The *Leithiser* case would not justify comment if nothing more than this had been decided. But the case has been the subject of considerable discussion for some further things that were said, as discussed below.

(b) *Claiming What is Not Described as an Invention*

In the *Leithiser* case, Thurlow J. stated that the claims were also invalid because they claimed more than was described. In the case of those claims held invalid on the ground of utility, this further ground added nothing, though the conclusion on utility might have been refuted had the inventor been able to describe a useful device with one multi-grooved wheel. With respect to those claims held invalid for obviousness, a description of what the court considered to be obvious could not have helped the inventor. Some seem to think that so-called consistency clauses in a patent specification, describing the alleged invention by repetition of the claims, may help to supply otherwise missing description of the claimed invention, but clearly this would have been of no assistance to *Leithiser*, whose claims were fatally flawed for claiming what was not an invention.

Suppose, however, that it had not been obvious from the prior art to move the wheels from side to side in a manner different from the pivotal manner disclosed in the *Leithiser* patent, or suppose that there was a use for only one multi-grooved wheel. If *Leithiser* had conceived of those variations and had described them there would have been little difficulty. But suppose that *Leithiser* did conceive of the variations but did not describe them, or that he neither conceived of nor described these variations, and in each case his claims covered those variations. This would not be an unusual situation. A patent agent, faced with drafting a

²²¹ [1974] 2 F.C. 954, 17 C.P.R. (2d) 110, 6 N.R. 301, (App. D.), *aff'd* 12 C.P.R. (2d) 117 (F.C. Trial D. 1973).

patent specification for Leithiser, might have been informed of only the preferred machine which was specifically described in the specification. Nonetheless the agent's training and experience in generalizing from the specific might have led him (as Leithiser's actual patent agent was apparently led) to draft claims of the scope that actually appeared in the Leithiser patent. There is ample case law (which will be elaborated upon *infra*) to justify such claims if they reflect that which an expert in the art, given only a description of Leithiser's preferred machine, would have predicted would work satisfactorily. Patent agents mentally make such predictions daily in drafting claims. Even knowing of alternatives contemplated by the inventor, they must exercise some discretion in describing variations which add nothing of substance to the disclosure. But none of this was considered in the reasons for judgment in *Leithiser*. Rather, both Heald J. at trial and Jackett C.J. on appeal focussed on the requirement of section 36(1) of the Patent Act that an invention must not only be claimed but described.

In the trial decision of the *Leithiser* case, Heald J., after referring to the then unreversed decision of the Federal Court of Appeal in the *Burton Parsons* case, proceeded to read the descriptive portion of the Leithiser patent, and concluded, not only from the introductory portions but also from the detailed description of the specific machine illustrated, that certain features were essential; these included the need for a plurality of capstan wheels and other features of the specific machine, but not the pivoting feature. Basing his decision on the statutory requirement that an invention must be both described and claimed, Heald J. looked at the claims to see whether those essential features were specified in the claims, and failing to find them he held that the claims were broader than the invention described. Heald J. reached this conclusion not on the basis that the claims covered obvious or useless things (though he also referred to the inoperability of a single wheel with multiple grooves) but on the basis that the claims were not restricted to features which, to him, seemed essential from a reading of the disclosure of the patent. In law this is a permissible approach, although one may not agree with Heald J.'s conclusions on the facts of the particular case.

In the Court of Appeal, Jackett C.J. concurred with the reasons of Thurlow J. but neither he nor Thurlow J. referred to the conclusions of Mr. Justice Heald.²²² Jackett C.J. did, however, make pointed reference to the necessity of describing as well as claiming an invention.²²³ He took a different view of the disclosure of the subject machine from that taken by Heald J., who thought that this description revealed what was essential. Jackett C.J. (and Thurlow J.) considered this description as revealing

²²² The third judge in the Court of Appeal, Mackay D.J., merely concurred with Jackett C.J. and Thurlow J.

²²³ *Supra* note 221, at 957-59, 17 C.P.R. (2d) at 113-14, 6 N.R. at 304-5. For this reason one might classify his reasons as going to insufficiency of disclosure rather than to excessive width of claims, but the two objections are intimately related.

nothing more than a preferred embodiment, with no indication as to what the invention was.

It is possible to take issue with the Chief Justice in law if he intended to say that the descriptive portion of the patent specification is to be read in isolation without reference to the claims. As I have discussed elsewhere,²²⁴ the statutory history of section 36(1) suggests that this provision does not require statements or descriptions of the invention in the descriptive part and again in the claims. Moreover, it is not clear whether Jackett C.J. meant to suggest that the descriptive portion should be read without reference to that which a skilled person would understand to be obvious and predictable from it and thus effectively (though not expressly) thereby disclosed to the world; this must surely be taken into account in considering what invention has been described. The Supreme Court decision in the *Burton Parsons* case²²⁵ suggests that a narrower approach and a compartmentalized reading of a specification would be wrong. Too technical an approach would betray a misunderstanding of how inventions come about. Inventors devise specific things, and the substance of the law is that they must disclose those specific things, or what they consider to be the best of them, and in return they are entitled to claims which cover those plus others which their disclosure renders obvious or predictably useful. Furthermore, an inventor need not have conceived of or disclosed everything that falls within his claims, because he is entitled to cover patentable improvements to the original invention which he subsequently discovers²²⁶ and patentable selections from what he claims.²²⁷ The issue as to disclosure of an invention is whether an expert reader who has read the description can see a fair basis for the claim.

The Federal Court has exhibited considerable sensitivity to the question of sufficient support for wide claims.²²⁸ An excessive manifesta-

²²⁴ Hayhurst, *Disclosure Drafting*, 28 P.T.I.C. BULL. (Series 7) 64 (1971). See also Curphey, *Patent Disclosures After Leithiser & Parsons*, 39 P.T.I.C. BULL. (Series 7) 636 (1976).

²²⁵ See Curphey, *id.*

²²⁶ Patent Act, s. 34. There is much authority to the effect that there are two classes of inventions, those consisting in the discovery of a new principle (for which the inventor is entitled to claim all ways of carrying it into effect) and those for a new way of carrying out an old principle (where only the new way may be claimed). See, e.g., Schmitt's Application No. 044,570, 101 C.P.O.R. Nov. 6, 1973, vii; Indus. Nucleonics Corp. Application No. 028,922, 105 C.P.O.R. Mar. 6, 1977, xiii. Possibly this distinction may have value in some cases, but the line between such classes is at best fuzzy. The underlying rationale is that an inventor is entitled to protection commensurate with what he has invented and disclosed.

²²⁷ *J.G. Farbenindustrie's Patents*, *supra* note 212.

²²⁸ The landmark cases were English: *Sharp & Dohme Inc. v. Boots Pure Drug Co.*, 45 R.P.C. 153 (C.A. 1928); *Re May & Baker Ltd.*, 65 R.P.C. 255 (Ch. D. 1948). The Federal Court has received the support of the Supreme Court in *C.H. Boehringer Sohn v. Bell-Craig Ltd.*, [1963] S.C.R. 410, 41 D.L.R. (2d) 611, and in the *Hoechst* case, *supra* note 212. Mr. Gilbert, a nemesis of the drug companies, had success with this line of attack before moving to Canada: *Schering Corp. v. Gilbert*, 153 F. 2d 428 (2d Cir. 1946). At the level of the Patent Office Appeal Board, see *CIBA Ltd.'s Application No. 794,095*, 104 C.P.O.R. June 15, 1976, xiii.

tion of this sensitivity was corrected by the Supreme Court in *Sandoz v. Gilcross*,²²⁹ where the patentee disclosed a chloro-ethane process and claimed both it and a bromo-ethane process. The Federal Court's holding of invalidity of the claim was found to be purely technical; a skilled person, with knowledge of the disclosure of the chlor-ethane process, would have had no difficulty in carrying out the process with bromo-ethane. This decision of the Supreme Court is representative of those which hold that a patentee may in his claims generalize, from what is specifically disclosed, to cover obvious variants.²³⁰ He may leave out of his claims features which may be useful or even necessary for operability but which are incidental to what he invented.²³¹

The *Leithiser* decision, although thought-provoking, has not in fact made a significant impression in subsequent cases.²³² What concerned many readers of Jaccett C.J.'s judgment was a foreboding that form might begin to prevail over substance. If this were so, then a solution or partial solution would be one of form, namely, inserting in the description a ritualistic paraphrase of the claim.²³³ The remarks of the Chief Justice were not necessary to the decision; they were similar to the position that he had taken in the *Burton Parsons* case, which was later overruled. In any event no two specifications are the same and each must be read on its own merits. However, *Leithiser* has been referred to in a different type of case now to be considered.

²²⁹ *Sandoz Patents Ltd. v. Gilcross Ltd.*, *supra* note 96. A good example of a case on the other side of the line is *Vidal Dyes Syndicate, Ltd. v. Levinstein, Ltd.*, *supra* note 175.

²³⁰ Applying this restrictive principle, the Patent Appeal Board reversed an Examiner's decision which would have confined the appellant's claims to a specifically disclosed catalyst: *Re Union Carbide's Application*, 23 C.P.R. (2d) 142 (P.A.B. 1974).

²³¹ See *supra* note 213: *Metalliflex Ltd. v. Rodi Wienenberger A.G.*, [1961] S.C.R. 117; *Jules R. Gilbert Ltd. v. Sandoz Patents Ltd.*, 64 C.P.R. 14, at 70 (Ex. 1971); *Steel Co. of Canada v. Sivaco Wire and Nail Co.*, *supra* note 156, at 196-97; *Burton Parsons Chemicals Inc. v. Hewlett-Packard (Can.) Ltd.*, 7 C.P.R. (2d) 198, at 226 (F.C. Trial D. 1972); *Dawson's Application No. 113,881*, 104 C.P.O.R. July 27, 1976, xviii.

²³² Arguments based on the *Leithiser* decision got nowhere in *Omark Indus. Inc. v. Sabre Saw Chain (1963) Ltd.*, 28 C.P.R. (2d) 119 (F.C. 1976) and were not considered worth mentioning in *Dennison Mfg. Co. of Canada Ltd. v. Dymo of Canada Ltd.*, 23 C.P.R. (2d) 115 (F.C. Trial D. 1975).

²³³ Such use of the so-called "consistency" clauses could hardly be a solution in all cases. The United States Court of Customs and Patent Appeals, in *Re Cavallito*, 306 F. 2d 505, at 510-11 (C.C.P.A. 1962), quoted with approval the solicitor's argument that "the mere fact that applicants use broad or generic terminology in their application . . . does not necessarily entitle them to claim the subject matter broadly." See also *Fuji Photo Film Co. [Kiritani's] Application*, [1978] R.P.C. 413 (P.A.T.), where it was held that a disclosure containing a consistency clause did not disclose the claimed invention; *Vidal Dyes Syndicate, Ltd. v. Levinstein Ltd.*, *supra* note 175, at 265. In the *Leithiser* case, Heald J. gave no weight to a concluding paragraph, also ritualistic, which referred in general terms to possible unidentified variations of the machine disclosed (*supra* note 221, at 133-34 (F.C. Trial D.)).

(c) *Speculative Claiming of What May be an Invention*

In *Monsanto Co. v. Commissioner of Patents*,²³⁴ the applicant sought the allowance of a claim to 126 specific compounds on the basis of a detailed disclosure of three of them. The Federal Court of Appeal, in short reasons by Heald J., upheld the Patent Office's rejection of the claims,²³⁵ and referred to Jackett C.J.'s reasons in the *Leithiser* case. But the *Monsanto* case was a very different one than *Leithiser*. In *Monsanto*, the Patent Office concluded that, based on the data in the disclosure, there could be no sound or reasonable prediction that all the claimed compounds would possess the promised utility. On this finding the objection was clearly substantive and not based on a mere technical discrepancy between the disclosure and claims. The case is an example of those where the patentee is seeking to cover too much even if everything he claims may prove to be new, unobvious and useful. The difficulty for an applicant is that if he is required to test all the compounds that he thinks may work, he may be put to enormous expense and be obliged to postpone for a long time the filing of a patent application with an adequate disclosure to cover what he ultimately proves to have soundly predicted at a much earlier date. In the *Monsanto* case the applicant had, before the Patent Office, introduced expert evidence that the utility of the claimed compounds was indeed predictable from the disclosure. The Patent Appeal Board, on the basis of its own technical expertise, did not accept this evidence. The Federal Court of Appeal upheld the decision, finding that the Board had acted within its competence.²³⁶ This attitude may be reasonable in some cases, particularly where the expert evidence tendered by the applicant seems suspect, but in the *Monsanto* case the Board had acknowledged that the evidence submitted was from "undoubted experts". Leave to appeal to the Supreme Court of Canada has been obtained.*

(d) *Claiming Too Little*

In the *Monsanto* case the Patent Appeal Board raised another interesting objection to the claim discussed above. The claim specifically named 126 compounds, and the names of these were also recited in the disclosure. The preparation of only three was described. The Board accepted expert evidence that a person skilled in the art would have had no difficulty in preparing the 123 others from the information given in the disclosure (though as noted above the Board rejected evidence that the

²³⁴ 34 C.P.R. (2d) 1 (F.C. App. D. 1977) *aff'g* 28 C.P.R. (2d) 118 (F.C. Trial D. 1976).

²³⁵ See *id.* at 2-15 for a summation of the decision by the Patent Appeal Board.

²³⁶ See also Anonymous Application, 106 C.P.O.R. June 13, 1978, xiv at xvii, in which the Board remarked: "[T]he examiner, who is well qualified in this field, emphatically stated that 'this is well known prior art'."

* *Editor's Note:* As this issue went to press, the judgment of the Federal Court of Appeal was reversed by the Supreme Court of Canada in a decision handed down on June 28, 1979.

utility of the others was predictable). The Board referred to Rule 25 of the Patent Rules²³⁷ which provides that "[e]very claim must be fully supported by the disclosure, and a claim shall not be allowed unless the disclosure describes all the characteristics of an embodiment of the invention that are set out in the claim", and held that the mere naming of compounds which can be prepared may not justify claiming them. However, the Board went further and stated: "The description of some members of a genus may be sufficient support to permit allowance of a claim to the genus while still being inadequate to support claims to other species coming within that genus."²³⁸ This was *obiter*, because the Board was plainly of the view that, in the case before it, a generic claim was not allowable. The Board cited an American decision²³⁹ in support of its conclusion, but that case was one where the applicant had, after filing his application which disclosed a large genus, sought to obtain the allowance of a claim to a specific compound which had neither been initially disclosed nor claimed. In a case like *Monsanto*, where a compound has been initially named, if it is concluded that the applicant is entitled to claim the genus of which the named compound is a species, it seems incongruous that the applicant cannot, if he chooses, forego the generic claim to which he is entitled and, by claiming too little, be content with the species. As for the requirement of Rule 25 that a disclosure describe all the characteristics of the claimed embodiment, naming a compound in a context where fellow species are described may be sufficient to make its preparation and properties known; to state more would be to state the obvious, and grossly inflate many specifications.

C. Procedural Matters in the Courts

In contrast to the generally apathetic attitude of the trial courts in Canada towards questions of substantive patent law, the last several years have produced some interesting developments in the area of adjective law.

1. Pleadings — Sins of the Patentee

The Federal Court has been the scene of numerous wrangles over particulars of pleadings.²⁴⁰ This may have led to fewer surprises at trial, but a motion for particulars seems to have become a convenient device to hold up proceedings.²⁴¹ Nevertheless, three interesting cases have arisen in the period under review, relating to pleas alleging misbehaviour of the plaintiff.

²³⁷ *Supra* note 234, at 4-15.

²³⁸ *Id.* at 15.

²³⁹ *In re Ruschig*, 154 U.S.P.Q. 118 (C.C.P.A. 1967).

²⁴⁰ *See, e.g., Bror With v. Ruko of Canada Ltd.*, 31 C.P.R. (2d) 3 (F.C. Trial D. 1976), for particulars of a statement of defence.

²⁴¹ *See, e.g., Sandvik A.B. v. Windsor Machine Co.*, 24 C.P.R. (2d) 295 (F.C. Trial D. 1975), for the comments of Mahoney J. regarding particulars of a statement of claim.

The first of these was an industrial design rather than a patent case. In *RBM Equipment Ltd. v. Philips Electronics Industries Ltd.*,²⁴² the defendant RBM, being sued for infringement of design registrations relating to dictating machines, pleaded the following: (a) the plaintiff had violated the provisions of the Combines Investigation Act²⁴³ in attempting to maintain resale prices on its machines; and (b) the plaintiff had acquired the design registrations by assignments made in pursuance of a conspiracy to enable the plaintiff to practice its illegal price maintenance activities and thus the assignments of the registrations to the plaintiff were void or ineffectual. These pleas were struck out by the Federal Court of Appeal. The court reviewed earlier Canadian cases which had indicated that, in considering the grant of equitable relief in a properly pleaded case, a court should have regard to the conduct of the plaintiff, especially if the proceedings brought by the plaintiff are merely one step in a scheme to further some illegal object injurious to the defendant. The earlier cases also indicated that a plaintiff will fail if he cannot establish his cause of action without relying upon an illegal transaction. The RBM pleadings were not considered sufficient to bring the case within these principles, but RBM later obtained leave to amend its defence in order to do so.²⁴⁴

In the next case, *Amoco Canada Petroleum Co. v. Texaco Exploration Canada Ltd.*,²⁴⁵ the plaintiff and two other companies, not parties to the action, had each obtained a patent for a method of recovering oil from oil wells. The defendant pleaded that the plaintiff knew that the three patents could not all be valid because they covered the same inventions and, further, that the three patentees had agreed to require the defendant to pay royalties under the three patents, and that by so doing, and by now asserting its patent against the defendant, the plaintiff was seeking unreasonably to restrain trade and ought to be denied relief. Walsh J. held that even assuming the truth of these allegations, they provided no defence to the action.²⁴⁶

In the third case, *Eli Lilly & Co. v. Marzone Chemicals Ltd.*,²⁴⁷ the defendant, who was being sued for patent infringement, relied on section 31.1 of the Combines Investigation Act which, from January 1, 1976,²⁴⁸ conferred a civil right of action on a person injured by certain violations of the Act or of orders of the Restrictive Trade Practices Commission. The defendant set up a counterclaim under section 31.1 for damages, and in its defence pleaded that by reason of the plaintiff's alleged illegal activity the court should decline to give the plaintiff relief. The Federal Court of

²⁴² 9 C.P.R. (2d) 46 (F.C. App. D. 1973).

²⁴³ R.S.C. 1970, c. C-23, s. 38 as amended by S.C. 1974-75-76, c. 76, s. 18.

²⁴⁴ 10 C.P.R. (2d) 23 (F.C. Trial D. 1973).

²⁴⁵ 24 C.P.R. (2d) 84 (F.C. Trial D. 1975).

²⁴⁶ *Id.* at 93.

²⁴⁷ *Supra* note 32.

²⁴⁸ S.C. 1974-75-76, c. 76, s. 12.

Appeal refused to strike out this plea, or to entertain, at this interlocutory stage, an argument that section 31.1 was unconstitutional.²⁴⁹

2. Interlocutory Relief

In *Melnor Manufacturing Ltd. v. Lido Industrial Products (Lido No. 1)*,²⁵⁰ an interlocutory injunction was granted in an industrial design case, Jackett P. (as he then was) taking the view (a) that the plaintiff had made out a very strong prima facie case of infringement, (b) that the defendant had not produced what seemed to be a serious attack on its validity,²⁵¹ and (c) that he need not consider the balance of convenience. He decided that this was a case in which he was justified in departing from the practice, long established in patent cases, of not ordinarily granting an interlocutory injunction where the patent is a recent one and there is a genuine issue as to its validity. On appeal, the Supreme Court of Canada dissolved the interlocutory injunction,²⁵² considering that the defendant had raised very serious doubts as to the validity of the design registration. Adopting the rule stated in *Halsbury*,²⁵³ the Court ruled that, where any doubt exists as to the plaintiff's right or where violation of that right is denied, the onus is on the plaintiff to show that the balance of convenience is to grant an interlocutory injunction.

In subsequent decisions regarding applications for interlocutory injunctions, the Canadian courts have continued to engage in a preliminary inquiry as to the apparent strength of the plaintiff's case. If the defendant seems to have no case at all, the plaintiff may succeed without further inquiry, but this will rarely occur in a patent or design case. Thus the plaintiff must be able to show a prima facie case.²⁵⁴ In a patent case this has traditionally required not only a prima facie case of infringement but a patent that is of long standing or that has been adjudicated to be valid²⁵⁵ before the court will turn to a consideration of the balance of convenience.²⁵⁶

²⁴⁹ For another decision in relation to alleged misbehaviour by a plaintiff, see *Woroniuk v. Woroniuk*, 17 O.R. (2d) 460 (H.C. 1977), where the Master struck out a plea, made in defence to an action for dower, on the ground that the action was champertous.

²⁵⁰ 54 C.P.R. 193 (Ex. 1968).

²⁵¹ The defendant ultimately succeeded on invalidity grounds. See [1971] S.C.R. 72, 62 C.P.R. 216, 14 D.L.R. (3d) 94 (1970).

²⁵² [1968] S.C.R. 769, 55 C.P.R. 171, 69 D.L.R. (2d) 256.

²⁵³ 21 HALS., 3d ed., at 366.

²⁵⁴ See, e.g., *Crown Indus. Prods. Co. v. I.D.I. Elec. Ltd.*, 2 C.P.R. (2d) 1 (F.C. Trial D. 1971) (copyright); *Vapor Canada Ltd. v. MacDonald*, 6 C.P.R. (2d) 204, 22 D.L.R. (3d) 607 (F.C. Trial D. 1972) (patent); *Fertleman and Sons v. Liberty Ornamental Iron Ltd.*, 19 C.P.R. (2d) 153 (F.C. App. D. 1975) (industrial design); *Société des Accumulateurs Fixes et de Traction v. Charles le Borgne Ltée.*, 22 C.P.R. (2d) 178 (F.C. Trial D. 1975) (trademark and industrial design and a "fair" or "clear" prima facie case).

²⁵⁵ See, e.g., *Aluma Bldg. Sys. Inc. v. Fitzpatrick Constr. Ltd.*, 17 C.P.R. (2d) 275 (F.C. Trial D. 1974); *Celanese Corp. v. Akso Chemie U.K. Ltd.*, [1976] 2 F.S.R. 273 (Ch. D.).

²⁵⁶ See, e.g., *Ulay Ltd. v. Calstock Traders Ltd.*, 59 C.P.R. 223 (Ex. 1969) (trademark); *Weight Watchers Int'l Inc. v. Weight Watchers of Ontario Ltd.* (No. 2), 6

The position appears to be different in Britain. The House of Lords has held, in *American Cyanamid Co. v. Ethicon Ltd.*,²⁵⁷ that there is no rule that an applicant for interlocutory injunction must establish a prima facie case²⁵⁸ in patent cases or in any other cases when an interlocutory injunction is sought. All that is required is that the court "be satisfied that the claim is not frivolous or vexatious; in other words, that there is a serious question to be tried".²⁵⁹ If the plaintiff fails to meet this criterion no injunction will be granted,²⁶⁰ but if he succeeds, the court should proceed to the balance of convenience, though the court could at the end of this process pay some regard to the merits of the case.²⁶¹

The *American Cyanamid* decision has provoked substantial controversy. Judges in patent cases have refused to follow it in Australia²⁶² and South Africa,²⁶³ instead adhering to the more traditional criteria which

C.P.R. (2d) 169, 25 D.L.R. (3d) 419 (F.C. Trial D. 1972) (trademark); *Super S Properties Ltd. v. Liggett Drug Ltd.*, 7 C.P.R. (2d) 152 (F.C. Trial D. 1972) (trademark); *Ciba Prods. Corp. v. Metropole Flushwood Door Inc.*, 65 C.P.R. 82 (Ex. 1970) (patent); *Leesona Corp. v. Giltex Hosiery Ltd.*, 2 C.P.R. (2d) 211 (F.C. Trial D. 1971) (patent).

²⁵⁷ [1975] A.C. 396, [1975] R.P.C. 513, [1975] 1 All E.R. 504 (H.L.)

²⁵⁸ The test for a prima facie case seems to be whether "if the case went to trial upon no other evidence than is before the court at the hearing of the application the plaintiff would be entitled to judgment for a permanent injunction in the same terms as the interlocutory judgment sought." *Id.* at 407, [1975] R.P.C. at 541, [1975] 1 All E.R. at 510.

²⁵⁹ *Id.* This has been construed to mean that the plaintiff must have an arguable case; see *Baskin-Robbins Ice Cream Co. v. Gutman*, [1976] F.S.R. 545 (Ch. D.). Thus, an interlocutory injunction will not be granted to enforce a restrictive covenant where the court can see from the covenant itself and from undisputed facts that the covenant is probably unenforceable; see *Niagara Frontier Caterers Ltd. v. Lukey*, 24 C.P.R. (2d) 280 (Ont. H.C. 1975).

²⁶⁰ *Hayter Motor Underwriting Agencies Ltd. v. R.B.H.S. Agencies Ltd.*, [1977] F.S.R. 285, [1977] 2 Lloyd's Rep. 105 (C.A. 1976).

²⁶¹ "[If] the extent of the uncompensatable disadvantage to each party would not differ widely, it may not be improper to take into account in tipping the balance the relative strength of each party's case as revealed by the affidavit evidence adduced on the hearing of the Application." *American Cyanamid Co. v. Ethicon Ltd.*, *supra* note 257, at 408, [1975] R.P.C. at 542, [1975] 1 All E.R. at 511. In *Slick Brands Ltd. v. Jollybird Ltd.*, [1975] 1 F.S.R. 470 (Ch. D.) the probabilities of the outcome of the trial did tip the balance.

In the United Kingdom it has been held that the *American Cyanamid* decision does not apply where there is no real dispute on the facts or the law, at least in relation to a restrictive covenant of limited duration where failure to grant an interlocutory injunction would mean that the covenant would never be enforced. See *Office Overload Ltd. v. Gunn*, [1977] F.S.R. 39 (C.A. 1976). The approach to be taken in following *American Cyanamid* is reviewed in *Foresco Int'l Ltd. v. Fordath Ltd.*, [1975] 1 F.S.R. 507, at 515 (Ch. D.).

²⁶² See *Firth Indus. Ltd. v. Polyglas Eng'g (Pty.) Ltd.*, [1977] R.P.C. 213 (Aust. H.C. 1977), where Stephen J. considered himself bound by the Australian High Court's decision in *Beecham Group Ltd. v. Bristol Laboratories (Pty.) Ltd.*, 118 C.L.R. 618 (1968).

²⁶³ See *Beecham Group Ltd. v. B.M. Group (Pty.) Ltd.*, [1977] R.P.C. 220 (S. Af. S.C.), where the court noted Lord Denning's criticism of *American Cyanamid*, *supra* note 257, in *Fellowes v. Fisher*, [1975] 2 All E.R. 829, at 834. In South Africa, industrial

allow the court to look with some care at the merits of the dispute.²⁶⁴

What position have the Canadian courts taken since the *American Cyanamid* decision? In several instances the decision has simply not been referred to.²⁶⁵ In others the issue has been evaded by finding that the balance of convenience is against the plaintiff.²⁶⁶ Some judges have followed it,²⁶⁷ while others have not,²⁶⁸ the *American Cyanamid* decision not being a binding authority in Canada.²⁶⁹

Interesting reviews of the position have been provided by two Ontario Divisional Court decisions. In the earlier of these, another *Lido* case (*Lido No. 2*),²⁷⁰ which involved a claim for patent infringement and passing-off, the court indicated its preference for the pre-*American Cyanamid* decisions. In the later case,²⁷¹ the court dissented from the proposition that a strong prima facie case is an essential prerequisite to the grant of an interlocutory injunction, and said that the *American Cyanamid* test should be appropriate and proper in most cases. Cory J. observed that where there are difficult questions to be tried the courts have traditionally acted on the balance of convenience in granting interlocutory injunctions, and that it may be very difficult on the material before it for a court to determine

designs and patents are treated on the same footing in relation to applications for interlocutory injunctions. See *W.R.B. Enterprises (Pty.) Ltd. v. Plasbox Indus. Appliances (Pty.) Ltd.*, [1975] 1 S.A. 801 (T.P.D. 1974).

²⁶⁴ This was done by the Supreme Court of Canada in *Lido (No. 1)*, *supra* note 252.

²⁶⁵ See, e.g., *Amer-Can Dev. Corp. v. Tele Time Saver Inc.*, 29 C.P.R. (2d) 272 (Ont. H.C. 1976), a copyright and trade secret decision where Steele J. referred to a prima facie case; *Universal City Studios Inc. v. 309848 Ontario Ltd.*, 24 C.P.R. (2d) 278 (F.C. Trial D. 1975), a trademark decision where Addy J. referred to a prima facie case; *Dubiner v. M.C.A. Canada Ltd.*, 30 C.P.R. (2d) 281 (Ont. H.C. 1976), a trademark decision where Estey C.J. referred to a prima facie case.

²⁶⁶ See, e.g., *Mario's Spaghetti House v. Italian Village Ltd.*, 16 N.S.R. (2d) 650, 29 C.P.R. (2d) 257 (C.A. 1976) (tradename); *Toronto Marlboro Major Junior "A" Hockey Club v. Tonelli*, 25 C.P.R. (2d) 175, 67 D.L.R. (3d) 214 (Ont. H.C. 1975) (alleged breach of contract).

²⁶⁷ See, e.g., *Thomas Lindsay Ltd. v. Lindsay*, 25 C.P.R. (2d) 59, 64 D.L.R. (3d) 761 (B.C.S.C. 1975); *Bernard v. Valentini*, 18 O.R. (2d) 656, 83 D.L.R. (3d) 440 (H.C. 1978) (exercise of rights of purported shareholders).

²⁶⁸ See, e.g., *Indal Ltd. v. Halko*, 28 C.P.R. (2d) 230 (Ont. H.C. 1976) (restrictive covenant); *Cradle Pictures Ltd. v. Penner*, 24 C.P.R. (2d) 79, 63 D.L.R. (3d) 440 (Ont. H.C. 1975) (restrictive covenant); *Weider and Weider Sports Equip. Co. v. Dominion Mail Order Prods. Corp.*, 30 C.P.R. (2d) 87 (Ont. H.C. 1976) (patent infringement and passing off).

²⁶⁹ See, e.g., *Toronto Marlboro*, *supra* note 266; *Labelle v. Ottawa Real Estate Bd.*, 16 O.R. (2d) 502, 78 D.L.R. (3d) 558 (H.C. 1977), where Lief J. found the reasoning in *American Cyanamid* persuasive and applied it in continuing an interlocutory injunction against terminating Board services.

²⁷⁰ *Teledyne Indus. Inc. v. Lido Indus. Prods. Ltd.*, 33 C.P.R. (2d) 270, 17 O.R. (2d) 111 (H.C. 1977). Counsel did not press the court to follow the *American Cyanamid* decision.

²⁷¹ *Yule Inc. v. Atlantic Pizza Delight Ltd.*, 17 O.R. (2d) 505 (H.C. 1977). Steele J. was the only judge who sat on both this bench and that in the *Lido (No. 2)* case, *supra* note 270, but he did not write either decision. In *Robert Reisner Co. v. Nadore Food Processing Equip. Ltd.*, 17 O.R. (2d) 717 (H.C. 1977), Steele J. took the view that the strength of the plaintiff's case was one of the factors to be considered.

whether a strong or fair prima facie case has been established. However, the judge concluded that the *American Cyanamid* test may not be a suitable one in all situations, and despite the fact that *American Cyanamid* was a patent case he stated: "For example, the highly specialized, technical and esoteric field of patent law has established a long-standing practice that may be offended by the application of the *American Cyanamid* test. . .".²⁷²

Lido (No. 2) was appealed to the Ontario Court of Appeal.²⁷³ The parties did not ask the court to decide what, if any, effect a court in Ontario should give to the *American Cyanamid* case; rather, they accepted the principles stated by McRuer C.J. in *Chesapeake and Ohio Railway Co. v. Ball*.²⁷⁴ There it was said that "the court should be particularly cautious where there is a serious question as to whether the plaintiff would ever succeed in the action", and reference was made to "a fair prima facie case".²⁷⁵ The Court of Appeal also gave consideration to the rule²⁷⁶ followed in patent cases prior to *American Cyanamid* and concluded that this rule was one which, along with others, is to be considered in the exercise of the court's discretion to grant or refuse the application. The court further decided that where the defendant submits evidence sufficient to raise serious and substantial issues, the old rule might tip the scales against the granting of an injunction. It seems then that the defendant in Ontario may still insist that the court take a serious look at the strength of the plaintiff's case, and that the more passive attitude suggested by the House of Lords in *American Cyanamid* has yet to be firmly adopted.

It is submitted that, at least in patent and industrial design cases, the Canadian courts will and should continue to take the Supreme Court's *Lido* (No. 1) principles as their guide. The proper course was exemplified by Walsh J. in *Iammatteo v. Rosita Shoe Co.*,²⁷⁷ an industrial design case, where he stated:

[T]he various grounds of defence have to be dealt with in some depth since, on the one hand, if it appears that none of the grounds . . . are seriously arguable the injunction should be granted without further consideration to the question of balance of convenience or irreparable injury, and on the other hand if it appears clear that one or more grounds of defence is or are so serious and decisive that it is unlikely that plaintiffs could succeed on the merits, the application for interlocutory injunction should then be dismissed on this ground alone. In the area between these two extremes, and the majority of such applications fall into this area, if the Court comes to the conclusion that the defendant has a seriously arguable defence or defences, then the Court in

²⁷² *Id.* at 513.

²⁷³ *Teledyne Indus. Inc. v. Lido Indus. Prods. Ltd.*, 19 O.R. (2d) 740 (C.A. 1978).

²⁷⁴ [1953] O.R. 843 (H.C.).

²⁷⁵ *Id.* at 854.

²⁷⁶ The rule was that an interlocutory injunction will not be granted where the validity or infringement of the patent is seriously disputed, the patent is not of long standing or has not been upheld in the courts, and the defendant undertakes to keep an account.

²⁷⁷ 25 C.P.R. (2d) 157 (F.C. Trial D. 1976).

deciding whether to grant the application must look into the question of balance of convenience and irreparable injury which will be caused to one party or the other by the granting or refusing to grant an interlocutory injunction. . . .²⁷⁸

The courts have always recognized that in certain types of cases (such as those relating to publication of an alleged libel,²⁷⁹ to issues that will live for only a short time,²⁸⁰ or to patent and design problems) special considerations come into play. In the end, though, the grant of an interlocutory injunction is still a matter of discretion, and the uncertainties of patent litigation should cause the courts to continue their traditional reluctance to enjoin the defendant at the threshold of the case. This was well stated by Anderson J. in a recent action²⁸¹ involving alleged trade secrets:

The injunction is one of the most powerful weapons in the judicial armoury, with a tremendous potential for good or ill. This is particularly true of the interlocutory injunction which in use has had a somewhat chequered career. While in a proper case it is undoubtedly of great value to the administration of justice that the court should be able to preserve matters *in statu quo* until the trial of the action, it is also true that the making of an interlocutory injunction can be an instrument of oppression.²⁸²

3. Reference to Patent Office Files

Between the filing of a patent application and the issue of a patent there is usually correspondence between the Patent Office examiner and the applicant's patent agent relating to the allowability of the application, and frequently amendments are made to the application before it is allowed. These contents of the Patent Office file (sometimes referred to as the file history or file wrapper, although the latter term more appropriately describes the cover of the file) are sometimes proffered in evidence during the trial of a patent action. In *Eli Lilly & Co. v. Marzone Chemicals Ltd.*²⁸³ Gibson J. stated that the meaning of claims is determined "by a study of all relevant patent documents, (that is, the three parts of a patent: the specification, the drawings and the file wrapper)".²⁸⁴

²⁷⁸ *Id.* at 161-62. See also a third *Lido* case, *Teledyne Indus. Inc. v. Lido Indus. Prods. Ltd.*, 37 C.P.R. (2d) 285 (F.C. Trial D. 1977), where Mahoney J. refused an interlocutory injunction after the defendant advanced an arguable defence in relation to a patent different from that involved in *Lido (No. 2)*, *supra* note 270. Of course, the onus is on the plaintiff, who must also be diligent in bringing his application before the court. See *Cochrane-Dunlop Hardware Ltd. v. Capital Diversified Indus. Ltd.*, 7 C.P.R. (2d) 169 (Ont. H.C. 1972) (trademark).

²⁷⁹ See, e.g., *Canada Metal Co. v. C.B.C.*, 3 O.R. (2d) 1, 44 D.L.R. (3d) 329 (H.C. 1974) (*per* Holland J.).

²⁸⁰ See *Leithiser*, *supra* note 223, and *Dunford & Elliot Ltd. v. Johnson & Firth Brown Ltd.*, [1978] F.S.R. 143, [1977] 1 Lloyd's Rep. 505 (C.A.).

²⁸¹ *Wildwood Farm Services Int'l (1975) Inc. v. T. Clay Mfg. Ltd.* (unreported, Ont. H.C. Feb. 24, 1978, no. 1557/78).

²⁸² *Id.* at 10.

²⁸³ 37 C.P.R. (2d) 3 (F.C. Trial D. 1977).

²⁸⁴ *Id.* at 5.

In *Zelon Industries Ltd. v. Bonar & Bemis Ltd.*,²⁸⁵ the same judge made a similar observation. In neither case did he make further reference to or rely upon the Patent Office file. In view of His Lordship's undoubted familiarity with the earlier judicial attitude against admitting the file in evidence,²⁸⁶ he appears to have gone out of his way to announce his readiness to admit it.

A more conservative view was taken by Mahoney J. in the earlier case of *Dennison v. Dymo*.²⁸⁷ There the defendant sought to establish that the claims of the patent were broader than the invention disclosed; however, His Lordship pointed out that this merely requires the court to construe the patent itself. The defendant then sought to show that the claims allowed were for an invention different from that for which application was made, but the learned judge noted that this requires consideration of nothing more than the issued patent and the original application, without regard to the intervening proceedings. He saw no justification for looking at the intervening proceedings in the absence of a plea of fraud.

4. Expert Evidence

The trial of industrial property cases, particularly patent cases, often requires the testimony of expert witnesses, and the rule has long prevailed that such witnesses may not express opinions on the "ultimate issues" which the judge must decide. These might be (a) the proper construction (meaning) of a claim, (b) whether the claimed invention would have been obvious to a notional skilled person, (c) whether a claim has been infringed, or (d) whether two trade marks are likely to be confused by a notional purchaser. In the *Xerox* case,²⁸⁸ Collier J. ruled that expert opinion on such issues can be very helpful, though it does not of course bind the judge. If this view prevails, and it seems to be shared by at least Gibson J.,²⁸⁹ there is a risk that the wealthy party who has access to numerous eminent experts will have an even greater advantage than he has had in the past.

D. Anguished Comments

This survey began with an anguished comment from the bench, in a case that was decided with commendable speed after a thirty-eight day trial. The learned judge frankly stated: "My reasons have not been

²⁸⁵ *Supra* note 171.

²⁸⁶ See Hayhurst, *Grounds for Invalidating Patents*, 18 C.P.R. (2d) 222, at 252-53 (1975).

²⁸⁷ 23 C.P.R. (2d) 155, at 162-63 (F.C. Trial D. 1975).

²⁸⁸ *Supra* note 1, at 32-37.

²⁸⁹ See Mackenzie v. The Queen, 9 L.C.R. 24, at 34-35 (F.C. Trial D. 1975). Such evidence was apparently entertained by the same judge in *Eli Lilly & Co. v. Marzone Chemicals Ltd.*, *supra* note 208, and in *Zelon Indus. Ltd. v. Bonar & Bemis Ltd.*, *supra* note 171. But see *Lido (No. 2)*, *supra* note 270, where the Ontario Divisional Court adhered to the traditional view.

prepared for posterity, or with law reports in mind . . .'.²⁹⁰ This causes one to wonder just what the judicial function is. A few mortals write Gettysburg Addresses. Others, perhaps less perfectly, write patent claims or reasons for judgment. Judges must decide cases promptly, and are not required to expound the law that governs other cases, but, with few exceptions, reasons for judgment, particularly at trial level in Canadian industrial property cases, have suffered by comparison to the carefully reasoned works that we have come to expect from other countries, notably England. It is of little value to quote lengthy passages from other decisions on settled points and then, on points which have been fully argued, and on which a reasoned opinion is sorely needed, to state but a perfunctory conclusion.²⁹¹ Is it not part of the judicial function to write for posterity, and to assist one's brothers who must write other decisions or opinions, by explaining how a contentious legal conclusion has been reached, particularly where extensive and carefully researched argument has been presented?

V. TRADE MARKS AND UNFAIR COMPETITION

The last major revision of Canadian trade mark legislation was in 1954.²⁹² The Trade Marks Act which came into effect that year was the result of thoughtful study and, in general, the statute has worked well. Severe problems have, however, arisen as a result of the fact that the statute embodies the traditional concept that a trade mark indicates the wares or services of a single source. Attention will first be directed to these problems.

A. *Effects of Assigning and Licensing Trade Marks*

Following (and in some respects going beyond) the example of the United Kingdom Trade Marks Act,²⁹³ provision was made in the 1954 Canadian Act for assigning trade marks (whether registered or unregistered) separately from the goodwill of the business with which they were used. Such an assignment may be in respect of all or only some of the wares or services for which a mark has been used.²⁹⁴ In addition, there was adopted, with modifications, the British system of registering trade mark licensees as users.²⁹⁵ However, the Canadian statute provides that

²⁹⁰ *Xerox of Canada Ltd. v. IBM Canada Ltd.*, *supra* note 1, at 55.

²⁹¹ This occurred in the *Xerox* case, *supra* note 1, on such issues as double patenting, the relevant date for consideration of the question of obviousness, and on the importance or relevance of how difficult it may have been to find a single reference that is said to render an alleged invention obvious. The case has been settled, so that the pronouncements of the trial judge remain undisturbed for posterity, whether written for that purpose or not.

²⁹² Trade Marks Act, R.S.C. 1970, c.T-10, as amended by R.S.C. 1970, c. 10 (2nd Supp.), S.C. 1974-75, c.43, S.C. 1976-77, c.28.

²⁹³ The Trade Marks Act 1938, 1 & 2 Geo. 6, c. 22.

²⁹⁴ Trade Marks Act, s. 47.

²⁹⁵ S. 49.

registration of a mark may be opposed if the mark is not "distinctive",²⁹⁶ and that an existing registration may be declared invalid if the mark is not "distinctive" at the time proceedings bringing the validity of the registration into question are commenced.²⁹⁷ Further, and here the principal difficulty lies, the Canadian statute defines "distinctive" in relation to a trade mark as meaning "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".²⁹⁸

Focussing on this definition, the Canadian courts have come to some unwelcome conclusions which emphasize the necessity for taking care to identify who is the correct owner of a trade mark in Canada, particularly when the mark has been assigned or licensed.

The two principal decisions involving trade mark assignments dealt with situations where foreign owners of Canadian trade mark registrations had assigned the registrations to Canadian companies. In the first of these cases,²⁹⁹ the English Wilkinson company had used its registered mark "Wilkinson" in Canada, but assigned the registration to its Canadian subsidiary which thereafter sold in Canada, in association with the mark, wares supplied by the English company. The court held that the registration of the mark in the hands of the Canadian subsidiary was invalid. Insufficient steps had been taken after the assignment of the mark to ensure that the mark actually distinguished wares sold in Canada by the Canadian subsidiary from those of the English parent, and the mark was not "distinctive", as defined above, in the hands of the Canadian company. To a similar effect is the Supreme Court of Canada decision in the *Mepps* case,³⁰⁰ which involved an assignment of a registered mark to a Canadian company that was not related by stock ownership to the foreign assignor. These cases show the importance, where a mark is assigned, of educating the public as to who is the new trade mark owner, and to wrench away the former association of the mark from the assignor.

The decisions in licensing cases further reveal the importance of watchfulness over the use and advertising of registered marks. In the *Cheerio* case,³⁰¹ the Cheerio company assigned its registered trade mark, "Cheerio", to Mr. Dubiner (whose wife had formerly controlled the company) and the assignor company was registered as a user (licensee) of the mark. By reason of its registration as a user, the company's use in Canada of the mark "Cheerio" was deemed to be use of the mark by Mr.

²⁹⁶ S. 37(2)(d).

²⁹⁷ S. 18(1)(b).

²⁹⁸ S. 2.

²⁹⁹ *Wilkinson Sword (Canada) Ltd. v. Juda*, [1968] 2 Ex. C.R. 137, 34 Fox Pat. C. 77, 51 C.P.R. 55 (1966).

³⁰⁰ *Magder v. Breck's Sporting Goods Co.*, [1976] 1 S.C.R. 527, 17 C.P.R. (2d) 201, 63 D.L.R. (3d) 645 (1975), *aff'g* [1973] F.C. 360, 10 C.P.R. (2d) 28 (App. D.).

³⁰¹ *Cheerio Toys & Games Ltd. v. Dubiner*, [1966] S.C.R. 206, 48 C.P.R. 226, 55 D.L.R. (2d) 313 (1965).

Dubiner, because section 49(3) of the Canadian Act provides that such permitted use "has the same effect for all purposes of this Act as a use thereof by the registered owner", who was Mr. Dubiner. But the mark also formed part of the company's name (Cheerio Toys & Games Limited), and the company used its name, as well as the registered mark "Cheerio", in association with wares sold in Canada. The trial judge³⁰² considered that the registered mark "Cheerio" was not "distinctive" in the hands of Mr. Dubiner because of the continued concurrent use in Canada by the company of the confusingly similar company name Cheerio Toys & Games Limited; use of the company name did not, under the statute, enure to the benefit of Mr. Dubiner, as use of the mark did. The Supreme Court of Canada dismissed the appeal, and refused to find that when the company assigned the mark to Mr. Dubiner it impliedly agreed to change its company name. This case indicates the desirability of forbidding a licensee to include a licensed registered mark in the licensee's name. The case also indicates the importance of ensuring that the licensee uses only the very mark for which it is registered as a user, and does not associate with its wares or services any other mark or name likely to be confused with the registered mark. If, despite these recommendations, the registered mark, or something like it, forms part of the name of the licensee, the licence agreement should expressly require that, on termination of the licence, the licensee must change its name to one which is not confusingly similar to the registered mark: this was done in connection with the registered mark "Weight Watchers", and enabled a trial judge to distinguish the *Cheerio* case.³⁰³

In the most recent licensing case, the *Off!* case,³⁰⁴ the Federal Court of Appeal has held that the distinctiveness of a registered mark is destroyed if the mark appears to be that of a registered user, despite the fact that, under section 49(3) of the Act (referred to above), the use of the mark by the registered user is supposed to have the same effect as use by the registered owner. The trade mark "Off!" was registered in Canada by a United States company. Its wholly-owned Canadian subsidiary was registered as a user. The subsidiary manufactured and sold the wares in Canada and showed the mark "Off!" in association with the name of the subsidiary. The court held that this wrongly suggested that the subsidiary was the owner of the mark, and that the registration, in the name of the United States parent, was invalid because the mark was not distinctive of wares of the parent. The reasoning in the decision suggests that the court would have reached this conclusion irrespective of who manufactured the wares sold in Canada.

The court suggested in the *Off!* case that the problem might have been avoided if no company name had been used in association with the mark,

³⁰² [1965] 1 Ex. C.R. 524, 44 C.P.R. 134 (1964).

³⁰³ *Weight Watchers of Ontario Ltd. v. Weight Watchers Int'l Inc.*, 8 C.P.R. (2d) 118 (F.C. Trial D. 1972).

³⁰⁴ *S.C. Johnson & Son v. Marketing Int'l Ltd.*, 20 N.R. 451 (F.C. App. D. 1978). (Arguments were heard before Supreme Court of Canada on March 26-28, 1979).

or if the owner of the mark had been identified and the licensee named as a registered user. However, these suggestions of the court were not a necessary part of its decision, and if the actual decision of the court is correct (as we must assume it is, unless and until it is reversed on an appeal now pending in the Supreme Court of Canada, or until the Canadian legislation is altered) the hollow argument can be made that a Canadian registration is invalidated if the owner of the mark permits it to be used (whether on labels, or letterheads, or advertising) in relation to any wares or services which are not those of the trade mark owner. This would mean that a mark cannot effectively be licensed in Canada. On the assumption, however, that this extreme argument is incorrect, and bearing in mind that it has been held that the registered user provisions of the statute are to be strictly construed,³⁰⁵ it is suggested that the following points be observed whenever a trade mark is to be licensed in Canada:

- (a) The licensee should not use the mark in Canada
 - (i) before the filing in the Trade Marks Office of a registered user application, in the case of a mark that has already been registered in Canada;³⁰⁶
 - (ii) before the approval of the licensee as a user by the Registrar, in the case of a mark for which a Canadian registration has not yet been obtained. (The practice of the Registrar is to defer such approval until an application to register the trade mark has been approved for publication.)
- (b) The licensee should use the mark only in the form in which the mark is registered in Canada and only for wares and services for which the mark is registered in Canada.
- (c) The licensee should not use the mark for wares or services for which the licensee has not been registered as a user in Canada. Therefore where use of the mark is to be extended by the licensee, consideration must be given to the possible need for amendment of the trade mark registration and of the registered user registration.
- (d) The licensee must use the mark strictly in compliance with the terms of the licensee's registration as a user, and must therefore ensure that all wares and services are of the standard specified in the registered user application. The owner of the mark should regularly check the quality of the licensed wares or services to ensure that the required standard is being maintained, and the owner should keep records of such checks.
- (e) The mark may be used without associating anyone's name with it, but whenever possible the owner of the mark should be identified when the mark is shown. If the owner's name is not shown there is a risk that the public will associate the mark with whoever supplies the wares or

³⁰⁵ *Supra* note 302, at 540, 44 C.P.R. at 147.

³⁰⁶ The practice of the Trade Marks Office in such a case is to register the user as of the date of filing the registered user application. This practice may not be correct, having regard to the wording of s. 49(8) of the Act. It would be safer to postpone use by the licensee until notification of approval of the licensee as a user has been received from the Registrar.

services, and that accordingly the mark will not be distinctive of the wares or services of the trade mark owner.

- (f) Whenever the name of someone other than the owner is shown in association with the mark,
 - (i) that other user must be identified as a registered or permitted user of the mark (or as a distributor: note that a mere distributor is not a licensee, and need not be registered as a user, but must not appear to be the owner of the mark); and
 - (ii) the owner of the mark must be identified.
- (g) The foregoing requirement, of indicating who is the owner of the mark, applies not only when the mark appears on goods and labels and the like but also when it appears on letterheads and advertising. This is vital if the mark might otherwise be regarded as a mark of someone other than the trade mark owner, even when that other is a wholly owned subsidiary of the trade mark owner.
- (h) If possible, a licensee should avoid using a business name which includes the trade mark; if the licensee uses such a name, there should be an agreement to cease doing so on termination of the right to use the mark. A distributor should not be allowed to use the mark in his business name.
- (i) Care must be taken to ensure that a mark registered in Canada by one company is clearly identified as the trade mark in Canada of that company and is not regarded as a trade mark of a group of companies. This point will be enlarged upon below.

It is important to remember that the above points apply as much to the use of a mark by a wholly-owned subsidiary as by any other licensee.

There are many instances where business men have not observed all of the foregoing points. Fortunately, as mentioned earlier, section 18 of the Canadian Trade Marks Act provides that distinctiveness is judged at the time proceedings are commenced bringing the distinctiveness of the mark into question. It is therefore to be hoped that if one's house has been put in order before such proceedings are commenced, an attack on the validity of the trade mark registration may be resisted successfully.³⁰⁷

The right to register a trade mark in Canada may be affected by whether or not the mark has been used by someone other than the proposed applicant. Suppose that it is proposed to register the mark in the name of *A*, but the mark is already in use in Canada by *B*. If *B* is the only user in Canada, the mark may be distinctive of *B*'s wares or services and *B* may be the correct applicant for registration. (*B* may of course be able to assign the mark to *A*, in which case steps will have to be taken to ensure that the mark becomes distinctive of *A*'s wares and services.) If both *A* and *B* are using the mark in Canada, the mark may not be distinctive of the wares or services of either, and consideration should be given to whether the mode of use can be revised to ensure that the mark becomes distinctive of the wares and services of whoever is to register. Sometimes the proposed

³⁰⁷ But see the *Busy Bee* decision, *infra* note 418.

applicant *A* is a foreigner and there has been no use by anyone in Canada, but *A* has been permitting *B* to use the mark in a country other than Canada. It has been held that *A* cannot, in seeking registration of the mark in Canada, rely on such use by *B*, even if under foreign law *B*'s use enures to the benefit of *A*.³⁰⁸ Rather, *A*'s Canadian trade mark application will have to be based on proposed use of the mark in Canada, or on foreign use by *A* (not *B*, unless *A* can take an assignment from *B* so that *B* can be regarded as *A*'s predecessor) and registration in *A*'s home country, or perhaps (but this is rare) on the mark having become well known in Canada for wares or services of *A*.³⁰⁹

Sometimes *A*, who has licensed his mark to *B*, wishes to oppose a trade mark application of *C*, or to apply to expunge a trade mark registration obtained by *C*. *A*'s right to registration is not in issue in such proceedings. *A* may rely on his own use of the mark (and on any use by *B* as a registered user of *A*'s mark) to attack *C* on the basis of prior use or the making known of *A*'s mark in Canada,³¹⁰ or *A* may rely on use by *B* (irrespective of whether *B* is a registered user of *A*'s mark) to show that *C*'s mark is not distinctive in Canada. However, in so doing, *A* may put on record evidence of the weakness of his own claim to a valid mark, and his mark may be regarded as so lacking in distinctiveness that a somewhat different mark may be considered not confusing with it.³¹¹

In licensing his mark, a trade mark owner must provide for control over the quality of the wares and services for which the mark is to be used, but this does not of course mean that the trade mark owner may impose whatever conditions he wishes. In addition to the well known common law requirement that restraints of trade must be reasonable, the provisions of the Combines Investigation Act, mentioned above,³¹² must be kept in mind.

B. Trade Marks Associated With a Family of Companies

The Canadian statutory definition of a "distinctive" mark gives rise to potential problems not only where one company owns a mark and licenses related (or other) companies, but also where different companies of a group of related companies use the same mark (or similar marks) in different countries. What is the position if Canadian purchasers do not associate the mark with the wares or services of any one of the companies? Four cases in the Federal Court of Appeal indicate that court's attitude.

³⁰⁸ *David Crystal Inc. v. La Chemise Lacoste*, 22 C.P.R. (2d) 78, at 81-82 (Reg. 1973). See also *Robert C. Wian Enterprises, Inc. v. Mady*, 46 C.P.R. 147, 49 D.L.R. (2d) 65 (Ex. 1965).

³⁰⁹ What constitutes a mark well known in Canada was discussed in *E. & J. Gallo Winery v. Andres Wines Ltd.*, 14 C.P.R. (2d) 204, at 212-14 (F.C. Trial D. 1974), *rev'd on other grounds*, *infra* note 313.

³¹⁰ Ss. 17 and 49.

³¹¹ *Koffler Stores Ltd. v. Shoppers Record & Tape Marts Ltd.*, 36 C.P.R. (2d) 124 (Reg. 1977).

³¹² See text accompanying notes 27 to 32, *supra*.

The first of these, the *Spanada* case,³¹³ did not involve related companies. An American company, Gallo, advertised the trade mark "Spanada" over United States television stations, which broadcasts were seen in Canada. Gallo had made no sales in Canada in association with the mark. Andres, an unrelated Canadian company, sought to register the mark in Canada, but it was held by the Federal Court of Appeal that the mark was not adapted to distinguish the wares of Andres from the wares of Gallo, the latter wares being known to many people in Canada in association with the mark. The result is equitable, but the case raises the question whether, if Andres had been a Canadian subsidiary of Gallo, Andres would have been precluded from registering. Although Andres might be the first to use the mark in Canada, its parent's prior and continuing spillover advertising into Canada in association with Gallo's name would prevent the mark from distinguishing the wares of the subsidiary from those of the parent.

The *Moore* case³¹⁴ involved companies that were formerly related. A Canadian company, Moore Canada, used the trade mark "Moore" in Canada, and succeeded in registering the mark in Canada, and sought to enforce the registration against a Florida company, Moore Florida, which was also using the mark in Canada, though on a smaller scale than Moore Canada. Moore Canada was a subsidiary of an Oregon company, Moore Oregon. Moore Oregon and Moore Florida had until 1956 been controlled by the same individual, but since 1956 Moore Oregon and Moore Florida had been unrelated companies. The evidence satisfied the court that many Canadian customers continued to regard Moore Florida, Moore Oregon and Moore Canada as a single enterprise or group of companies (Moore Canada had continued to use advertising material referring to a Florida factory) and the court concluded that the registration was invalid because the mark "Moore" did not distinguish the wares of Moore Canada from those of Moore Florida. The case raises the question whether the result would have been the same had Moore Florida and Moore Canada continued to be related. Presumably the registration would still have been held invalid, at least if Moore Florida used the mark in Canada concurrently with Moore Canada and without being registered as a user, and perhaps (having regard to the *Spanada* case) a court might hold that actual distinctiveness is destroyed by mere spillover advertising from abroad, associating the mark with someone other than the Canadian registrant, unless the advertising can be dismissed as *de minimis*.

The Canadian statutory definition of "distinctiveness" makes no distinction between those cases where companies are related and those where they are unrelated. In the *Moore* case, one of the Federal Court of Appeal judges, Urie J., observed:

³¹³ E. & J. Gallo Winery v. Andres Wines Ltd., [1976] 2 F.C. 3, 25 C.P.R. (2d) 126 (App. D. 1975), *rev'g* E. & J. Gallo Winery v. Andres Wines Ltd., *supra* note 309.

³¹⁴ Moore Dry Kiln Co. of Canada Ltd. v. U.S. Natural Resources Inc., 30 C.P.R. (2d) 40, 12 N.R. 361 (App. D. 1976).

Since distinctiveness of a mark is, *inter alia*, unrelated to source, when the trade mark is related to more than one source, it cannot be distinctive. That being the case, the mark used in relation to the wares manufactured and sold by each of the entities making up the group of Moore companies, could not be distinctive of the wares of any one of the three.³¹⁵

The same sentiment was expressed in the *Off!* case³¹⁶ by another appellate judge who indicated, in a footnote to his reasons, that the mark, registered in the name of the United States parent, would not be distinctive if the public had been educated to associate the mark with both the United States parent (which did not trade in Canada) and the Canadian subsidiary (which did) rather than having been educated to regard the mark as indicating the wares of the parent.

The most recent case in the Federal Court of Appeal³¹⁷ involved marks owned by two companies which were members of a group whose shares were held, directly or indirectly, by a French firm, Pechiney Ugine Kuhlmann. One of those companies had a Canadian registration of the mark "Uginox" for certain metals and alloys, and another of the companies applied to register "Ugiplus" for the same wares. The Registrar held that the marks were confusing, and rejected an argument that "Ugiplus" should be registered because both marks were associated by the public with the French firm or group. The Court of Appeal held that the Registrar's decision made good sense and was based on a correct interpretation of the Act.

These cases, taken together, indicate that no one of a group of related companies may be able to obtain a valid Canadian registration if the mark is associated in Canada with the group rather than with one member of the group, even where the other members do no actual trading in Canada. There are Canadian trial decisions,³¹⁸ earlier than the decisions of the Federal Court of Appeal in the *Spanada*, *Moore*, *Off!* and *Uginox* cases, that are inconsistent with what has been said by the Court of Appeal in these later cases. The views of the Supreme Court of Canada in the *Off!* case are awaited with extreme interest. Meanwhile, it will be wise to ensure wherever a trade mark may appear to be used in Canada, on wares, on letterheads, in advertisements, or whatever, in association with the name of someone other than the owner of the mark in Canada, that there is a clear indication of who owns the mark in Canada. It is also important to ensure that there is but one owner of marks that are likely to be confused.

C. *Distinctiveness at Common Law*

It is to be emphasized that the foregoing decisions have turned on statutory language. Many years ago it was remarked by Duff J. that "in

³¹⁵ *Id.* at 49, 12 N.R. at 377.

³¹⁶ *Supra* note 304.

³¹⁷ Registrar of Trade Marks v. Ugine Aciers, [1979] 1 F.C. 237, 40 C.P.R. (2d) 28, 24 N.R. 439 (App. D. 1978).

³¹⁸ Good Humor Corp. of America v. Good Humor Food Prods., [1937] Ex. C.R. 61, [1937] 4 D.L.R. 145 (1936); Gray Rocks Inn Ltd. v. Snowy Eagle Ski Club Inc., 3 C.P.R. (2d) 9 (F.C. Trial D. 1971). See also Rose v. Fraternité Interprovinciale des Ouvriers en Electricité, 32 C.P.R. (2d) 42 (F.C. Trial D. 1977).

construing such a statute there is some danger of being misled if one allows one's mind to be too freely influenced by what the common law may have determined to be the essential characteristics of a trade mark".³¹⁹

In relation to the licensing of trade marks, and to shared reputation, the common law position has not been reviewed in any recent Canadian decision, but hopeful signals have come from the United Kingdom. This is not the place for a lengthy discussion of the common law of passing off, but there is ample authority for the proposition that a group of companies may share goodwill³²⁰ and it is injury to goodwill that is the basis of the common law action of passing off. The grant of trade mark licences may enlarge the number who share in the goodwill without destroying the value of the marks which symbolize the goodwill;³²¹ rather, it may be passing off to suggest falsely that one is a licensee.³²² To prevent deception as to quality, a licensor must have control over the quality of the wares or services associated with the mark,³²³ and care in labelling may be required to prevent deception as to origin. If a defendant is trading on someone else's goodwill, the court will endeavour to fashion a remedy to prevent such trading if this can be done without conferring a monopoly on that which others are entitled to use.³²⁴

D. Appropriation of Personality

When not constrained by statutory language, Canadian judges have shown that they are capable of adjusting to fresh lines of thought.

In earlier days it was said that the common law does not recognize a civil right of action for invasion of personal privacy. In the common law countries the Americans took the lead in breaking away from this sterile view. In an analysis of intrusion into privacy, Dean Prosser identified the following torts:³²⁵

- (a) Intrusion upon a person's seclusion or solitude, or into his private affairs.
- (b) Public disclosure of embarrassing private facts.
- (c) Publicity which places a person in a false light in the public eye.

³¹⁹ *New York Herald Co. v. Ottawa Citizen Printing Co.*, 41 S.C.R. 229, at 242 (1909).

³²⁰ See *H.P. Bulmer Ltd. v. J. Bollinger S.A.*, [1978] R.P.C. 79, at 96-97 (C.A.).

³²¹ *G.E. Trade Mark*, [1970] R.P.C. 339, at 395 (C.A.), *rev'd on other grounds, sub nom.* *General Electric Co. v. The General Electric Co. Ltd.*, [1972] 2 All E.R. 507, [1972] 1 W.L.R. 729 (H.L.). There is Canadian authority for the proposition that a registered user may not sue for passing off because his use is deemed to be use by the registered owner of the mark: *Cheerio Toys & Games Ltd. v. Cheerio Yo-Yo & Bo-Lo Co.*, [1965] 1 Ex. C.R. 562, at 566, 44 C.P.R. 169, at 172.

³²² *Supra* note 320, at 117.

³²³ *G.E. Trade Mark*, [1969] R.P.C. 418, at 455 (Ch. D.), *rev'd on other grounds, supra* note 321, *aff'd on other grounds, sub nom.* *General Electric Co. v. The General Electric Co. Ltd.*, *supra* note 321.

³²⁴ *Havana Cigar & Tobacco Factories Ltd. v. Oddenino*, [1924] 1 Ch. 179, 41 R.P.C. 47 (C.A.).

³²⁵ Prosser, *Privacy*, 48 CALIF. L. REV. 383 (1960).

- (d) Appropriation of a person's name or likeness, for the advantage of another.

As a cause of action the last of these is of particular interest to trademark lawyers, and two recent cases in the province of Ontario have given effect to it. In *Racine v. C.J.R.C. Radio Capitale Ltée*,³²⁶ the plaintiff was a well known Canadian football player who had retired from the sport, and who was hired by the defendant radio station to assist in broadcasting football games. In order to attract listeners and advertisers, the station publicized the fact that the plaintiff was a member of its football reporting team, and the station enjoyed an improvement in popularity and sales as a result. The station wrongfully dismissed the plaintiff. The court awarded him damages for breach of contract, and additional compensation for the advantage which the station had obtained through use of the plaintiff's name.

The result in the *Racine* case might have been reached by a more traditional route, namely, by considering as part of the damages for wrongful dismissal the loss of reputation that the plaintiff suffered.³²⁷ However, the following case is more clearly one where misappropriation of the right to publicity was involved. *Athans v. Canadian Adventure Camps Ltd.*³²⁸ involved not the name but the likeness of the plaintiff, a professional water-skier. The plaintiff had capitalized on his prowess by endorsing water-skiing equipment. In connection with his commercial activities he used a photograph which, to a relatively small number of cognoscenti interested in water-skiing, was known to be a photograph of the plaintiff in the act of making a turn around a ball on a slalom course. The defendants, in promoting a summer camp for children, published a brochure and advertisement, including a drawing which, to these cognoscenti, was recognizable as having been made from the well known photograph of the plaintiff. There was no allegation of copyright infringement, and the defendants were acquitted of bad faith despite the fact that they had earlier discussed with the plaintiff the possibility of obtaining his endorsement for the defendant's camp. A claim for passing off was dismissed, on the ground that the cognoscenti would not have the impression that the plaintiff was connected with the camp, nor was there likelihood of confusion between the businesses of the parties by those members of the general public who were likely to wish to send their children to the defendant's camp. The judge held that the plaintiff had not been damaged. Nevertheless the judge said it was clear that the plaintiff had

a proprietary right in the exclusive marketing for gain of his personality, image and name, and that the law entitles him to protect that right, if it is invaded. . . . The commercial use of his representational image by the defendants without his consent constituted an invasion and *pro tanto* an

³²⁶ 17 O.R. (2d) 370, 80 D.L.R. (3d) 441 (Cty. Ct. 1977).

³²⁷ Cases on this point are reviewed in *McMinn v. Town of Oakville*, 19 O.R. (2d) 366, 85 D.L.R. (3d) 131 (H.C. 1978).

³²⁸ 17 O.R. (2d) 425, 80 D.L.R. (3d) 583 (H.C. 1977).

impairment of his exclusive right to market his personality and this, in my opinion, constitutes an aspect of the tort of appropriation of personality.³²⁹

The plaintiff was awarded the amount he ought reasonably to have received for permission to publish the drawing. No injunction was granted, the court being satisfied that the defendants would not continue to use the plaintiff's image.

E. Federal Jurisdiction in Relation to Acts of Unfair Competition

Article 10^{bis} of the Paris Convention, to which Canada has adhered,³³⁰ provides that adhering countries are bound to assure effective protection against acts of competition "contrary to honest practices in industrial or commercial matters". The Unfair Competition Act, 1932,³³¹ which was essentially a trade mark registration statute, introduced a new unfair competition section³³² which prohibited certain false statements and representations as well as the adoption of "any other business practice contrary to honest industrial and commercial usage". The Trade Mark Law Revision Committee, which drafted the present Canadian Trade Marks Act in 1953, noted that this 1932 provision had been narrowly construed.³³³ In drafting section 7 of the present Act, the Committee included further specifically prohibited acts in an attempt to make it clear that a wide interpretation should be put on the prohibition. This is now found in section 7(e), which prohibits "any other act or... business practice contrary to honest industrial or commercial usage in Canada". In *MacDonald v. Vapor Canada Ltd.*³³⁴ the plaintiff sought to rely on section 7(e) in an action in the Federal Court for breach of confidence. The Federal Court could have jurisdiction only if section 7(e) was within the legislative competence of the federal government, because that court has no common law jurisdiction. The Supreme Court ruled section 7(e) to be unconstitutional, and refused to find justification for it under the federal treaty power. The reasons for judgment also cast doubt on the validity of other parts of section 7, with the result that cases likely to give rise to significant developments in the law of unfair competition will now probably be brought in the provincial courts. Meanwhile, it appears that Federal Court judges may continue to give effect to section 7(b) at least, this being in essence a prohibition of the common law tort of passing off.³³⁵

³²⁹ *Id.* at 437.

³³⁰ Convention of Paris, 1883, reproduced in 26 WORLD PATENT LAW AND PRACTICE, part II, at 5. Canada has adhered to the revision of November 6, 1925 (The Hague), and subsequently to the London revision of June 2, 1934. The text of Article 10^{bis} does not differ in the two revisions.

³³¹ S.C. 1932, c. 38.

³³² S. 11.

³³³ The report of the committee is reproduced in H. FOX, 2 THE CANADIAN LAW OF TRADE MARKS 1177 (2d ed. 1956).

³³⁴ [1977] 2 S.C.R. 134, 22 C.P.R. (2d) 1, 66 D.L.R. (3d) 1 (1976).

³³⁵ See *Adidas (Canada) Ltd. v. Colins Inc.*, 38 C.P.R. (2d) 145 (F.C. Trial D. 1978) and *Aluminum Co. of Canada v. Tisco Home Bldg. Prods. (Ontario) Ltd.*, 33 C.P.R. (2d)

F. *Passing Off — Crazy Horse is Dead*

Passing off has been characterized as misappropriation of goodwill. Goodwill is associated with a business. It can survive, at least for a time, after the business has ended.³³⁶ It can extend beyond the area where the business is carried on.³³⁷ Yet it has been regarded as inseparable from the business. Where a national boundary intervenes, the courts have been prepared to recognize that there may be separate businesses and separate goodwills on either side of the boundary.³³⁸ And so the question arose whether a business carried on in one country has a goodwill, recognizable at law, across the boundary where no business is carried on. The outstanding, though relatively recent, case has been *Bernardin et Cie v. Pavilion Properties Ltd.*³³⁹ The plaintiff's famous Crazy Horse Saloon is in Paris. The defendant opened a Crazy Horse Saloon in London, announcing that the Crazy Horse Saloon "had come to London". On an application for an interlocutory injunction, Pennycuik J. refused to interfere on the basis that an English reputation unaccompanied by an English business was not cognizable. The decision has, in the past couple of years, been essentially discredited in Britain,³⁴⁰ Eire³⁴¹ and Australia.³⁴² The Americans never accepted the idea that national borders could be controlling.³⁴³ Nor did three British Columbia trial judges.³⁴⁴ In the most recent case, *Seagoing Uniform Corp. v. U.S. Dungaree Seafarers Ltd.*³⁴⁵ the B.C. Court of Appeal restrained the domestic defendant, satisfied that he had deliberately set about to deceive the public.

145 (F.C. Trial D. 1977). See also *Imperial Dax Co. v. Mascoll Corp.* (F.C. Trial D. Nov. 21, 1978, no. T-3491-78) where Walsh J. stated his conclusion that proceedings based on paragraphs of s. 7, other than 7(e), will not be dismissed by the Federal Court for want of jurisdiction until the Supreme Court of Canada has again considered the validity of the section. But see *Weider Sports Equip. Co. v. Beco Indus. Ltd.*, [1976] 2 F.C. 739, 29 C.P.R. (2d) 175 (Trial D.) and *S.C. Johnson & Son v. Marketing Int'l Ltd.*, *supra* note 304.

³³⁶ *Levey v. Henderson-Kenton (Holdings) Ltd.*, [1974] R.P.C. 617 (Ch. D.); *Canadian Vapored Ltd. v. Leonard*, 6 C.P.R. (2d) 45, at 65-67 (Ont. Ct. 1972).

³³⁷ *Brestian v. Try*, [1958] R.P.C. 161 (C.A.).

³³⁸ *Star Indus. Co. v. Yap Kwee Kor*, [1976] F.S.R. 256, at 269 (P.C. Singapore 1975). But cf. *Lacteosote Ltd. v. Alberman*, [1927] 2 Ch. 117, 44 R.P.C. 211, as to divisibility of parts of a business and goodwill.

³³⁹ [1967] R.P.C. 581 (Ch.).

³⁴⁰ *Maxim's Ltd. v. Dye*, [1977] F.S.R. 364 (Ch.).

³⁴¹ *C. & A. Modes v. C. & A. (Waterford) Ltd.*, [1976] I.R. 198 (S.C. 1975).

³⁴² *Ringling Bros., Barnum & Bailey Combined Shows, Inc. v. Edgley* (unreported, S.C.N.S.W. Eq. Div., 1977, no. 157). See Bigger, Note, 67 T.M.R. 288 (1977).

³⁴³ *E.g.*, *Maison Prunier v. Prunier's Restaurant & Cafe Inc.*, 288 N.Y.S. 529 (Sup. Ct. 1936).

³⁴⁴ *Levitz Furniture Corp. v. Levitz Furniture Ltd.*, [1972] 3 W.W.R. 65, 5 C.P.R. (2d) 54 (B.C.S.C. 1960), *rev'd on other grounds* 36 C.P.R. 2, 27 D.L.R. (2d) 434 (B.C.C.A. 1961); *Hilton Hotels Corp. v. Belkin*, 17 W.W.R. 86, 24 C.P.R. 100 (B.C.S.C. 1955).

³⁴⁵ 34 C.P.R. (2d) 240 (B.C.C.A. 1977).

G. Passing Off v. Trade Mark Infringement

The owner of a registered trade mark has a stronger hand than a plaintiff who must rely on the common law of passing off. The owner of a registered trade mark has the exclusive right to use it throughout Canada for the wares and services for which it is registered.³⁴⁶ His action is called one for trade mark infringement. The owner of an unregistered mark has a passing off action limited approximately to the area to which his reputation extends, and even so the defendant may be able to use the mark, or a variation of it, if he associates it with other matter that is likely to prevent confusion, having regard to how the plaintiff himself actually uses his mark. In an action for infringement of a registered mark, where the defendant uses a somewhat different mark than the one registered, or deals in wares or services not specified in the registration, the question of the likelihood of confusion also arises, but with a narrower scope: the point of reference is the registered mark and the wares or services for which it is registered, not get-up or other matter that the plaintiff may, in using the mark, have associated with it.³⁴⁷ However, it must be conceded that when issues of likelihood of confusion with a registered mark have arisen, reference has been made to such extraneous matters.³⁴⁸

Illustrative of the difficulty with a passing off action is *Tartan Brewing Ltd. v. Carling Breweries (B.C.) Ltd.* in the Supreme Court of Canada.³⁴⁹ The plaintiff had adopted the unregistered mark "Pil" for bottled Pilsener beer. The defendant later adopt the mark "Pilcan" for Pilsener beer in cans. The Exchequer Court judge thought that the defendant was directing public attention to his wares in such a way as to be likely to cause confusion between its wares and those of the plaintiff, contrary to section 7(b) of the Trade Marks Act. However, the Supreme Court, following the traditional common law approach, looked at the entire packaging and labelling of both parties, found them entirely dissimilar, and dismissed the action. Had "Pil" been a registered mark, the outcome could have been different.

³⁴⁶ Trade Marks Act, s. 19.

³⁴⁷ *Sunway Fruit Prods. Inc. v. Productos Caseros, S.A.*, [1965] Ex. C.R. 42, at 47, 42 C.P.R. 93, at 96 (1964); *British Drug Houses Ltd. v. Battle Pharmaceuticals*, 4 C.P.R. 48, at 55 (Ex. 1944); *American Fork & Hoe Co. v. Lansing Eng'r Ltd.*, 7 C.P.R. 51, at 57, 7 Fox Pat. C. 75, at 80 (Ex. 1947).

³⁴⁸ See, e.g., the following oppositions: *Globetrotter Management Ltd. v. General Mills Inc.*, [1972] F.C. 1187, at 1190, 8 C.P.R. (2d) 143, at 146 (Trial D. 1972); *Ortho Pharmaceutical Corp. v. Mowatt & Moore Ltd.*, 6 C.P.R. (2d) 161, at 167 (F.C. Trial D. 1972). In *Endo Laboratories Inc. v. Dow Chemical Co.*, 8 C.P.R. (2d) 149, at 151-54 (F.C. Trial D. 1972), Noel A.C.J. considered what wares the owner of the registration actually sold (topical anesthetics) rather than the wider range of wares specified in the registration (pharmaceutical preparations). This was an unusual case because the description "pharmaceutical preparations" should not have been permitted in light of the words used in s. 29(9). See also *Frank W. Horner Ltd. v. Abbott Laboratories*, 36 C.P.R. (2d) 40 (Reg. 1977). It is, however, suggested that the court or the Registrar should take the registration as he finds it. Compare *Clairol Inc. v. Modico Int'l Ltd.*, 1 C.P.R. (2d) 139, at 140 (Reg. 1971) with *Sico Inc. v. Borden Inc.*, 63 C.P.R. 223, at 230 (Ex. 1970).

³⁴⁹ [1970] S.C.R. 323, 15 D.L.R. (3d) 773 (1969).

H. Unregistrable Marks

Decisions concerning the registrability of marks pour out of the Trade Marks Office, but occasionally an interesting point arises. Two court decisions deserve mention.

In *Home Juice Co. v. Orange Maison Ltée*,³⁵⁰ the mark "Orange Maison" had been registered for orange juice. Application was made to expunge the registration³⁵¹ on the ground that it is clearly descriptive in the French language of the character or quality of the wares.³⁵² Reference was made to dictionaries published in France and defining "Maison" as "that which has been made at home" and "of good quality". These definitions were not found in French language dictionaries published in Canada, and it was argued that the court should have regard only to meanings current in Canada and not to recent meanings found in France. The Supreme Court, however, rejected this argument and held that the mark was not registrable. There is a saving provision in section 31(2) of the Trade Marks Act, which gives the Registrar of Trade Marks jurisdiction to register a mark for a defined territorial area in which it is shown to have become distinctive. The trial judge considered that the mark had become distinctive in the province of Quebec,³⁵³ and this was not challenged in the Supreme Court. The latter ordered that the registration be restricted to the territorial area in the province of Quebec. The source of the Court's authority to do this, however, was not discussed. Section 31(2) gives jurisdiction to the Registrar. Section 57(1) gives jurisdiction to the Federal Court to order an amendment to an entry on the register; no doubt this is sufficient authority for the Federal Court and, on appeal,³⁵⁴ for the Supreme Court, to restrict registration territorially.

In *Registrar of Trade Marks v. Provenzano*³⁵⁵ the applicant sought to register the words "Kold One" for beer. It is well established that a misspelling of a clearly descriptive word does not make it registrable.³⁵⁶ But the Federal Court of Appeal, taking the view that the statutory reference to "character or quality" means something inherent in the wares, held that "Kold" or "Cold" is not clearly descriptive in the English language of the character or quality of beer. Must a waiter who is serving beer drinkers and receives an order for a cold one inquire whether the patron wants a chilly one, or one made by Mr. Provenzano?³⁵⁷ The reasoning of the court would be applicable equally to the words "for sale". If the court is right, the Trade Marks Act is in need of amendment

³⁵⁰ [1970] S.C.R. 942, 1 C.P.R. (2d) 14, 16 D.L.R. (3d) 740.

³⁵¹ Pursuant to s. 18(1)(a) of the Trade Marks Act.

³⁵² See s. 12(1)(b).

³⁵³ [1968] 1 Ex. C.R. 313, at 319-20, 53 C.P.R. 71, at 78 (Ex 1967)

³⁵⁴ An Act to amend the Supreme Court Act and to make related amendments to the Federal Court Act, S.C. 1974-75-76, c. 18, s. 9 (*amending* R.S.C. 1970 (2nd Supp.), c. 10, s. 31).

³⁵⁵ 22 N.R. 529 (F.C. App. D. 1978).

³⁵⁶ *Kirstein Sons v. Cohen Bros.*, 39 S.C.R. 286 (1907).

³⁵⁷ See *Havana Cigar & Tobacco Factories Ltd. v. Oddemmo*, *supra* note 324

to give to the Registrar the authority to reject a trade mark application on the ground that the mark is not distinctive (at present this objection is available only in opposition proceedings or in litigation),³⁵⁸ or on the ground that the applicant is not entitled to registration because the mark has previously been used to describe the wares.³⁵⁹

I. *Statutory Trade Mark Use*

The Trade Marks Act in section 2 defines "trade mark" as:

a mark that 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

With respect to trade marks used for wares, section 4(1) provides:

A trade mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of such wares, in the normal course of trade, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred.

Section 2 provides that "use . . . means any use that by section 4 is deemed to be a use in association with wares or services". The foregoing statutory definitions have uniformly been read as exhausting the possibilities of what constitutes use within the statute.³⁶⁰

1. *Assertions of Use in Trade Mark Applications*

An applicant for registration who has used his mark in Canada is required by section 29(b) of the Act to state the date from which he has used the mark, but it has been held by the Federal Court that he may err on the side of too recent a date.³⁶¹ The Registrar has held that an applicant who has used a mark is not entitled to apply for registration under section 29(e), based on proposed use,³⁶² but one would think that the statute should not be construed as precluding an applicant from, in effect, claiming less than he may be entitled to claim. Similarly, it is suggested that an applicant need not rely on all possible bases for registration that section 29 affords, namely, use in Canada (paragraph (b)), making known in Canada (paragraph (c)), use and registration abroad (paragraph (d)), and proposed use (paragraph (e)).

³⁵⁸ Ss. 37(2) and 18(1); *compare* these provisions with s. 36(1).

³⁵⁹ *Cf.* s. 16, which is limited to previous "trade mark" use by another.

³⁶⁰ *See, e.g.,* Porter v. Don The Beachcomber, [1966] Ex. C.R. 982, 33 Fox Pat. C. 79, 48 C.P.R. 280.

³⁶¹ *Marineland Inc. v. Marine Wonderland & Animal Park Ltd.*, [1974] 2 F.C. 558, at 568, 16 C.P.R. (2d) 97, at 106 (Trial D.). But it is unsafe to rely on too early a date. *See* L.K. Baker Co. Foods (Canada) Ltd. v. Stuart's Branded Foods Ltd., 15 C.P.R. (2d) 64 (Reg. 1974).

³⁶² *Tone-Craft Paints Ltd. v. Du-Chem Paint Co.*, 62 C.P.R. 283 (Reg. 1969); *Regal Toy Ltd. v. Roy A. Stevens Ltd.*, 36 C.P.R. (2d) 226 (Reg. 1977).

2. Who is a User?

Bombardier, the well-known manufacturers of "Ski-Doo" snowmobiles, opposed an application of British Petroleum to register "23 Skidoo" for lubricants.³⁶³ British Petroleum filed their application in 1967, asserting an intention to use the mark. Before then, Castrol had sold a motor oil in containers carrying the Castrol trade mark as well as the mark "Ski-Doo". On these containers it was stated that, "'Ski-Doo' trade mark is the property of Bombardier Snowmobile Limited". In 1968 Castrol executed an assignment to Bombardier of "all such right, title and interest as we may have in Canada in and to the trade mark Ski-Doo". Bombardier contended that it could rely on Castrol's "Ski-Doo" motor oil sales which pre-dated British Petroleum's application date. The court rejected this contention. The Castrol containers plainly showed that "Ski-Doo" was not Castrol's mark. The mark was not being used by Castrol as a trade mark of Castrol for motor oil. Hence, Castrol had nothing to assign to Bombardier, and Bombardier had failed to establish a previous use of the mark in relation to motor oil.

3. Use on Samples

In *Adidas (Canada) Ltd. v. Nippon Rubber Co.*,³⁶⁴ the applicant sought to register the mark "Addax", with a design, for sport shoes, claiming use of the mark in Canada on February 5, 1972. On that date the applicant sent one pair of sport shoes to a customer, and invoiced the customer. The pair sent was a sample. The trade mark application was filed February 24, 1972. No other evidence of use of the applicant's mark in Canada was provided. The Registrar held that "shipping of samples without evidence of further sales of sport shoes associated with the mark 'Addax' is not use of the kind contemplated by the statute"³⁶⁵ and he accordingly found that the evidence filed was insufficient to support the date of first use of February 5, 1972, claimed in the application.

This decision³⁶⁶ shows the importance of evidence that a claimed use was "in the normal course of trade" as required by section 4 of the Act. If the shipment of samples had been shown to have been followed by further sales or deliveries in association with the mark, the applicant would probably have been entitled to rely on February 5, 1972 as its date of first use.³⁶⁷

The *Adidas* decision is consistent with but goes beyond the earlier decision of Thurlow J. in *Siscoe Vermiculate Mines Ltd. v. Munn & Steele*

³⁶³ *British Petroleum Co. v. Bombardier Ltd.*, 4 C.P.R. (2d) 204 (F.C. Trial D. 1971), *aff'd* [1973] F.C. 480, 10 C.P.R. (2d) 21 (App. D.).

³⁶⁴ 28 C.P.R. (2d) 141, at 144-45 (Reg. 1976).

³⁶⁵ *Id.* at 145.

³⁶⁶ See also *Grants of St. James's Ltd. v. Andres Wines Ltd.*, 58 C.P.R. 281 (Reg. 1969). But see *Mead Johnson & Co. v. Lever Bros.*, 64 C.P.R. 89 (Reg. 1970).

³⁶⁷ *Standard Pressed Steel Co. v. Midwest Chrome Process Co.*, 183 U.S.P.Q. 758, at 764-65 (Pat. Off. Trademark Trial & App. Bd. 1974). But see *Fisons Pharmaceuticals Ltd. v. Sales Affiliates Inc.*, 10 C.P.R. (2d) 123 (Reg. 1973).

*Inc.*³⁶⁸ Samples of the finished wares in question had been sent by Munn & Steele to Siscoe in connection with negotiations for Munn & Steele to supply raw material to Siscoe in order to enable the latter to manufacture the finished wares in Canada. Such use of the mark in association with the samples was held not be use in the normal course of trade.

4. *Use in Canada for Wares*

Section 4(3) of the Trade Marks Act provides:

A trade mark that is marked in Canada on wares or on the packages in which they are contained is, when such wares are exported from Canada, deemed to be used in Canada in association with such wares.

The position with respect to imports to Canada is not as clear. Section 4(1), quoted earlier, speaks of use "at the time of the transfer of the property in or possession of such wares". If a Canadian were to travel to the United States and purchase wares bearing a trade mark, the transaction would not be a use of the mark in Canada; nor would there be any use of the mark in Canada if the Canadian brought the marked wares back to Canada to use or consume them. In *Manhattan Industries Inc. v. Princeton Manufacturing Ltd.*,³⁶⁹ Manhattan and its predecessor had sent wares bearing the mark "Harness House" from New York to Canadian retailers. The wares were resold by the retailers in Canada. The wares were shipped to the Canadian retailers f.o.b. New York. Heald J. assumed that the transfer of *property* to the retailers occurred in New York, but held that transfer of *possession* occurred in Canada when the retailers received the wares from the post office here. Further, he expressed the opinion that section 4 contemplates the normal course of trade as beginning with the manufacturer and ending with the consumer, with the wholesaler or retailer as intermediary, and that use between the retailer and the public enures to the benefit of the manufacturer. The Federal Court of Appeal appeared to approve this decision in *Phil Borden Ltd. v. Uarco Inc.*³⁷⁰

5. *Use in Canada for Services*

Section 4(2) of the Trade Marks Act provides:

A trade mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of such services.

This definition of use for services makes it possible to rely upon a much looser association of the mark with services than section 4(1) contemplates for wares. In *Wenward (Canada) Ltd. v. Dynaturf Co.*³⁷¹ an

³⁶⁸ [1959] Ex. C.R. 455, at 469, 31 C.P.R. 6, at 23.

³⁶⁹ 4 C.P.R. (2d) 6 (F.C. Trial D. 1971).

³⁷⁰ [1976] 1 F.C. 548, 24 C.P.R. (2d) 140 (App. D.). For an early discussion of this problem see Hayhurst, *Problems of Non-Resident Ownership of Canadian Trade marks*, in [1961-65] REPORT OF PROCEEDINGS OF THE PATENT & TRADEMARK INSTITUTE OF CANADA 134 (1963).

³⁷¹ 28 C.P.R. (2d) 20 (Reg. 1976).

application was filed to register the mark "Dynaturf" for the services of construction and resurfacing of tennis courts and other recreational surfaces. The application asserted use since at least as early as December 1, 1969. The applicant and its predecessor were located in the United States, but the predecessor had advertised "Dynaturf" services in Canada at least as early as December 1, 1969. The issue was whether such advertising was sufficient to constitute use and thus to pre-date use of the mark in Canada by the opponent's predecessor, who had actually performed the services in Canada in association with the mark in 1970. The Registrar held that the advertising was sufficient in the circumstances of that case. He referred to the decision of Thurlow J. in *Porter v. Don the Beachcomber*³⁷² where it was held that Don the Beachcomber, which advertised in Canada services available at an address in Hollywood, did not use the mark Don the Beachcomber in Canada.³⁷³ On the other hand, in the *Dynaturf* case the United States advertiser was, at the date of the advertisements, willing and able to perform the services in Canada. Accordingly, the applicant was successful in its assertion of prior use, and the trade mark was registered for the services offered.

6. Making a Trade Mark Known in Canada

Article 6^{bis} of the Paris Convention provides:

The countries of the Union undertake . . . to refuse or to cancel the registration and to prohibit the use of a trade mark which constitutes a reproduction, imitation or translation liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well-known in that country as being already the mark of a person entitled to the benefits of the present convention and used for identical or similar goods. . . .³⁷⁴

The Canadian Trade Marks Act provides for registration of trade marks which, though they may not be in use here, have been made known here.³⁷⁵ Section 5 provides:

A trade mark is deemed to be made known in Canada by a person only if it is used by such person in a country of the Union, other than Canada, in association with wares or services, and

- (a) such wares are distributed in association with it in Canada, or
- (b) such wares or services are advertised in association with it in
 - (i) any printed publication circulated in Canada in the ordinary course of commerce among potential dealers in or users of such wares or services, or
 - (ii) radio broadcasts, as defined in the *Radio Act*, ordinarily received in Canada by potential dealers in or users of such wares or services,

³⁷² *Supra* note 360.

³⁷³ See also *Marineland Inc. v. Marine Wonderland & Animal Park Ltd.*, *supra* note 361, at 568-72, 16 C.P.R. (2d) at 106-09. It was held that the sale of entrance vouchers in Canada to an aquarium in Florida was not use of the mark in Canada, by the operator of the aquarium, for its services of displaying marine life.

³⁷⁴ *Supra* note 330.

³⁷⁵ S. 16(1).

and it has become well known in Canada by reason of such distribution or advertising.

In *Marineland Inc. v. Marine Wonderland and Animal Park Ltd.*,³⁷⁶ the appellant had since 1937 operated an extremely popular aquarium in Florida called Marineland which attracted substantial numbers of Canadians. The respondent, being well aware of the appellant's operation, opened an aquarium in Niagara Falls, Ontario under the name Marine Wonderland. The respondent changed the name to Marineland in 1965, and applied to register the mark Marineland for the services of "display of marine and animal life for the benefit of tourists in a reasonably natural setting". Cattnach J. said that it was impossible to feel sympathetic to the respondent, but that the matter is not to be determined upon a "rotten guy" principle, and that the appellant had not established that its mark was well known in Canada. He followed his earlier decision in *Robert C. Wian Enterprises v. Mady*,³⁷⁷ where he had held that it is not enough to show that the mark is well known in any part of Canada, but that knowledge of the mark must pervade the country to a substantial extent. In that case he appeared to equate being well known with being in the category of household words such as Coca-Cola, Esso, Chevrolet and Frigidaire.

In the later *Spanada* case³⁷⁸ the Federal Court of Appeal found it unnecessary to express an opinion on what constitutes making a mark well known in Canada. However, as discussed above,³⁷⁹ the *Spanada* case shows that a foreigner whose mark is known in this country need not establish that the mark is well known here, in order to establish that the mark is not distinctive of someone else's wares or services.

J. Opposition Proceedings in the Trade Marks Office

1. Rejections of Statements of Opposition by the Registrar

After a trade mark application has passed the scrutiny of the Trade Marks Office it is advertised in the Trade Marks Journal,³⁸⁰ and any person may then oppose registration on any of the four grounds specified in section 37(2) of the Trade Marks Act. These are: (a) that the application does not comply with the requirements of section 29 (which prescribes the contents of a trade mark application); (b) that the mark is not registrable; (c) that the applicant is not the person entitled to registration; or (d) that the mark is not distinctive. The prospective opponent (so called in the Act and Rules) files a statement of opposition in duplicate³⁸¹ and the Registrar forwards a copy to the applicant,³⁸² unless he considers that the statement

³⁷⁶ *Supra* note 361.

³⁷⁷ 46 C.P.R. 147, at 169-70 (Ex. 1965).

³⁷⁸ E. & J. Gallo Winery v. Andres Wines Ltd., *supra* note 313.

³⁷⁹ See text accompanying note 313 *supra*.

³⁸⁰ Trade Marks Act, s. 36(1); Trade Marks Rules, S.O.R. Cons./55, Vol. 3, 2838, Rule 39.

³⁸¹ Trade Marks Rules, R. 40.

³⁸² Trade Marks Act, s. 37(5).

of opposition "does not raise a substantial issue for decision".³⁸³ The Registrar has rejected statements of opposition at this initial stage. Several appeals from such rejections³⁸⁴ have been decided by the Federal Court, based on the following principles:

- (a) The Registrar must assume the truth of all allegations of fact in the statement of opposition, and consider whether the opponent has an arguable case; he may not reject the statement of opposition on the ground that he sees no probability or substantial likelihood that the opponent would succeed.³⁸⁵
- (b) The Registrar is not entitled to require the opponent to furnish him at this initial stage with evidence or argument,³⁸⁶ though he may invite the opponent to complete or to explain the statement of opposition.³⁸⁷
- (c) Unless the Registrar has proceeded on some wrong principle or has failed to exercise his discretion judicially, the court will not substitute its view for that of the Registrar.³⁸⁸

2. *Pleadings in Oppositions*

In its above-mentioned decisions, the Federal Court has clearly been of the view that a statement of opposition must, like a pleading in litigation, contain a statement of the material facts upon which the opponent relies.³⁸⁹ Section 37(3)(a) requires that the statement of opposition set out the grounds of opposition "in sufficient detail to enable the applicant to reply thereto". The applicant replies in his counter-statement to the statement of opposition; he files the counter-statement with the Registrar and serves a copy on the opponent.³⁹⁰ Undoubtedly the

³⁸³ Trade Marks Act, s. 37(4).

³⁸⁴ Such appeals are pursuant to s. 56 of the Act. See *Canadian Schenley Distilleries Ltd. v. Registrar of Trade Marks*, 15 C.P.R. (2d) 1 (F.C. Trial D. 1974); *Pepsico Inc. v. Registrar of Trade Marks*, [1976] 1 F.C. 202, 22 C.P.R. (2d) 62 (Trial D.); *Canadian Tampax Corp. v. Registrar of Trade Marks*, 24 C.P.R. (2d) 187 (F.C. Trial D. 1975); *Koffler Stores Ltd. v. Registrar of Trade Marks*, [1976] 2 F.C. 685, 28 C.P.R. (2d) 113 (Trial D.); *Corporation d'Aliments Buffet Ltée v. Colonel Sanders Kentucky Fried Chicken Ltd.*, 31 C.P.R. (2d) 44 (F.C. Trial D. 1976); *Société des Produits Marnier-Lapostolle v. Robert Macnish & Co.*, 38 C.P.R. (2d) 78 (F.C. Trial D. 1977).

³⁸⁵ *Pepsico Inc. v. Registrar of Trade Marks*, *supra* note 384, at 211-12, 22 C.P.R. (2d) at 70.

³⁸⁶ *Id.*

³⁸⁷ *Koffler Stores Ltd. v. Registrar of Trade Marks*, *supra* note 384, at 690-91, 28 C.P.R. (2d) at 117.

³⁸⁸ *Corporation d'Aliments Buffet Ltée v. Colonel Sanders Kentucky Fried Chicken Ltd.*, *supra* note 384, at 51.

³⁸⁹ See, e.g., *Pepsico Inc. v. Registrar of Trade Marks*, *supra* note 384, at 211-12, 22 C.P.R. (2d) at 70; *Canadian Schenley Distilleries Ltd. v. Registrar of Trade Marks*, *supra* note 384, at 7-9. The court has criticized a statement of opposition which states a ground of opposition in words as general as the statute: see *Benson & Hedges (Canada) Ltd. v. Imasco Ltd.*, 25 C.P.R. (2d) 269, at 272 (F.C. Trial D. 1976).

³⁹⁰ S. 37(6).

counter-statement should also state the material facts on which the applicant relies, but whereas the Registrar is called upon to vet the statement of opposition before it is served, he is not called upon to do this for the counter-statement. The Registrar has concluded that he has no jurisdiction to require the parties to amend their pleadings³⁹¹ or to hear motions.³⁹² What he has done is to consider the statement of opposition in giving his decision at the conclusion of the entire proceedings, and to reject those grounds of opposition which have been so generally stated as to fail to give notice to the applicant of the case which he has to meet.³⁹³ However, having made this rejection, he has gone on to consider whether the generally stated objection had any merit, no doubt in case he is wrong procedurally, and also with a view to maintaining the purity of the register. A better procedure is needed for requiring particulars, but one which would maintain the relative simplicity of opposition proceedings. The problem is nicely illustrated by the following oppositions based on section 29.

3. *Oppositions Based on Non-Compliance with Section 29 of the Trade Marks Act*

Section 29 prescribes the contents of a trade mark application. In the case of a trade mark that has been used in Canada, section 29(b) requires the applicant to state the date of first use, and section 29(a) requires a statement in ordinary commercial terms of the specific wares or services for which the mark has been used. An opposition in the Trade Marks Office may be based on non-compliance with section 29. However, the Federal Court has declined to recognize non-compliance with section 29 as a ground of attack once the mark has been registered.³⁹⁴ One would think,

³⁹¹ Thurm, *Reflections After One Year in Office*, 37 P.T.I.C. BULL. (Series 7) 577-79 (1976).

³⁹² Boyle-Midway (Canada) Ltd. v. Homonnay, 27 C.P.R. (2d) 178, at 188 (Reg. 1976) (motion to strike out an affidavit).

³⁹³ See, regarding a plea of lack of distinctiveness, Transamerica Corp. v. Télémedia (Québec) Ltée, 32 C.P.R. (2d) 216, at 225 (Reg. 1976); and regarding pleas of non-compliance with s. 29, Johnson & Johnson v. Surgitex Ltd., 23 C.P.R. (2d) 46, at 49 (Reg. 1975); Benson & Hedges (Canada) Ltd. v. Imasco Ltd., *supra* note 389, at 277; Charles Wilson Ltd. v. Star-Kist Foods Inc., 23 C.P.R. (2d) 224, at 225-26 (Reg. 1975); Philip Morris Inc. v. MacDonald Tobacco Ltd., 27 C.P.R. (2d) 91, at 97 (Reg. 1976); Philip Morris Inc. v. Rothmans of Pall Mall Canada Ltd., 27 C.P.R. (2d) 189, at 196-97 (Reg. 1976). In court proceedings, a pleading which does not set forth the material facts will usually be attacked by the other party, in order to pin the pleader down. Failure to do so may leave the pleader with the freedom to rely on any facts that he is able to prove and that fit within his general plea.

³⁹⁴ See, e.g., Biba Boutique Ltd. v. Dalmys (Canada) Ltd., 25 C.P.R. (2d) 278 (F.C. Trial D. 1976) from which it appears that mis-statements in an application (short of fraud) do not invalidate the registration. Under s. 52 of The Unfair Competition Act, R.S.C. 1952, c. 274, which was essentially the same as the present s. 57, the court was prepared to expunge registrations on the ground that the applications for registration contained material mis-statements: see King Features Syndicate Inc. v. Lechter, [1950] Ex. C.R. 297, at 311-15, 12 C.P.R. 60, at 75-79; Standard Brands Ltd. v. Staley, [1946] Ex. C.R. 615, at 622, 6 C.P.R. 27, at 35.

therefore, that full opportunity should be provided in opposition proceedings, prior to registration, to explore possible issues under section 29. This should be so particularly for such matters as whether, when use is alleged, the applicant has made any use of the mark as a trade mark, and if so whether he has used it for all the wares or services for which he claims to have used it. What has happened, however, is that many oppositions have been filed routinely asserting non-compliance with section 29, but the opponents have generally made no headway in proving this assertion. The Registrar, with a view to tightening up opposition proceedings,³⁹⁵ has been objecting in recent years to allegations in statements of opposition which do no more than assert that the applicant has not used the mark as set forth in the trade mark application. These objections have been made by the Registrar as soon as the statements of opposition have been filed, having regard to the requirement in section 37(3)(a) that the statement of opposition must set out "the grounds of opposition in sufficient detail to enable the applicant to reply thereto". The Registrar has taken the position that if the opponent fails to do better than merely allege non-use as set forth in the trade mark application, the Registrar will give no consideration to that allegation when the time comes to decide the opposition.

There are several difficulties with this procedure. The ordinary rule of pleading is that particulars should not be required where the facts are within the knowledge of the other party,³⁹⁶ and here the opponent is, in effect, merely denying the allegations of use made by the applicant. The applicant is not required to adduce any evidence in opposition proceedings. The opponent is therefore unlikely to be able to cross-examine the applicant upon the allegations in his trade mark application, with the result that the opponent, in most cases, is effectively given the impossible burden of proving a negative, without access to the persons and records from which the negative might be proved.³⁹⁷ There is no doubt that many slipshod applications which do not comply with section 29 have escaped attack in the Trade Marks Office and have (if the Federal Court decisions are correct) become immune from attack by their registration.³⁹⁸ There is authority that if the applicant does not file evidence in support of his claimed date of first use, some issues may fall to be decided as of the date of filing of his application,³⁹⁹ but none of this goes to the root of the

³⁹⁵ *C.B.S. v. Alpha Corp.*, 24 C.P.R. (2d) 180, at 186 (Reg. 1975).

³⁹⁶ *Sachs v. Spielman*, 37 Ch. D. 295, at 305, 57 L.J. Ch. 658, at 661 (1887); *Parker v. Gest Ltd.*, 15 C.P.R. 76, at 85 (Master 1951); *Wonder Bakeries Ltd. v. Furman*, [1957] Ex. C.R. 144, at 151, 29 C.P.R. 154, at 162.

³⁹⁷ *See, e.g., St. Mary's Cement Co. v. Pyramid Aggregates Ltd.*, 58 C.P.R. 178, at 179 (Reg. 1968).

³⁹⁸ Pursuant to s. 54(3) of the Act, a certified copy of the record of registration is evidence of the facts set out therein. Proceedings under s. 44 of the Act, discussed under the next heading, may be of some help in eliminating from the register marks that are not in use. However, such proceedings offer no real opportunity to challenge statements or evidence of the registrant.

³⁹⁹ Regarding whether marks are confusing under s. 16, *see American Cyanamid Co. v. Record Chemical Co.*, 6 C.P.R. (2d) 278, at 280 (Reg. 1972), *rev'd on other grounds*, [1972] F.C. 1271 (Trial D.). Regarding who is entitled to priority under s. 16, *see Entreprises Canusa Inc. v. Revolution Records Ltd.*, 4 C.P.R. (2d) 89, at 91 (Reg. 1971).

question of whether he has made false allegations in his application. Although an opponent must, in a statement of opposition, point out in what respects section 29 has not been complied with, the appropriate place for the Registrar to be requiring a plea of the material facts as to use (how, when, between what persons, for what wares or services, etc.) is in the applicant's counter-statement and the onus should be on the applicant to establish these facts.⁴⁰⁰ The Registrar is to have regard to evidence in oppositions,⁴⁰¹ and not to mere assertions in unsworn application papers. It would be a considerable improvement if the statute were amended to put the onus clearly on the applicant to substantiate his allegations of use, when required to do so by the Registrar or by an opponent.

K. Section 44 Proceedings

Under section 44 of the Trade Marks Act the owner of a registered trade mark may be required to file

an affidavit or statutory declaration showing with respect to each of the wares or services specified in the registration, whether the trade mark is in use in Canada and, if not, the date when it was last so in use and the reason for the absence of such use since such date.

The Registrar may expunge or amend the registration after considering this evidence and any related representations that have been made on behalf of the registrant or the person who requested the proceedings. Section 44 proceedings are useful and are commonly used to clear dead wood off the register. For many years successive Registrars have accepted affidavits which stated merely that the trade mark "is in use in Canada" for the wares or services.⁴⁰² But in *American Distilling Co. v. Canadian Schenley Distilleries Ltd.*,⁴⁰³ Thurlow J., on appeal from a decision of the Registrar,⁴⁰⁴ held that an affidavit failed to make the requisite "showing" where the essential part of it merely referred to an attached copy of an invoice from the registrant to a customer, relating to a sale of rum under

⁴⁰⁰ It is well established that the onus in an opposition is on the applicant: *see, e.g.*, *Canadian Real Estate Ass'n v. Charco Consultants Ltd.*, 33 C.P.R. (2d) 15, at 23 (Reg. 1976). In *T. Eaton Co. v. Corriveau*, 41 C.P.R. 245 (Reg. 1963), the Registrar appeared to put the onus on the applicant to furnish evidence of use of his alleged certification mark. In *Marineland Inc. v. Marine Wonderland & Animal Park Ltd.*, *supra* note 361, at 567, 16 C.P.R. (2d) at 105, Cattanach J. said, without deciding the question, that he thought the onus might well lie on the side making the allegation of non-use in those cases where the applicant's date of first use is challenged. Support for this view can be found in *Gruen Watch Co. v. Economic Swiss Time Mfg.*, 15 C.P.R. (2d) 144, at 146 (Reg. 1974).

⁴⁰¹ Ss. 37(7) and (8). Assertions of fact in an argument are disregarded if not supported by evidence: *Andrew Jergens Co. v. Helaine Seager Inc.*, 27 C.P.R. 56 (Reg. 1957).

⁴⁰² *See Re Die Bergkelder (Eiendoms) Beperk*, 28 C.P.R. (2d) 192 (Reg. 1976), where the Registrar advised future applicants to file more evidence than the minimum traditionally accepted.

⁴⁰³ 38 C.P.R. (2d) 60 (F.C. Trial D. 1977).

⁴⁰⁴ Unreported, Trade Marks Office file no. 306,458.

the trade mark, and dated shortly after the date of the section 44 notice. The learned judge noted that the affidavit did not say that the mark is or ever was in use as a trade mark, or that it was ever used to distinguish the registrant's rum from the rum of others,⁴⁰⁵ or that it was ever so used in the normal course of trade,⁴⁰⁶ nor did the affidavit relate facts from which such user ought to be inferred. Rather, the judge thought it was to be inferred that the single transaction referred to was arranged solely for the purpose of having something to cite in answer to the notice.⁴⁰⁷

In an earlier decision, *Parker-Knoll Ltd. v. Registrar*,⁴⁰⁸ Walsh J. expressed the view that the evidence should be limited to evidence of use prior to the giving of notice under section 44.

Where a registered mark is not in use in Canada, the Registrar will, under section 44(3), consider whether the absence of use has been "due to special circumstances that excuse such absence of use". In *John Labatt Ltd. v. Cotton Club Bottling Co.*,⁴⁰⁹ Cattanach J. referred to section 26(3) of the British Trade Marks Act 1938⁴¹⁰ which refers to non-use "that is shown to have been due to special circumstances in the trade". The words "in the trade" do not appear in the Canadian section, and Cattanach J. thought it clear that in Canada the "special circumstances" referred to are ones affecting the individual registered owner and not necessarily all traders. However, he accepted⁴¹¹ the views of Evershed L.J. in *Aktiebolaget Manus v. R.J. Fullwood and Bland, Ltd.*,⁴¹² that the circumstances must be special or abnormal, resulting from the working of some external force as distinct from the voluntary act of any individual trader. The trade mark owner's decision not to commence use until market conditions were favourable did not constitute such special circumstances.

⁴⁰⁵ S. 2 of the Act defines a trade mark as:

A mark that 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

⁴⁰⁶ S. 4(1) of the Act provides that:

A trade mark is deemed to be used in association with wares if, at the time of the transfer of the property in or possession of such wares, *in the normal course of trade*, it is marked on the wares themselves or on the packages in which they are distributed or it is in any other manner so associated with the wares that notice of the association is then given to the person to whom the property or possession is transferred. (emphasis added).

⁴⁰⁷ See also *Molson Companies v. Halter*, 28 C.P.R. (2d) 158 (F.C. Trial D. 1976); *Benson & Hedges (Canada) Ltd. v. Kiewit-Pelissier Breweries Ltd.* (No. 1), 5 C.P.R. (2d) 212 (F.C. Trial D. 1972).

⁴⁰⁸ 32 C.P.R. (2d) 148, at 152-53 (F.C. Trial D. 1977). The learned judge expressed doubt whether more than one affidavit may be provided under s. 44, and read s. 44 as requiring an affidavit of the "owner" (*id.* at 153); but it is, with respect, difficult to find the latter requirement in the section.

⁴⁰⁹ 25 C.P.R. (2d) 115 (F.C. Trial D. 1976).

⁴¹⁰ 1 & 2 Geo. 6, c. 22.

⁴¹¹ *Supra* note 409, at 124-25.

⁴¹² 66 R.P.C. 71, at 79, [1949] 1 All E.R. 205, at 207 (C.A. 1948).

L. Federal Court Proceedings to Expunge Trade Mark Registrations

1. Procedure

It has been noted earlier in this survey⁴¹³ that opposition proceedings in the Trade Marks Office have not provided opponents with effective means for investigating allegations of use by applicants for registration. Section 44 proceedings are also unsatisfactory for investigating allegations of use by owners of registrations because (pursuant to section 44(2)) the Registrar shall not receive any evidence other than the affidavit or statutory declaration filed by the registrant. Cross-examination is not available. Therefore the only effective way to investigate allegations of use may be in court proceedings. However, in such proceedings the onus rests on the person attacking the registration.⁴¹⁴

If the owner of the registration brings an action for trade mark infringement, discovery procedures may yield the relevant information. If the owner does not sue, then a "person interested" may bring expungement proceedings in the Federal Court pursuant to section 57 of the Trade Marks Act. Unless that person is able to issue a statement of claim seeking additional relief under the Act, his proceedings are brought by way of originating notice of motion,⁴¹⁵ and are governed by Federal Court rules 704 and 705.⁴¹⁶ These contemplate summary proceedings with affidavit evidence, but the court may make any of its procedures available where the need is shown, so that cross-examination and discovery may be ordered.⁴¹⁷

2. Public Policy

*MacKenzie v. Busy Bee*⁴¹⁸ was an application brought in the Federal Court under section 57 of the Trade Marks Act to expunge two trade mark registrations. The registrations were for marks including the word "Busy Bee", one registration being for laundry cleaning and pressing services, the other for "granting of licenses" to others for the operation of cleaners, pressers, dryers, etc. The first registration (for cleaning services) was ordered to be expunged on the ground that licensees not approved as users by the Registrar had been permitted to use the mark, and the mark was therefore not distinctive. The second registration, for the granting of licences, was ordered to be expunged, the judge saying:

⁴¹³ See text accompanying notes 396-98, *supra*.

⁴¹⁴ *La Maur Inc. v. Prodon Indus. Ltd.*, [1971] S.C.R. 973, at 977, 2 C.P.R. (2d) 114, at 117; *Building Prods. Ltd. v. B.P. Canada Ltd.*, 36 C.P.R. 121, at 141 (Ex. 1961).

⁴¹⁵ S. 58.

⁴¹⁶ S.O.R./71-68 (105 Can. Gazette, Pt. II, 168).

⁴¹⁷ See, e.g., *Ethicon Inc. v. Cyanamid of Canada Ltd.*, 35 C.P.R. (2d) 126 (F.C. Trial D. 1977); *Red Owl Foods (Alberta) Ltd. v. Red Owl Stores Inc.*, 12 C.P.R. (2d) 266 (F.C. Trial D. 1971).

⁴¹⁸ *MacKenzie v. Busy Bee Enterprises Int'l Ltd.*, [1977] 2 F.C. 124, 32 C.P.R. (2d) 196 (Trial D. 1976).

A monopoly on the use of "Busy Bee" in connection with the licensing, leasing, franchising and so on of dry-cleaning stores, where the same monopoly does not exist in respect of the services offered to the public by those stores, is nothing more than a monopoly to traffic in the trade mark itself and void, being contrary to public policy.⁴¹⁹

Section 18 of the Trade Marks Act lists four grounds on which a trade mark registration may be invalid (nonregistrability, nondistinctiveness, abandonment, and registration by a person not entitled); being "contrary to public policy" is not one of these. However, the Federal Court has jurisdiction under section 57 to expunge a registration on the ground that the entry on the register "does not accurately express or define the existing rights of the person appearing to be the registered owner", and the learned judge relied on that section. The court's exercise of a general supervisory jurisdiction over the purity of the register is to be welcomed.⁴²⁰ The position may be contrasted with that under the old Trade Mark and Design Act,⁴²¹ where the court had jurisdiction to expunge any entry "made without sufficient cause," and this was held to restrict the court to a consideration of the facts at the date the registration was made.⁴²²

3. Distinctiveness — Dates

As mentioned above, the Federal Court in the *Busy Bee* case,⁴²³ acting under section 57(1), expunged the first registration on the ground that the mark was not distinctive of services of the owner of the registration. The application for registration was filed on June 16, 1971, the registration was granted on June 9, 1972, and the proceedings to expunge the registration were commenced in the Federal Court on January 27, 1976. Well before the filing of the trade mark application the owner of the mark had granted franchises to third parties to use the mark. At least some of these third parties appear not to have been related to the owner through stock ownership. The mark was held to be unregistrable because it was not distinctive of services of the owner when the trade mark application was filed. Mr. Justice Mahoney did not discuss whether, at any time, the third party franchise owners had been registered as users of the mark. If they were not, the mark would have been nondistinctive, and open to attack under section 18(1)(b) of the Act, on the ground that the mark was not distinctive at the time the expungement proceedings were commenced in the Federal Court. The time of commencement of proceedings also

⁴¹⁹ *Id.* at 126, 32 C.P.R. (2d) at 198.

⁴²⁰ In *Parke, Davis & Co. v. Empire Laboratories Ltd.*, [1964] S.C.R. 351, 43 C.P.R. 1, and in *Elgin Handles Ltd. v. Welland Vale Mfg. Co.*, [1965] 1 Ex. C.R. 3, 43 C.P.R. 20 (1964) registrations under The Unfair Competition Act, R.S.C. 1952, c. 274 and under the present Trade Marks Act were expunged on the ground that they were not for trade marks but for functional devices. See, however, p. 462 *supra*, in relation to objections arising under s. 29 of the Act.

⁴²¹ R.S.C. 1927, c. 201, s. 45.

⁴²² *Bayer Co. v. American Druggists' Syndicate, Ltd.*, [1924] S.C.R. 558

⁴²³ *Supra* note 418.

appears to be the relevant date for matters considered by the Federal Court under section 57. Nondistinctiveness at the date of application for registration or at the date of registration is not an express ground of invalidity under section 18; however, Mahoney J. said that the mark was not distinctive at the date of application and was, therefore, not then registrable. It is probable that the precise date made no difference in the *Busy Bee* case, but the learned judge gave no reason for looking at the situation at the date of the application for registration. Section 18(1)(a) provides that a registration is invalid if the mark was not registrable at the date of registration; it does not refer to the date of application for registration. Whether a mark is registrable is considered with reference to sections 12-14; these sections are primarily concerned with whether a mark is inherently distinctive or has acquired distinctiveness, and they are arguably not concerned with whether a mark has lost distinctiveness through licensing. Section 12(2), which clearly deals with registrability of inherently nondistinctive marks, provides that these may be registrable if they have become distinctive *at the date of application for registration* (not the date of registration). However, section 18(2), which deals with the validity of a registration, provides that a mark which has become distinctive at the date of registration (not at the date of application for registration) shall not be held invalid merely on the ground that evidence of distinctiveness was not submitted before the grant of registration. Having regard to all these factors, it seems that the learned judge was not correct in accepting the date of the application for registration as the relevant date for determining distinctiveness. Consequently, there remains a good argument that nondistinctiveness caused by improper licensing practices may be cured, but the cure must be effected by the time proceedings are commenced bringing the validity of the registration into question.

4. Abandonment

Abandonment of the trade mark is an express ground of invalidity of a registration under section 18(1)(c) of the Act. Also, in opposition proceedings and expungement proceedings, a person who claims to have been the first to use or to make a trade mark known in Canada must establish that he had not abandoned the mark at the date of advertisement (by the Registrar pursuant to section 36) of the mark that he is attacking.⁴²⁴ Abandonment is a matter of intent, but intention to abandon may be inferred from long non-use. In the *Marineland* case,⁴²⁵ Cattnach J. drew this inference in relation to use of the mark "Marineland" for films. One series of films had been produced and broadcast by the Canadian Broadcasting Corporation in the period from 1958 to 1964. The films had then been returned to the Canadian sub-distributor, and were allowed to deteriorate and to become useless. About ten years had elapsed without

⁴²⁴ S. 17(1).

⁴²⁵ *Supra* note 361, at 574-75, 16 C.P.R. (2d) at 110-11.

further films being produced. Such long disuse allowed an inference that the mark had been abandoned.

Reference has been made⁴²⁶ to proceedings under section 44, wherein the Registrar may expunge a registration if it appears to him that the mark is not in use and that the absence of use is not due to special circumstances. That is clearly a different ground for expungement than abandonment. It is curious that the ground of "non-use" is not found in section 18, considering the procedural difficulties that exist under section 44, as previously discussed.⁴²⁷ The Federal Court may be prepared to consider this ground under section 57, where the court has original jurisdiction to strike out or amend a registration that "does not accurately express or define the existing rights" of the registered owner.

VI. INDUSTRIAL DESIGNS

The Industrial Design Act⁴²⁸ requires that an industrial design be registered, if it is to be protected, within one year from first publication in Canada.⁴²⁹ Registration confers an exclusive right in the design,⁴³⁰ akin to the patent right. There has been considerable discussion about whether designs might more appropriately be protected as copyright works.⁴³¹ If the present form of protection is to be kept, it has been noted with some regularity that the present statute needs revision to remedy technical deficiencies. Some of these deficiencies will become apparent by the following discussion of recent decisions.

A. *The Applicant for Registration*

In *Melnor Manufacturing Ltd. v. Lido Industrial Products Ltd.*,⁴³² the Supreme Court of Canada construed the Industrial Design Act as allowing only the original proprietor of the design (the author, or a person for whom he executed the design for valuable consideration) to apply for registration. An assignee will be regarded as proprietor if he is recorded as such after the design is registered.

B. *What is Registrable as a Design?*

Although the Act does not define an industrial design, case law has

⁴²⁶ See text accompanying notes 409-12 *supra*.

⁴²⁷ See text accompanying note 414 *supra*.

⁴²⁸ R.S.C. 1970, c. 1-8.

⁴²⁹ S. 14(1).

⁴³⁰ S. 9.

⁴³¹ Many designs are now excluded from copyright protection by s. 46 of the Copyright Act, R.S.C. 1970, c. C-30, and Rule 11 of the Industrial Designs Rules, S.O.R. Cons./55, Vol. 2, 1853.

⁴³² [1971] S.C.R. 72, 62 C.P.R. 216, 14 D.L.R. (3d) 94 (1970). The Court was actually construing the Industrial Design and Union Label Act, R.S.C. 1952, c. 150, but the present wording of the provisions is not significantly different.

determined with reasonable clarity what may and may not be registered.⁴³³ In the period under review the Patent Appeal Board⁴³⁴ rendered a few decisions on the requirements that a design be new and original.⁴³⁵

On the question of novelty, section 14 of the Act provides that for a design to be protected it must be registered within one year from the publication thereof in Canada. In *Company C's Applications*⁴³⁶ the Board concluded that registration cannot be back-dated to the date of application for registration. Consequently, registration may be refused because of a Canadian publication which occurred less than a year prior to the filing of an application for registration but more than a year before the Office acts on the application.⁴³⁷ The Board also accepted that the test of novelty is the same as for anticipation or prior publication in the patent sense.⁴³⁸ Furthermore, the Board held that a document available to the public is a citable publication, although there may be no evidence that any member of the public has examined it.⁴³⁹ On the other hand, a disclosure made by a designer to a potential manufacturer, who does not make it available to the public, will not constitute publication.⁴⁴⁰

The Board has not attempted an analysis of how the requirement of originality differs from that of novelty,⁴⁴¹ but the following propositions have been accepted:

- (a) When comparing the proffered design with a prior design, the articles to which they are applied should be examined separately and also side by side.⁴⁴²

⁴³³ *Cimon Ltd. v. Bench Made Furniture Corp.*, [1965] 1 Ex. C.R. 811, 30 Fox Pat. C. 77, 48 C.P.R. 31 (1964) settled that industrial designs are not confined to surface ornamentation but may consist of shape or configuration. A decorative or ornamental design which serves no functional purpose cannot be patented; *Lueb's Application No. 044,282*, 100 C.P.O.R. Oct. 17, 1972 viii, at ix (P.A.B. 1971).

⁴³⁴ See text accompanying note 26, *supra*.

⁴³⁵ The P.A.B. decisions include: Anonymous Application, 106 C.P.O.R. Nov. 7, 1978, xxii (container); *Domestrup's Application*, 106 C.P.O.R. Nov. 7, 1978, xv (stand for household paper); Anonymous Application, 106 C.P.O.R. June 27, 1978, xix (bottle); *Overman Aktiebolag's Application*, 104 C.P.O.R. Sept. 7, 1976, xii (set of chairs); *Company C's Applications*, 102 C.P.O.R. Dec. 24, 1974, viii (business machines). Also of interest is the following earlier decision of the Commissioner of Patents: Anonymous Application, 102 C.P.O.R. Apr. 9, 1974, xiv (writing instrument).

⁴³⁶ *Supra* note 435.

⁴³⁷ *Id.* at xiii-xiv.

⁴³⁸ *Id.* at xii.

⁴³⁹ *Id.* at x-xi.

⁴⁴⁰ *Global Upholstery Co. v. Galaxy Office Furniture Ltd.*, 29 C.P.R. (2d) 145, at 167 (F.C. Trial D. 1976).

⁴⁴¹ In *Carr-Harris Prods. Ltd. v. Reliance Prods. Ltd.*, 42 Fox Pat. C. 9, at 24, 58 C.P.R. 62, at 78 (Ex. 1969), *aff'd* 65 C.P.R. 158 (S.C.C. 1970), *Cattanach J.* said that "novelty does not appear to be a requirement. It is possible that novelty might be inherent in originality." It is true that the word "novelty" does not appear in the statute, but as noted *infra*, ss. 4, 6, and 14 all impose novelty requirements.

⁴⁴² Anonymous Application (Nov. 7, 1978), *supra* note 435, at xxvii; Anonymous Application (April 9, 1974), *supra* note 435, at xiv. The Commissioner and Board have cited *Jones v. Teichman*, [1930] Ex. C.R. 103, at 105, [1930] 3 D.L.R. 437, at 438, where *Audette J.* said that "the test is not when they are near another but when they are far

- (b) Designs of articles having an analogous function may be considered;⁴⁴³ otherwise, utility is not to be considered.⁴⁴⁴
- (c) Appeal to the eye is the test, looking at the design as a whole.⁴⁴⁵
- (d) In examining design applications, the Commissioner is not restricted to comparing the proffered design with designs already on the register.⁴⁴⁶ In addition to prior Canadian publications, he may rely on common general knowledge (the existence of which must be "plainly and sufficiently identified").⁴⁴⁷
- (e) There must be some clear difference from old designs: a substantial change, not a mere trivial change or trade variant, is required.⁴⁴⁸ In *Company C's Applications*,⁴⁴⁹ which was the first design case to come before it, the Board suggested that these requirements justify a rejection for "obviousness", which is divorced from the question of "originality". This unfortunate introduction of a test borrowed from patent law has not been referred to in later Board decisions.⁴⁵⁰ Hopefully it has been quietly dropped in favour of considering each prior design separately, in the light of common knowledge,⁴⁵¹ that is to say, in favour of a novelty test: issues of trivial change or trade variants fall easily within the test for novelty.⁴⁵²

apart". His Lordship would doubtless have agreed that it is sufficient to deny registration if no originality is seen when the designs are side by side: his point was that this is not the sole test. Similarly, as to infringement, consideration is given not only to side by side comparison but also to recollection: *Melnor Mfg. Ltd. v. Lido Indus. Prods. Ltd.*, [1969] 1 Ex. C.R. 76, at 95, 39 Fox Pat. C. 167, at 185, 56 C.P.R. 212, at 233 (1968), *aff'd on other grounds*, *supra* note 432; *Valor Heating Co. v. Main Gas Appliances Ltd.*, [1973] R.P.C. 871, at 878 (Ch. D.); *Benchairs Ltd. v. Chair Centre Ltd.*, [1974] R.P.C. 429, at 442, [1973] F.S.R. 123, at 127 (C.A.).

⁴⁴³ *Domestrup's Application*, *supra* note 435.

⁴⁴⁴ *Anonymous Application* (Nov. 7, 1978), *supra* note 435, at xxii. A design dictated by function is not, however, a registrable industrial design: *see, e.g.*, *Cimon Ltd. v. Bench Made Furniture Corp.*, *supra* note 433, at 831-33, 30 Fox Pat. C. at 95-97, 48 C.P.R. at 50-52; *see also* the leading British decision, *Amp Inc. v. Utilux (Pty.) Ltd.*, [1972] R.P.C. 103 (H.L. 1971).

⁴⁴⁵ *Anonymous Application* (Nov. 7, 1978), *supra* note 435, at xxvii; *Anonymous Application* (Apr. 9, 1974), *supra* note 435, at xiv.

⁴⁴⁶ *Anonymous Application* (Nov. 7, 1978), *supra* note 435, at xxvii; *Domestrup's Application*, *supra* note 435, at xviii.

⁴⁴⁷ *Domestrup's Application*, *supra* note 435, at xx.

⁴⁴⁸ *Anonymous Application* (Nov. 7, 1978), *supra* note 435 at xxv; *Anonymous Application* (June 27, 1978), *supra* note 435, at xxvi; *Anonymous Application* (Apr. 9, 1974), *supra* note 435, at xiv-xv.

⁴⁴⁹ *Supra* note 435, at xii.

⁴⁵⁰ Occasionally, however, judges have referred to obviousness. *see, e.g.*, *Carr-Harris Prods. Ltd. v. Reliance Prods. Ltd.*, *supra* note 441, at 26, 58 C.P.R. at 80.

⁴⁵¹ *Cf.* the British provision in the Registered Designs Act 1949, 12, 13 & 14 Geo. 6, c. 88, s. 1(2), which precludes registration of a design which differs from a prior design "only in immaterial details or in features which are variants commonly used in the trade".

⁴⁵² *Cf.* the discussion in *Carr's Design Application*, [1973] R.P.C. 689 (Reg'd Designs App. Tr. 1971). Reference to articles having analogous functions was treated as a matter of anticipation (*i.e.*, lack of novelty) in *Clatworthy & Son v. Dale Display Fixtures Ltd.*, [1929] S.C.R. 429, at 432-35, [1929] 3 D.L.R. 11, at 12-14.

- (f) There may be originality in applying an old design to a different article.⁴⁵³
- (g) Originality may not be judged at the date of alleged authorship, as distinct from the date of filing the application.⁴⁵⁴ However, it is to be noted that pursuant to section 4 of the Act the proprietor must, when applying for registration, deposit "a declaration that the design was not in use to his knowledge by any other person than himself at the time of his adoption thereof", and it seems reasonable to infer that absence of copying is the statutory test of originality.⁴⁵⁵ It is plain from the Act that a Canadian publication that is less than a year old is not necessarily fatal⁴⁵⁶ unless it was copied by the author. A prior design registration of any date may also be cited in questioning the novelty of the design.⁴⁵⁷ It is submitted that each prior publication or prior registered design should be considered separately. What is required, at the date of examination for novelty, is to consider whether the design is novel as compared to any design that has already been registered, or that has been shown in a publication that is more than a year old.
- (h) Only a low standard of originality need be met.⁴⁵⁸ This statement, though frequently made, does little to aid analysis. What is required is novelty in the sense already discussed.
- (i) A finding on originality is essentially subjective, and is judged by the eye of the tribunal.⁴⁵⁹ However, it is submitted that a proper approach, based on novelty considerations, should make the finding a more objective one. It would seem that decision is to be made by the eye of a potential customer, not by that of the tribunal,⁴⁶⁰ although in practice this probably makes little difference.⁴⁶¹
- (j) The Office is entitled to take into consideration the fact that in foreign countries the design has been found to be original.⁴⁶² It is submitted that for "original" one should read "novel".

⁴⁵³ Anonymous Application (Nov. 7, 1978), *supra* note 435, at xxvi.

⁴⁵⁴ *Id.*

⁴⁵⁵ This is the meaning of "original" in copyright law, but statements in some cases suggest that originality includes both originality in the copyright sense and novelty: *see, e.g.*, passages quoted in *Clatworthy*, *supra* note 452, at 431-32, [1929] 3 D.L.R. at 12-13.

⁴⁵⁶ S. 14.

⁴⁵⁷ S. 6.

⁴⁵⁸ Anonymous Application (Nov. 7, 1978), *supra* note 435, at xxvi.

⁴⁵⁹ Overman Aktiebolag's Application, *supra* note 435, at xvii.

⁴⁶⁰ *Amp Inc. v. Utilux (Pty.) Ltd.*, *supra* note 444, at 108, 112; nor by the eye of an expert: *Wallpaper Mfrs., Ltd. v. Derby Paper Staining Co.*, 42 R.P.C. 443, at 449-50 (Ch. 1925) (*per* Romer J.).

⁴⁶¹ *Benchairs Ltd. v. Chair Centre Ltd.*, *supra* note 442, at 443, [1973] F.S.R. at 127. *Cf.* the "ordinary observer" test used in the United States on the issue of novelty, though probably not on the issue of obviousness: *Fields v. Schuyler*, 175 U.S.P.Q. 514, 472 F. 2d 1304 (C.A.D.C. 1972).

⁴⁶² Anonymous Application (June 27, 1978), *supra* note 435, at xxv.

C. The Description Requirement

Industrial designs are best seen by viewing actual articles to which they have been applied, but as a practical matter, to maintain a register of designs, it is necessary to illustrate them by drawings or photographs. In fact, section 4 of the Industrial Design Act requires the deposit of drawings, although photographs are accepted.⁴⁶³

Additionally, however, section 4 requires the applicant to deposit a "description" of the design. The requirement for a "description" of the design has been with us in Canada since 1868.⁴⁶⁴

In Britain, the only statutes requiring a "description" of a design appear to have been one in 1843,⁴⁶⁵ relating to registration of functional designs, and one of 1850,⁴⁶⁶ relating to registration of designs in anticipation of the Great Exhibition of 1851. In the latter statute, to facilitate prompt, provisional registration, applicants were by section I given the alternatives of filing a copy of the design, a drawing, a print, or a description "sufficient to identify the particular Design in respect of which such Registration is desired", and section XI referred to "such Specification or Description in Writing or in Print as may be sufficient to identify and render intelligible the Design".

Later British legislation required a "statement of the nature of the design",⁴⁶⁷ and the form of application subsequently set out provided for a statement whether the registration sought "is applicable for the pattern or for the shape or for the configuration of the design".⁴⁶⁸ This is effectively

⁴⁶³ The acceptability of photographs has been queried: *Cimon Ltd. v. Bench Made Furniture Corp.*, *supra* note 433, at 819, 844, 30 Fox Pat. C. at 83, 106-07, 48 C.P.R. 31, at 36, 62. The Office insists on a drawing or photograph of the article to which the design is applied, not merely a drawing of the design, though the latter is what the language of the statute calls for. However, *Jackett P.* in the *Cimon* case recognized (at 831-33, 30 Fox Pat. C. at 95-97, 48 C.P.R. at 50-52) that nothing in the Canadian legislation limits the type of design that may be registered to those applied to an article after the article comes into existence, and that a design applicable to a thing for its shape can only be "applied" to a thing by making it in that shape. To be of any value the drawing of most designs must show how the design is applied to the article. Consider s. 13(2) of the Act, which speaks of a right to make, use and vend a design: this must mean or include articles to which the design is applied.

⁴⁶⁴ The Trade Mark and Design Act of 1868, S.C. 1868, c. 55, s. 1. A statute of the Province of Canada required the filing of drawings of the design; it did not require a description, instead providing that "the parts of the design which are not new shall be set forth": An Act to amend the Act respecting Trade marks, and to provide for the Registration of Designs, S.P.C. 1861, c. 21, s. 23.

⁴⁶⁵ An Act to amend the Laws relating to the Copyright of Designs, 6 & 7 Vict., c. 65, s. VIII (1843) required "Drawings or Prints of such Design, with such Description in Writing as may be necessary to render the same intelligible according to the Judgment of the said Registrar . . . and the said Description shall set forth such Part or Parts of the said Design (if any) as shall not be new or original. . .".

⁴⁶⁶ The Designs Act, 1850, 13 & 14 Vict., c. 104, ss. I, XI.

⁴⁶⁷ Patents Designs and Trade Marks Act, 1883, 46 & 47 Vict., c. 57, s. 47(3)

⁴⁶⁸ Designs Rules, 1890, R. 9; and Form E, 9 Statutory Rules & Orders Revised to Dec. 31, 1903, Patents, Designs, and Trade Marks 82, at 84, 90

the modern British requirement: that certain applications be accompanied by "a statement of the features of the design for which novelty is claimed",⁴⁶⁹ a requirement that may be satisfied by a statement that, for example, "[t]he features of the design for which novelty is claimed are the shape and configuration of the article, as shown in the representations".⁴⁷⁰

In the United States, no description or statement of novelty has ever been required, though a claim is required in purely formal terms, for example: "I claim the ornamental design for a chair, as shown."⁴⁷¹

It would be possible, and logical, to interpret the Canadian requirement for a description as merely requiring a statement of novelty in the British sense, that is, an identification of the design as being for shape or for surface ornamentation as shown in the drawings. But, following an observation of Maclean J. in *Kaufman Rubber Co. v. Miner Rubber Co.*,⁴⁷² the Canadian Industrial Design Office has not accepted this proposition, and has required that what is "identified" in words must also be "pictured" verbally. Two cases decided by the Appeal Board set out the Office's views.

In the earlier of these, the *Toy Loader* case,⁴⁷³ the applicant sought to describe his design in the following terms:

The said Industrial Design is characterized by a body with four pairs of wide wheels, one pair being at each corner thereof; on top of the body is a pair of spaced apart beams extending rearwardly and forwardly from a central mounting on the body; between the forward ends of the beams there is a bucket; a handle terminating in a spherical knob projects up from the centre of the body between the beams.⁴⁷⁴

Thus, the applicant referred to parts of the article, stating their relative positions but with little description of the parts. The applicant contended that the description should be treated in the same way as a claim of a patent. The effect of this would be that if the applicant's description were satisfied by an old design, he would obtain an invalid registration. But if the registration were valid, and if the description were satisfied by a different design than the one illustrated, the different design would infringe. These contentions were rightly rejected. It is difficult enough to capture functional relationships in words (though the patent draftsman has the convenient expression "means for" to rely upon); it is much more

⁴⁶⁹ Designs Rules, 1949, R. 14(2), 1 Statutory Instruments 1949, 1417, at 1420.

⁴⁷⁰ See, e.g., *Britvic Ltd.'s Application (Design)*, [1960] R.P.C. 201, at 202 (P.A.T.). A longer statement of novelty is permitted and may be useful: see, e.g., *Ford Motor Co. Ltd.'s Design Application*, [1972] R.P.C. 320, at 330 (Reg'd. Designs App. Trib.).

⁴⁷¹ Patents, 35 U.S.C. Rules 153, 154(d) (1967).

⁴⁷² [1926] Ex. C.R. 26, at 31, [1926] 1 D.L.R. 505, at 508: "[T]he mere statement that the design consists of the novel configuration of an overshoe . . . is no description at all." See also the same judge's comments in *Clatworthy & Son v. Dale Display Fixtures Ltd.*, [1928] Ex. C.R. 159, at 161, *aff'd supra* note 452.

⁴⁷³ *Re Application for Ind. Design Reg. for a Toy Loader*, 36 C.P.R. (2d) 234 (P.A.B. 1975).

⁴⁷⁴ *Id.* at 235-36.

difficult to capture a visual impression in words, and industrial designs are nothing other than artistic works applied to useful articles. The artist, like the inventor, works without complete knowledge of everything that has preceded him. Patent law has put the inventor at the mercy of the wordsmith who must, in ignorance of all that has gone before, distinguish therefrom by his patent claims. To put the artist in the same position would be unfortunate. However, industrial design law, like copyright law as applied to artistic works, has left decision to the eye, not the pen.⁴⁷⁵

The Board noted that in the absence of any description, protection for a design would have to extend to the entirety of that shown in the drawings,⁴⁷⁶ and that flexibility in protection is afforded by the description, which can assist "in understanding what the design is".⁴⁷⁷ Here the Board put its finger on the proper function of the description. And as the Board also noted, the applicant would obtain an invalid registration if his description were construed as being for a mode of construction, or for what has been called "the fundamental article",⁴⁷⁸ rather than for a design.⁴⁷⁹ The Industrial Design Office has for many years done a good job of forcing applicants to provide descriptions directed to ornamental features, in order to avoid issuing registrations which are not for designs.

The Board also held that the description need not necessarily give a complete word picture of all *minutiae* in the design, that it is for the applicant to select the actual words used, and that what description is necessary will vary with different designs.⁴⁸⁰

The Board thus succeeded in hitting several nails on the head. But it has left a few unfortunate dents in the surrounding woodwork. It did not make itself clear on two matters of great importance. First, it seems to

⁴⁷⁵ See Letter to the Editor from G.E. Maybee, 57 P T I C NEWSLETTER 575 (1977). In *In re Schilling*, 164 U.S.P.Q. 576, 421 F. 2d 747 (C.C.P.A. 1970), Rich A.C.J. (dissenting) said: "The trouble here is that the design has been talked to death. Apparently no one is willing to *contemplate* them. But ornamental designs are entirely a matter of appearance and cannot be verbalized." *Id.* at 579, 421 F. 2d at 751.

⁴⁷⁶ It would be possible to give appropriate emphasis to important features by the use of colour, and by showing subsidiary or unimportant features by broken lines, if there were well-established rules as to what such colours and lines meant. The Office now accepts heavy black lines, and encircling or other clear and reproducible means, to highlight design features, and stippled lines to indicate environment. Explanatory legends are not permitted on the drawings.

⁴⁷⁷ *Supra* note 473, at 241.

⁴⁷⁸ M. FYSH, RUSSELL-CLARKE ON COPYRIGHT IN INDUSTRIAL DESIGNS 20 (5th ed. 1974).

⁴⁷⁹ Cases (referred to by the Board) where the registrant's description contributed to his downfall include: *Kaufman Rubber Co. v. Miner Rubber Co.*, *supra* note 472; *Canadian Wm. A. Rogers, Ltd. v. International Silver Co. of Canada*, [1932] Ex. C.R. 63; *Renwal Mfg. Co. v. Reliable Toy Co.*, [1949] Ex. C.R. 188, 8 Fox Pat. C. 163, 9 C.P.R. 67; and *Angelstone Ltd. v. Artistic Stone Ltd.*, [1960] Ex. C.R. 286, 19 Fox Pat. C. 175, 33 C.P.R. 155. A good English example is *In re Bayer's Design*, 24 R.P.C. 65, at 77-79 (C.A. 1907), where the description was construed as indicating a method of manufacture. On the other hand, it is no objection to registrability of a design that a feature of it also has a functional advantage: *Kestos Ltd. v. Kempat Ltd.*, 53 R.P.C. 139, at 151 (Ch. 1935).

⁴⁸⁰ *Supra* note 473, at 244.

have held that it is insufficient in the description merely to point to features of the design shown in the drawing; in addition some description of such features (at least in general terms) is required. With this one can agree or disagree, depending on what degree of generality is to be accepted. For example, if the design were a reproduction of the Venus de Milo, used as the stem of a table lamp, no more description than I have just given should be needed; indeed the statutory requirement for a description is, in such a case, superfluous. On the other hand, in the case before it, the Board seems to have wanted more detail than the applicant gave in the description quoted above. It seemed that the applicant was seeking to direct the eye to the relative locations of components, a task which might more easily be accomplished were the Office to accept a simple statement of the kind accepted in England, for example, "the configuration of the article shown". Surely this is a sufficient description that assists "in understanding what the design is", to use the Board's excellent criterion.⁴⁸¹ Alternatively, if the designer considered that his principal contribution was the relative positioning of only selected parts, or was the shape of a particular part, he should be able to provide the verbal guidance that the statute requires by directing the eye to such parts or to their relative positions. An applicant should, of course, always bear in mind the destructive effect of a description which does not relate to shape or pattern, or which is couched in functional language.

Secondly, the Board said that the description "must suffice, when read in conjunction with the drawings, both to distinguish the design from prior designs and to define what it is that the applicant has created".⁴⁸² The Board rejected the submission that the description alone must do these things, but here seems to be saying that the drawings plus the description must do what is done by the claim of a patent. The Board thereby fell into the same error as the applicant. The most that the description and drawings can do is to help the eye to discern what the design is. They are not the sole aids, however, because ascertainment of what the design is cannot be achieved *in vacuo*. Another necessity is the ability to discern what is merely a method of construction, and what is the fundamental article, so that the eye can distinguish these from what is ornamental.⁴⁸³ Another

⁴⁸¹ However, such a description will not be found in Canadian registrations unless and until the Office can be persuaded that the observation of Maclean J. quoted *supra* at note 472, is not of general application and that "description" can mean something less than a word picture of identified features. The practice of the Office is stated in Conway and Delbridge, *Current Canadian Industrial Design Practice*, 36 P.T.I.C. BULL. (Series 7) 502, at 506 (1976), and in Kirby, *Shorter Design Descriptions*, 29 P.T.I.C. BULL. (Series 7) 132 (1971). It has been noted that a British statement of novelty merely directs the eye: Kirby & Seaby, *The Preparation of Design Applications*, 19 P.T.I.C. BULL. (Series 7) 4, at 5-6 (1967); see also *Kent & Thanet Casinos Ltd. v. Bailey's School of Dancing Ltd.*, [1965] R.P.C. 482, at 486-87 (Ch.), but there is no judicial authority in Canada that a Canadian description fulfils any different purpose.

⁴⁸² *Supra* note 473, at 244.

⁴⁸³ *Matthew Swain Ltd. v. Thomas Barker & Sons*, [1967] R.P.C. 23, at 28-29 (Ch. 1965). Of course, if the description forces the reader to conclude that the alleged design is

necessity is knowledge of the prior art, for only with knowledge of that may one discriminate.

With the aid of all of the foregoing tools and information, the design can be identified: it may be less than the designer himself thought it was, because he is rarely familiar with everything that went before, and the description can do no better than indicate his thinking. Once the design has been identified, the next step is to consider whether it is sufficiently different from prior designs, and (where there is an issue of infringement) whether the distinguishing features, if any, have been adopted by the allegedly infringing design. In short, the description is an aid to identification of the design.⁴⁸⁴ But the description and drawings, while helping to identify the design, do not tell the reader what is new in the design. What is new is judged by the eye, with reference to whatever prior designs are cited. Only then can one decide what the registration is for.⁴⁸⁵ To consider validity there is a two-step process: first, one ascertains what the design is; then, one considers whether, compared with prior designs, there is novelty. A decision on infringement requires a third step: if novelty is found, the eye then judges whether the novel features have been taken.⁴⁸⁶ That the eye is the judge of novelty and infringement is a basic premise of the law of industrial design, never doubted in any of the cases,⁴⁸⁷ and the Board omitted a crucial step when saying that the description and drawings must suffice to distinguish from prior designs; rather, it is the design *itself*, once identified with the aid of the description and drawings, which must distinguish. The Board erred in saying that the description and drawings must define what the applicant has created: they help to identify the design, but the scope of protection is determined by the

nothing more than a method of construction or fundamental article, the registration is invalid.

⁴⁸⁴ The point was well put by the former Registrar of Industrial Designs, Mrs. Jane Johnston, in a discussion which followed a speech given by her: "[N]ot all of the article has to be original, only parts of it can be. This is what a description does; it tells us and the public what to look for, where the design actually is in the article . . .". Unfortunately, she is reported as having added: "The description is the exact definition of what the monopoly is and the drawing is an illustration of that." Johnston, *Protection of Industrial Design Past, Present and . . . Future*, 40 P.T.I.C. BULL. (Series 7) 666, at 673 (1976).

⁴⁸⁵ Carr-Harris Prods. Ltd. v. Reliance Prods. Ltd., *supra* note 441, at 25, 58 C.P.R. at 79.

⁴⁸⁶ Hecla Foundry Co. v. Walker, Hunter & Co., 14 App. Cas. 550, at 555, 6 R.P.C. 554, at 559 (H.L. 1889); Walker and Co. v. A.G. Scott & Co., 9 R.P.C. 482 (Ch. 1892). In the latter case, Chitty J. said, at 485-86:

[O]n the question of infringement it becomes necessary to ascertain what is old and what is new. This is obvious. Supposing a design was registered for a bottle of the ordinary shape in all respects, except the neck, which was twisted, it is plain the proprietor of the design could not prevent other persons from making ordinary bottles without twisted necks.

⁴⁸⁷ "[T]he appeal is to the eye, and the eye alone is the judge of the identity of the two things." Holdsworth v. McCrae, L.R. 2 H.L. 380, at 388 (1867) (*per* Lord Westbury). This statement has often been repeated: *see, e.g.*, Carr-Harris Prods. Ltd. v. Reliance Prods. Ltd., *supra* note 441, at 25, 58 C.P.R. at 79.

measure of novelty of the design, a measure not defined by the words or drawings.⁴⁸⁸

In a later case, *O'Neill's Application*,⁴⁸⁹ the Board accepted that functional features ("seat member", "for retaining", "adapted to be positioned", etc.) may be referred to in the description "so long as there is no limitation to how the article functions".⁴⁹⁰ As for the purpose of the description, the Board reiterated its views in the *Toy Loader* case,⁴⁹¹ without further discussion except to say that the description must not leave it unclear what is the "nature" of the design. It referred⁴⁹² to the useful statement of Jackett P. in *Cimon Ltd. v. Bench Made Furniture Corp.*: "I must therefore use my common sense and general knowledge to determine, when reading the description and looking at the photograph just what the design consists of."⁴⁹³

From the foregoing, one might conclude that the description may affect the scope of protection (by giving guidance as to what the design is) without defining it. But in fact Canadian design descriptions do not appear to have filled this role in any of the decided cases, probably because the Office has required descriptions to be written in such a way that they are of no real assistance. In design litigation, Canadian judges have, in general, been careful to decide only the cases before them, without attempting to write general expositions of the law. The cases that have come before the courts during the past ten years can be dealt with shortly.

In *Carr-Harris Products Ltd. v. Reliance Products Ltd.*,⁴⁹⁴ Cattanach J. did not consider himself hindered by the description in ascertaining whether the design was new and original, or where the novel (essential) features lay, adopting the traditional approach that the eye alone is the judge between the plaintiff's design and the instances of alleged anticipation. An H-shape, greatly emphasized in the description, he considered not to be "the essential feature".⁴⁹⁵ Similarly, on the issue of infringement, his Lordship compared articles to which the plaintiff's and defendant's designs had been applied, without reference to the description.⁴⁹⁶ His Lordship's approach was consistent with that of Jackett P. in

⁴⁸⁸ It would seem that there would be infringement if the allegedly infringing design, if old enough, would have destroyed the novelty of the registered design: *Valor Heating Co. v. Main Gas Appliances Ltd.*, *supra* note 442, at 877.

⁴⁸⁹ No. 29-11-74-1, 106 C.P.O.R. May 9, 1978, xiv.

⁴⁹⁰ *Supra* note 473, at 244.

⁴⁹¹ *Supra* note 489, at xxii.

⁴⁹² *Id.* at xxi.

⁴⁹³ *Supra* note 433, at 844, 30 Fox Pat. C. at 107, 48 C.P.R. at 62. Note that the "drawing" in the *Cimon* case was a photograph, discussed at note 463, *supra*.

⁴⁹⁴ *Supra* note 441, at 25, 58 C.P.R. at 79 (tent peg design).

⁴⁹⁵ *Id.* at 25, 58 C.P.R. at 80.

⁴⁹⁶ Cattanach J. compared the articles side by side and found no infringement (*id.* at 27-29, 58 C.P.R. at 82-84), and referred to evidence of trade witnesses who had no difficulty in distinguishing the tent pegs from a distance of 10 feet (*id.* at 29, 58 C.P.R. at 84). The distance chosen for such a test should depend on how the designs are likely to be viewed in practice: *Wallpaper Mfrs., Ltd. v. Derby Paper Staining Co.*, *supra* note 460, at 445; *Best Prods. Ltd. v. F.W. Woolworth & Co.*, [1964] R.P.C. 226, at 235 (C.A.). The

the *Cimon* case.⁴⁹⁷

In *Iammatteo v. Rosita Shoe Co.*,⁴⁹⁸ on an application for an interlocutory injunction in relation to a design for shoes, Walsh J. said that an expert's opinion, "valuable as it is as to what constitutes the salient features of this design cannot be substituted for the description of the design as registered".⁴⁹⁹ But the learned judge did not regard the description as governing the issue of infringement, because in respect of shoes not having all the described features he said that: "[w]hether all of the defendant's shoes incorporate sufficient of the essential features of plaintiffs' design as to constitute infringement thereof, without any differences is a difficult question of fact which should be left for the trial Judge."⁵⁰⁰

In *Global Upholstery Co. v. Galaxy Office Furniture Ltd.*,⁵⁰¹ Sweet D.J. was urged to disregard the description when considering the issue of infringement. However, the learned judge rightly considered that both the description and the drawings should be referred to, to indicate that of which the design consists.⁵⁰²

designs should also be considered separately: *see* text accompanying note 442, *supra*. In *Carr-Harris*, Cattnach J. said: "I have asked myself whether they are the same or if one is an imitation of the other." *Supra* note 441, at 28, 58 C.P.R. at 82. The court should try to put itself in the position of an ordinary customer: *see* text accompanying note 460, *supra*.

⁴⁹⁷ *Supra* note 433. In that case, the description in the registration recited "a back consisting of (i) a shallow portion, and (ii) an elongated oval portion spaced thereabove" (*id.* at 843-44, 30 Fox Pat. C. at 106, 48 C.P.R. at 62). The defendants' product had no such "shallow portion", but was nonetheless held to infringe. "The fact that that difference led to the omission of the shallow back, in my view, merely gave the defendants' sofa the appearance of a rather awkward effort to do the same thing as was accomplished by making the plaintiff company's sofa." (*id.* at 848, 30 Fox Pat. C. at 110, 48 C.P.R. at 66).

⁴⁹⁸ 25 C.P.R. (2d) 157 (F.C. Trial D. 1976).

⁴⁹⁹ *Id.* at 164. It is for the court to ascertain what the design is. An expert, however, may assist in explaining the drawings: *Mathew Swain Ltd. v. Thomas Barker & Sons*, *supra* note 483, at 28. Also, if what is presented as a design is wholly dictated by function, or if the only novelty reduces to a common trade variant, the registration is invalid, and expert evidence may be needed to ascertain what is dictated by function and what are common trade variants. But with the design identified, it is the eye of the customer which judges the factual issues of novelty and infringement (*see* text accompanying note 460, *supra*), and expert evidence is not admissible on these ultimate issues. *cf. In re Bourne's Registered Trade Marks*, 20 R.P.C. 105, at 118 (Ch. 1902).

⁵⁰⁰ *Ethicon*, *supra* note 417, at 166. On infringement there may also be an issue under s. 11 of the Industrial Design Act as to whether the defendant's design is a "fraudulent imitation", *i.e.*, imitated with knowledge of the plaintiff's design. *Barran v. Lomas*, 28 W.R. 973 (Ch. 1880); *Pugh v. Riley Cycle Co.*, 29 R.P.C. 196, at 202 (Ch. 1912); *Lewis Falk Ltd. v. Jacobwitz*, 61 R.P.C. 116, at 122, 127 (Ch. 1944). A "fraudulent" imitation may be somewhat different from the original design to the extent that it is not an "obvious" imitation: *Dunlop Rubber Co. v. Golf Ball Devs. Ltd.*, 48 R.P.C. 268 at 279-80 (Ch. 1931).

⁵⁰¹ *Supra* note 440.

⁵⁰² *Id.* at 165-66. As author of the description of the design in that case, I can say that the alleged infringement was known when the description was being settled, and it was therefore easy to ensure that the language of the description fit nicely the design used by the defendant.

As a general conclusion, it seems that in litigation design descriptions have sometimes been a trap for designers, and are in most cases mere surplusage, of no real assistance to designers or to the public. The Office's insistence on a detailed description has served merely to make work for the Office and for agents of applicants.⁵⁰³ Britain, the United States and most other countries have managed very well without detailed descriptions. The applicant should have the option of including an explanatory description if he chooses; for example, he may wish expressly to exclude certain features from consideration, or to clarify what he is attempting to illustrate, or to characterize some feature as dominant, thereby influencing scope by making the feature essential. He should not be forced to attempt to write a word picture.

D. The Marking Requirement

Section 14 of the Industrial Design Act provides that in order that any design may be protected, a form of notice shall be applied to the article. The usual form is the abbreviation "Rd.", the year of registration, and the name of the proprietor. This marking is to be applied directly to the article or to a label attached to it. In 1948 the Exchequer Court held that failure to mark terminated the proprietor's rights in the design.⁵⁰⁴ The correctness of that decision has been doubted.⁵⁰⁵ If the decision was correct, Canada has not complied with its obligations under the Paris Convention.⁵⁰⁶ Abbreviation of the name "Cimon Limited" to "Cimon" has been held to be a sufficient compliance where the proprietor was generally known in trade circles as Cimon,⁵⁰⁷ and the court has regarded as *de minimis* a failure to mark by a person who was proprietor for only two days.⁵⁰⁸

E. Remedies for Design Infringement

In *Société Anonyme des Cuirs Meillon v. Brumer*⁵⁰⁹ the Quebec Court of Appeal held that although the proprietor of a registered design may recover damages from a person who applies a registered design to an article for purposes of sale,⁵¹⁰ damages are not recoverable in a civil action against someone (for example an importer) who merely sells such articles.

⁵⁰³ In fairness, descriptions written in conformity with the Office's recent practice (permitting reference to only parts of what is illustrated, but requiring those parts to be described) have yet to come before the courts.

⁵⁰⁴ *Allaire v. Hobbs Glass Ltd.*, 9 C.P.R. 3, at 22, 24 (Ex. 1948).

⁵⁰⁵ *Cimon Ltd. v. Bench Made Furniture Corp.*, *supra* note 433, at 846, 30 Fox Pat. C. at 109, 48 C.P.R. at 64.

⁵⁰⁶ See McDonald, *Using Treaties to Interpret Canadian Intellectual Property Statutes*, 38 P.T.I.C. BULL. (Series 7) 615, at 620-21 (1976).

⁵⁰⁷ *Cimon Ltd. v. Bench Made Furniture Corp.*, *supra* note 433, at 847, 30 Fox Pat. C. at 109, 48 C.P.R. at 65.

⁵⁰⁸ *Global Upholstery Co. v. Galaxy Office Furniture Ltd.*, *supra* note 440, at 167, 169.

⁵⁰⁹ [1976] QUE. C.A. 275, 25 C.P.R. (2d) 153.

⁵¹⁰ Industrial Design Act, s. 15.

Through criminal proceedings the proprietor of the design may recover a statutory penalty from the seller.⁵¹¹ An injunction should lie, however.⁵¹²

In a case where the design was for a chair, the defendant argued that he did not apply the design to chairs when he purchased the chair frames and put backs, seats and arms on the frames. The Federal Court rejected this argument and awarded both an injunction and monetary relief.⁵¹³

VII. COPYRIGHT

Copyright in Canada is a purely statutory right.⁵¹⁴ Thus, Canadian copyright cases often turn on the interpretation of statutory language. Because the present Canadian statute was drafted in 1921, numerous questions have arisen concerning the applicability of the statutory language to many of our modern means of reproduction and communication.

Registration of copyright is not necessary, although it does have procedural advantages.⁵¹⁵ The National Library Act⁵¹⁶ requires, however, that copies of certain works be deposited with the Library, and creates a summary conviction offence punishable by fine for non-compliance.⁵¹⁷

A. *Subsistence of Copyright*

1. *Published Works*

Section 4 of the Copyright Act provides generally that copyright shall subsist in Canada in every original literary, dramatic, musical and artistic work, if the author, at the date of making the work, was a "qualified" author (for example, a subject of a Berne Convention country) and if, in the case of a published work, the work was first published within qualified countries (for example, a Berne Convention country). In *Ludlow Music Inc. v. Canint Music Corp.*⁵¹⁸ the question arose whether, in the case of a

⁵¹¹ S. 16.

⁵¹² The Federal Court may grant an injunction under ss. 18 and 20 of the Federal Court Act, R.S.C. 1970, c. 10 (2nd Supp.): *Iammatteo v. Rosita Shoe Co.*, *supra* note 498, at 161; *Cimon Ltd. v. Bench Made Furniture Corp.*, *supra* note 433, at 848, 30 Fox Pat. C. at 110, 48 C.P.R. at 66.

⁵¹³ *Global Upholstery Co. v. Galaxy Office Furniture Ltd.*, *supra* note 440. When the formal judgment was settled, the monetary relief was for the plaintiff's damages or an account of the defendant's profits, as the plaintiff may elect, and costs. The right to an account seems to have been doubted by Walsh J. in the earlier case of *Iammatteo v. Rosita Shoe Co.*, *supra* note 498, at 169.

⁵¹⁴ Copyright Act, R.S.C. 1970, c. C-30, s. 45 [hereinafter cited as Copyright Act]; *Fly by Nite Music Co. v. Record Warehouse Ltd.*, [1975] F.C. 386, at 391, 20 C.P.R. (2d) 263, at 267 (Trial D).

⁵¹⁵ Ss. 22, 36, 40.

⁵¹⁶ R.S.C. 1970, c. N-11, ss. 2, 11.

⁵¹⁷ *See R. v. Appleby* (No. 2), 35 C.C.C. (2d) 94, 31 C.P.R. (2d) 242, 76 D.L.R. (3d) 110 (N.B.C.A. 1976).

⁵¹⁸ [1967] 2 Ex. C.R. 109, at 114-15, 51 C.P.R. 278, at 286-87, 62 D.L.R. (2d) 200, at 205-06.

work first published in a qualified country, the author need also be a qualified person. For purposes of an application for interlocutory injunction, Jackett P. concluded that the author must be so qualified; however, the question bears reconsideration. His Lordship said he would have been inclined *not* to read section 4 as requiring a qualified author where first publication occurred in a qualified country, but because of the ambiguity of the section he thought it proper to construe it in the light of Article 4 of the Berne Convention,⁵¹⁹ which he read as requiring both elements. His Lordship's attention does not seem to have been directed to Article 6 of the Convention, which provides:

Authors not being subjects or citizens of one of the countries of the Union, who first publish their works in one of those countries, shall enjoy in that country the same rights as native authors, and in other countries of the Union the rights granted by the present Convention.⁵²⁰

2. Ideas and Information

In *Cuisenaire v. South West Imports Ltd.*⁵²¹ the Supreme Court of Canada rejected a claim to copyright in a set of coloured rods of different lengths and colours used to teach arithmetic. The plaintiff relied on section 4 of the Copyright Act, which provides that, subject to the Act, copyright shall subsist in "every original literary, dramatic, musical and artistic work" and on section 2, which defines such works as including "every original production in the literary, scientific or artistic domain, whatever be the mode or form of its expression". The Court noted that it is the form of expression that is protected by copyright, not the idea that is expressed. The plaintiff had written a book describing a system of teaching arithmetic employing the rods. The Court held that the plaintiff's original work was his book; the rods were mere devices described in the book for carrying out his method. To make and use the rods was merely to use his ideas. Mr. Justice Ritchie remarked: "Were the law otherwise, . . . everybody who made a rabbit pie in accordance with the recipe of *Mrs. Beeton's Cookery Book* would infringe the literary copyright in that book."⁵²²

Defendants are often not so successful in asserting that all they have taken from the plaintiff is information. In *Ascot Jockey Club Ltd. v. Simons*⁵²³ the plaintiff published a daily program for horse races at Exhibition Park in Vancouver. The program listed, for every race, the name of each horse and its rider and weight, in the order of post positions of the horses. The defendant produced and sold handicap sheets carrying the same information, in the same order, obtaining the data from

⁵¹⁹ Revised Berne Convention of 1908, Copyright Act, Sched. II. This approach would seem particularly desirable because s. 4 of the Copyright Act makes express reference to the Convention.

⁵²⁰ *Id.*

⁵²¹ [1969] S.C.R. 208, 57 C.P.R. 76, 40 Fox Pat C. 81 (1968).

⁵²² *Id.* at 212, 57 C.P.R. at 80-81, 40 Fox Pat. C. at 85, quoting Pape J. in *Cuisenaire v. Reed*, [1963] V.R. 719, at 736 (Aust H.C. 1962).

⁵²³ 64 W.W.R. 411, 56 C.P.R. 122, 39 Fox Pat. C. 52 (B.C.S.C. 1968).

newspapers who published it with the plaintiff's authorization. The defendant was able to show that the arrangement of data in the plaintiff's program was not original, but was in general use in North America. The plaintiff, however, had been largely responsible for the creation of the information in each of its lists by first settling the conditions of the races and then by participating in activities which led to the choice of the particular horses and their positions for each race. In this the learned judge found sufficient expenditure of time and labour to create an original work which had been copied.⁵²⁴

3. Titles

Section 2 of the Copyright Act provides that a "work includes the title thereof when such title is original and distinctive", but it is well established that a title per se rarely has sufficient substance to have copyright.⁵²⁵ In *Flamand v. Société Radio-Canada*⁵²⁶ the plaintiffs had registered copyright in an unpublished literary work entitled *Médecine d'aujourd'hui — Doctor today*. They had subsequently produced a series of television programs dealing with the subject matter of this work as well as a book entitled *Médecine d'aujourd'hui*, and sought an interlocutory injunction to restrain the defendant from broadcasting a television series under the latter title. The content of the programs was clearly not copied, and it seems doubtful that the title had been, but in any event the court could see nothing original or distinctive in the title on which to base any claim for relief, whether for copyright infringement or passing off.

B. Ownership of Copyright

In *Global Upholstery Co. v. Galaxy Office Furniture Ltd.*⁵²⁷ the plaintiff claimed ownership of copyright in certain photographs of furniture. The plaintiff sent furniture to commercial photographic studios to be photographed, paid the studios for taking the photographs, and used reproductions of them in advertising brochures. There was no agreement between the plaintiff and the studios as to who would own the copyright in the photographs. The defendant, a competitor of the plaintiff, copied the photographs in its own brochures, denying first the existence of any copyright or, in the alternative, the plaintiff's title to copyright.

The learned judge first looked at section 20(3) of the Copyright Act, which provides:

⁵²⁴ This case on its facts is similar to the betting coupon case, *Ladbroke (Football), Ltd. v. William Hill (Football), Ltd.*, [1964] 1 All E.R. 465, [1964] 1 W.L.R. 273 (H.L.), which was cited in the judgment. In *Ladbroke* the preparatory selection of wagers to be offered was considered to be an element of the originality required to sustain copyright.

⁵²⁵ *Francis Day and Hunter, Ltd. v. Twentieth Century Fox Corp.*, [1940] A.C. 112, [1939] 4 D.L.R. 353 (P.C. 1939). The appellants claimed infringement of their copyright in a song, "The Man Who Broke the Bank at Monte Carlo", by the respondent's use of the same title for a motion picture.

⁵²⁶ [1967] Q.E. C.S. 424, 53 C.P.R. 217, 36 Fox Pat. C. 135.

⁵²⁷ *Supra* note 440.

In any action for infringement of copyright in any work, in which the defendant puts in issue either the existence of the copyright, or the title of the plaintiff thereto, then, in any such case,

- (a) the work shall, unless the contrary is proved, be presumed to be a work in which copyright subsists; and
- (b) the author of the work shall, unless the contrary is proved, be presumed to be the owner of the copyright. . . .

There was therefore a presumption that copyright subsisted in the photographs, and the defendants did not succeed in rebutting this.⁵²⁸ There was also a further presumption that the authors, that is, the photographers employed by the studios, were the owners of the copyright; here the onus was on the plaintiff to prove otherwise.⁵²⁹

In dealing with this second presumption, the learned judge first considered section 12(3) of the Act, which provides:

Where the author was in the employment of some other person under a contract of service or apprenticeship and the work was made in the course of his employment by that person, the person by whom the author was employed shall, in the absence of any agreement to the contrary, be the first owner of the copyright. . . .

Sweet D.J. stated that he would infer that the photographers were employed under a contract of service with the studios and that the work was done in the course of their employment, so that the photographers were *not* the copyright owners.⁵³⁰ Then he considered the provisions of section 12(2) of the Act:

Where, in the case of an engraving, photograph, or portrait, the plate or other original was ordered by some other person and was made for valuable consideration in pursuance of that order, then in the absence of any agreement to the contrary, the person by whom the plate or other original was ordered shall be the first owner of the copyright.

He concluded that copyright vested in the plaintiff. He did not find anything in section 12(2) requiring that an order be given directly to the photographer, that an agreement be made directly with the photographer, or even that an agreement be made with the studio to pay for the work in any event.⁵³¹

The question of title to copyright in a sound recording arose in Alberta in *Hrycyk v. Smichure*.⁵³² The defendant made tape recordings of a performance of the plaintiff's orchestra. He arranged for a recording company to make from the tapes a master pressing plate from which a number of records were pressed and delivered to the plaintiff, together with the defendant's tapes. However, the defendant, without the plaintiff's permission, had further records pressed and sold them in competition with the plaintiff. Mr. Justice Dechene referred to section 12(2) of the Act, and

⁵²⁸ *Id.* at 157.

⁵²⁹ *Id.*

⁵³⁰ *Id.* at 158.

⁵³¹ *Id.* at 158-59.

⁵³² 53 C.P.R. 177, 34 Fox Pat. C. 26 (Alta. S.C. 1966).

found that the defendant had ordered the original plate as agent or intermediary of the plaintiff, and he held that the plaintiff was therefore the first owner of the copyright. With respect, section 12(2) has nothing to do with plates for sound recordings. Provided the plaintiff was the owner of the tapes when they were made, section 10 (to which the judge did not refer) provides that the owner of the original plate is deemed to be the author of the recording, and section 12(1) provides that, subject to the Act, the author shall be the first owner of the copyright.

While registration of copyright is not required in Canada, it is simple to obtain and valuable to have in order to establish one's title to copyright. To obtain a Canadian copyright registration one need not file a copy of the work in the Copyright Office. All one need do is file in the Office a form setting out the title of the work, whether it is literary, dramatic, musical or artistic, the names and addresses of the alleged author and owner, and the date and place of alleged first publication, pay the fee, and a certificate will be granted.⁵³³ By section 36(2) of the Act, this certificate is prima facie evidence that copyright subsists in the work, and that the person registered is the owner of the copyright. The courts have given full effect to such a certificate.⁵³⁴

The owner of a corporeal literary, dramatic, musical or artistic work may not also be the owner of the incorporeal copyright in that work. In *Webb & Knapp (Canada) Ltd. v. City of Edmonton*⁵³⁵ the plaintiffs entered into an agreement with the city whereby the company was to prepare, at its own expense, a plan for development of a new civic centre. If the plan were approved, Webb & Knapp were to have development rights; if not, the documents constituting the plan would become the property of the city. City Council rejected the plan but at the same meeting approved a similar plan drawn up by the city commissioners that was substantially copied from the plan prepared by the plaintiffs. It was conceded that the plaintiffs owned the incorporeal copyright in the plan, and the Supreme Court of Canada held that this right had been infringed.⁵³⁶

Copyright is a bundle of rights,⁵³⁷ and in Canada these rights may be separately assigned and licensed.⁵³⁸ The public performing right in a musical work is, in Canada, usually assigned to the Composers, Authors and Publishers Association of Canada Limited (CAPAC) or to the Performing Rights Organization of Canada Limited (PRO Canada,

⁵³³ See generally Copyright Act, ss. 37-39, 41; S.O.R. Cons./55, Vol. 1, 664, ss. 27-36; S.O.R./78-665 (112 Can. Gazette, Pt. II, 3447).

⁵³⁴ *Blue Crest Music Inc. v. Canusa Records Inc.*, 17 C.P.R. (2d) 149 (F.C. Trial D 1974), *aff'd, modified* 30 C.P.R. (2d) 11 (F.C. App. D. 1976).

⁵³⁵ [1970] S.C.R. 588, 63 C.P.R. 21, 11 D.L.R. (3d) 544.

⁵³⁶ *But see* *Netupsky v. Dominion Bridge Co.*, [1972] S.C.R. 368, 3 C.P.R. (2d) 1, 24 D.L.R. (3d) 484 (1971).

⁵³⁷ S. 3 of the Act defines "copyright" as including, *inter alia*, such varied rights as publishing an unpublished work, reproducing, publicly performing, recording or translating a work.

⁵³⁸ S. 12(4).

formerly BMI Canada). In the case of an opera, these performing right societies take the public performing right in the individual musical works (the petty right) but not the right to dramatic performance (the grand right), so that a licence from the societies to perform the individual works is not a licence to stage the opera. A few years ago several companies of performers, with petty right licences to perform music from the rock opera *Jesus Christ Superstar*, staged performances in which selections from that opera were performed, sometimes interspersed with other works. This led to a flurry of applications for interlocutory injunctions by the owners of the grand right. In the only reported Canadian decision the injunction was refused on the basis that the defendants had raised arguable issues concerning the plaintiff's title and whether the performance constituted infringement. The trial judge did, however, impose certain conditions, one being that the defendants make it clear in their advertising that they were not performing the opera in its entirety, but were performing only selected songs interspersed with other works.⁵³⁹

C. Licensed Acts

In *Netupsky v. Dominion Bridge Co.*⁵⁴⁰ the plaintiff was a structural engineer who prepared drawings for the Ottawa Civic Centre. It was admitted that he owned the incorporeal copyright in these drawings. The defendant was the steel fabricator for the project. To save costs, the defendant altered the plaintiff's design to some extent, but without affecting its artistic character, and made copies of the drawings which he needed to carry out the construction. The Supreme Court of Canada held that the city of Ottawa and its subcontractor, the defendant, were the plaintiff's licensees for construction of the Centre. This licence carried the plaintiff's implied consent to modify and reproduce the drawings. Thus no infringement of copyright had occurred.

D. Infringing Acts

1. Radio Communication

In section 3(1)(f) of the Copyright Act the definition of copyright includes the sole right to communicate any literary, dramatic, musical or artistic work by radio. In *CAPAC v. CTV*,⁵⁴¹ the plaintiff was the owner of this right in respect of a large number of "musical works". The plaintiff alleged that its right had been infringed by the defendant transmitting certain television programs to television stations by cable and micro-

⁵³⁹ *MCA Canada Ltd. v. Benwell*, 1 C.P.R. (2d) 173 (F.C. Trial D. 1971). The plaintiffs fared somewhat better in the United States: see *Rice v. American Program Bureau*, 170 U.S.P.Q. 545, 446 F. 2d 685 (2d Cir. 1971); *Robert Stigwood Group Ltd. v. Sperber*, 171 U.S.P.Q. 684, 332 F. Supp. 1206 (S.D.N.Y. 1971).

⁵⁴⁰ *Supra* note 536.

⁵⁴¹ *Composers, Authors and Publishers Ass'n of Canada v. CTV Television Network*, [1968] S.C.R. 676, 55 C.P.R. 132, 68 D.L.R. (2d) 98.

wave.⁵⁴² There was no question of infringement by the stations, since they had licences from the plaintiff permitting them to perform the plaintiff's works. The Supreme Court of Canada held that the defendant was not transmitting "musical works". These are defined in section 2 of the Act as "any combination of melody and harmony, or either of them, printed, reduced to writing, or otherwise graphically produced or reproduced". In the view of the Court,⁵⁴³ the defendant's signals were not carrying "works" that fell within this definition. Instead, they were *performances* of the works⁵⁴⁴ that were being communicated, and on a literal construction of the Act these are not caught by section 3(1)(f). The effect of the decision seems to be that section 3(1)(f) is inapplicable to musical works unless the radio communication causes the works to be reproduced visually, an interpretation that would surely have surprised the statutory draftsman. Perhaps feeling that its conclusion was anomalous, and on the assumption that section 3(1)(f) was unclear, the Court turned to Article 11 *bis* of the Rome revision of the Berne Copyright Convention,⁵⁴⁵ from which section 3(1)(f) was derived, and further concluded that the communication referred to in section 3(1)(f) must be a communication to the public, not to stations of a television network. Therefore, CTV, as distributor of the signals, was not obliged to pay fees to the owners of the musical copyrights.

2. Videotaping

In *Warner Bros.-Seven Arts Inc. v. CESM-TV Ltd.*⁵⁴⁶ the plaintiff owned the copyright in certain films which, for a fee, it allowed television stations to broadcast. By means of an antenna the defendant picked up the signals from television stations, and from these made videotapes of the films. This was held to be an infringement of the exclusive right given by section 3(1)(d) of the Act "to make any record . . . or other contrivance by means of which the work may be mechanically performed or delivered".

3. Commercial Deletion

Interesting intellectual property questions were raised but not resolved in a series of cases brought by Buffalo, New York television stations against Rogers Cable TV Limited in Toronto.⁵⁴⁷ Rogers received the

⁵⁴² The primary focus of the Court was on the microwave transmissions, since it was held in *Canadian Admiral Corp. v. Rediffusion, Inc.*, [1954] Ex. C.R. 382, at 409-10, 14 Fox Pat. C. 114, at 140-41, 20 C.P.R. 75, at 103, that cable transmission does not constitute radio communication.

⁵⁴³ *Supra* note 541, at 680, 55 C.P.R. at 136, 68 D.L.R. (2d) at 100.

⁵⁴⁴ "Performance" is defined in s. 2 as meaning "any acoustic representation of a work or any visual representation of any dramatic action in a work, including a representation made . . . by radio communication."

⁵⁴⁵ Copyright Act, Sched. III.

⁵⁴⁶ 65 C.P.R. 215 (Ex. 1971).

⁵⁴⁷ These actions were discontinued prior to coming to trial.

Buffalo plaintiffs' broadcasts from the United States and transmitted them by cable to its subscribers, but sometimes deleted the commercial messages in the broadcasts and substituted other messages. The plaintiffs alleged, *inter alia*, that Rogers was (a) engaged in trade mark infringement by transmitting the call letters and symbols of the plaintiffs in association with altered broadcasts (contrary to sections 19 and 20 of the Trade Marks Act), (b) depreciating the value of the goodwill in those letters and symbols (contrary to section 22 of the Trade Marks Act), (c) directing attention to the services or business of Rogers in such a way as to cause confusion between the Rogers system and the service or business of the plaintiffs (contrary to section 7(b) of the Trade Marks Act), (d) falsely describing Rogers' service by suggesting that substituted messages were part of the plaintiffs' programming (contrary to section 7(d) of the Trade Marks Act), (e) contravening the Inter American Radio Convention of 1937 and otherwise doing acts contrary to honest commercial usage in Canada (contrary to section 7(e) of the Trade Marks Act, since held unconstitutional⁵⁴⁸), and (f) without authorization, publicly performing and communicating, by radio, works in which the plaintiffs had copyright (in violation of rights of the plaintiffs under section 3 of the Copyright Act).

One of Rogers' defences was that the Canadian Radio-Television Commission (CRTC), established by the Broadcasting Act,⁵⁴⁹ encouraged such commercial deletions. Before the actions were commenced against it, but after threats of such actions had been made, Rogers applied to the CRTC for specific authority to delete and substitute, and in a decision dated May 1, 1974, shortly after the commencement of the actions, the CRTC specifically authorized commercial deletion by Rogers on the condition that Rogers insert "public service announcements and other similar suitable replacement material" as replacements for the deleted commercial messages.⁵⁵⁰ The CRTC stated that it was aware of the pending actions against Rogers, and said that the Commission's consent must first be obtained before any settlement of those actions by Rogers in order to avoid interference with the implementation of CRTC policy. The Buffalo stations had opposed Rogers' application to the CRTC and took the matter to the Federal Court of Appeal. That court held that the CRTC had acted within a jurisdiction properly conferred upon it by Parliament. Thurlow J., went further and said that the "appellants have no proprietary or other legal rights in their signals in Canadian air space".⁵⁵¹ The Supreme Court of Canada affirmed the decision of the Court of Appeal without comment on the observations of Thurlow J. except to say that the Court would not deny standing to the Buffalo stations to challenge the

⁵⁴⁸ *MacDonald v. Vapor Canada Ltd.*, *supra* note 334.

⁵⁴⁹ R.S.C. 1970, c. B-11.

⁵⁵⁰ *Capital Cities Communications Inc. v. C.R.T.C.*, [1978] 2 S.C.R. 141, at 149, 36 C.P.R. (2d) 1, at 7, 81 D.L.R. (3d) 609, at 614 (1977).

⁵⁵¹ *In re Capital Cities Communications Inc.*, [1975] F.C. 18, at 20, 19 C.P.R. (2d) 51, at 53, 52 D.L.R. (3d) 415, at 417 (App. D.).

authority of the CRTC.⁵⁵² The substantive intellectual property issues did not arise, although the Court found "apt" the opinion of the United States Supreme Court that a cable system receives, rather than performs, programs.⁵⁵³

4. Indirect Copying

In *Superseal Corp. v. Glaverbel-Mecaniver Canada Ltée*,⁵⁵⁴ the plaintiff alleged that the defendant's double glazed windows and sliding doors infringed copyright in the drawings, plans and specifications of the plaintiff, and copyright in the actual windows and doors made therefrom. The argument was that the three-dimensional articles reproduced the drawings, and that the sole right to reproduce a copyright work "in any material form" is conferred by section 3 of the Act. The Trial Division of the Federal Court held that the reference to copyright in the windows and doors themselves in the claim for infringement was unnecessary, if not improper.⁵⁵⁵ The Federal Court of Appeal said that a very difficult question of law was raised by these allegations which could not be settled by simply reading them alone, and allowed the plea to stand.⁵⁵⁶ It is clear that a copyright work may be copied directly or indirectly,⁵⁵⁷ but the interesting questions that this case raises include whether a working drawing of a useful article is an original artistic or literary work,⁵⁵⁸ and if it is, whether such a drawing has copyright when it illustrates an article intended to be manufactured in quantity;⁵⁵⁹ also, if there is copyright, whether the defendant's (possibly non-artistic) articles may be regarded as

⁵⁵² *Supra* note 550 at 152, 36 C.P.R. (2d) at 9, 81 D.L.R. (3d) at 616.

⁵⁵³ *Fortnightly Corp. v. United Artists Television, Inc.*, 392 U.S. 390, at 399-400, 88 S.Ct. 2084, at 2089, cited in *Capital Cities*, *supra* note 550, at 158-59, 36 C.P.R. (2d) at 13, 81 D.L.R. (3d) at 620-21. Pigeon J. (who dissented from the decision of the Court, Beetz and de Grandpré JJ. concurring) thought a different conclusion would be reached if the cable operator recorded programs that he received and then rebroadcast them. He was inclined to the view that Rogers and its associated companies were, in substituting new messages, rebroadcasting. *Id.* at 186, 36 C.P.R. (2d) at 33, 81 D.L.R. (3d) at 640.

⁵⁵⁴ 20 C.P.R. (2d) 77 (F.C. Trial D. 1975).

⁵⁵⁵ *Id.* at 80.

⁵⁵⁶ 26 C.P.R. (2d) 140 (F.C. App. D. 1975).

⁵⁵⁷ *Hanfstaengl v. H.R. Baines & Co.*, [1895] A.C. 20, at 30, 64 L.J. Ch. 81, at 85 (H.L. 1894).

⁵⁵⁸ See also *L.B. (Plastics) Ltd. v. Swish Prods. Ltd.*, [1977] F.S.R. 87, at 90-91 (Ch. 1976), *rev'd on other grounds*, [1978] F.S.R. 32 (C.A.); *Solar Thomson Eng'r Co. v. Barton*, [1977] R.P.C. 537, at 558 (C.A.); *Netupsky v. Dominion Bridge Co.*, 68 W.W.R. 529, at 549-51, 58 C.P.R. 7, at 30-31, 5 D.L.R. (3d) 195, at 214-15 (B.C.C.A. 1969), *varied* 61 C.P.R. 150, 9 D.L.R. (3d) 182 (B.C.C.A. 1969), *rev'd on other grounds*, *supra* note 536.

⁵⁵⁹ Copyright Act, s. 46 and the Industrial Designs Rules, R. 11, S.O.R. Cons./55, Vol. 2, 1975, at 1977 (both quoted in text, p. 490); see also *Ware v. Anglo-Italian Commercial Agency, Ltd.* (No. 1), [1917-23] Mac C.C. 346 (Ch. 1922); *King Features Syndicate, Inc. v. O. & M. Kleeman, Ltd.*, [1941] A.C. 417, [1941] R.P.C. 207, [1941] 2 All E.R. 403 (H.L.).

reproducing the drawings⁵⁶⁰ or as merely incorporating the information or ideas therein.⁵⁶¹

Section 46 of the Canadian Copyright Act provides as follows:

- (1) This Act does not apply to designs capable of being registered under the *Industrial Design Act*, except designs that, though capable of being so registered, are not used or intended to be used as models or patterns to be multiplied by an industrial process.
- (2) General rules, under the *Industrial Design Act*, may be made for determining the conditions under which a design shall be deemed to be used for such purposes as aforesaid.

Rule 11 of the rules under the Industrial Design Act provides:

- (1) A design shall be deemed to be used as a model or pattern to be multiplied by any industrial process within the meaning of section 46 of the Copyright Act,
 - (a) where the design is reproduced or is intended to be reproduced in more than 50 single articles. . . .

It is submitted that there is no copyright in the artistic features of a drawing of an article that is intended to be multiplied industrially in quantities of more than fifty. It is further submitted that section 46 of the Copyright Act is concerned with registrability of the design on the assumption that the design is new.⁵⁶² A drawing may have copyright in non-artistic features⁵⁶³ so that the drawing itself may not be reproduced, but it seems from the statutory definitions of "artistic work" and "architectural work of art"⁵⁶⁴ that an article made from a non-artistic drawing has no copyright⁵⁶⁵ and it would be anomalous that copying the non-artistic article would infringe copyright in the drawing (despite the contrary view of the

⁵⁶⁰ See also *Herman Frankel Organization, Inc. v. Wolfe*, 184 U.S.P.Q. 819 (S.D. Mich. 1974); *Burke v. Spicers Dress Designs*, [1936] Ch. 400, [1936] 1 All. E.R. 99; *Gleeson v. H.R. Deene Ltd.*, [1975] R.P.C. 471 (Ch. 1972), *aff'd* [1975] R.P.C. 488 (C.A. 1974); *Radley Gowns Ltd. v. Costas Spyrou*, [1975] F.S.R. 455. (Ch.).

⁵⁶¹ Cf. *Russell v. Trimfit Inc.*, 195 U.S.P.Q. 174 (E.D. Pa. 1977); *Cuisenaire v. South W. Imports Ltd.*, [1969] S.C.R. 208, 57 C.P.R. 76, 40 Fox Pat. C. 81 (1968).

⁵⁶² Although in *Kilvington Bros. v. Goldberg*, 28 C.P.R. 13, 16 Fox Pat. C. 164, 8 D.L.R. (2d) 768 (H.C. 1957), Judson J. took the view that an old design was not one "capable of being registered" within the meaning of s. 46 of the Copyright Act.

⁵⁶³ *Netupsky v. Dominion Bridge Co.*, *supra* note 558, at 553, 58 C.P.R. at 34, 5 D.L.R. (3d) at 218.

⁵⁶⁴ By the Copyright Act, s. 2:

"artistic work" includes works of painting, drawing, sculpture and artistic craftsmanship, and architectural works of art and engravings and photographs

and

"architectural work of art" means any building or structure having an artistic character or design, in respect of such character or design, or any model for such building or structure, but the protection afforded by this Act is confined to the artistic character and design, and does not extend to processes or methods of construction

⁵⁶⁵ Cf. *George Hensher Ltd. v. Restawile Upholstery (Lancs.) Ltd.*, [1976] A.C. 73, [1975] R.P.C. 49, [1974] 2 All E.R. 420 (H.L.), where a prototype and not a drawing was in issue.

English Court of Appeal in *Dorling v. Honnor Marine, Ltd.*⁵⁶⁶). Rather, it is submitted that such copying would merely be taking the ideas or information transferred from the drawing to the article.⁵⁶⁷ On the other hand, if a drawing is made without the intention⁵⁶⁸ of industrial multiplication of an illustrated article (so that section 46 of the Copyright Act does not apply) there may be infringement of copyright in the drawing by copying an article made from the drawing where the article has artistic features reproduced from the drawing.⁵⁶⁹

5. Importation of Copies

Authors, like inventors and industrial designers, are interested in the promotion of their works in as many countries as possible. Their rights are intangible, extending to books, films, *etc.*, which may be physically produced and owned by others. Most countries recognize copyright as arising automatically on creation of a work. Authors, and those who derive rights from them, are therefore automatically interested in how best to capitalize on the value of their rights in different countries. There may be an important economic interest in dividing the world market among enterprises best situated to make the most of local conditions, and to insulate those enterprises from competition among themselves. For an entrepreneur having copyright in Canada, it can be of great importance to be immune from competition by copies coming into Canada from other countries, where they may have been produced either legally or illegally.

⁵⁶⁶ [1965] Ch. 1, [1964] R.P.C. 160, [1964] 1 All E.R. 241 (C.A. 1963). The British developments have led to the absurdity that there is no copyright in a non-artistic three-dimensional work (*Hensher, supra* note 565), but if that work happened to be made from a drawing the copyright in the drawing may be infringed by copying the article. Note that an industrial design registration for an article cannot create a monopoly, akin to a patent monopoly, in the article or in the process by which it is made: *Cimon Ltd. v. Bench Made Furniture Corp.*, *supra* note 433. Nor can a trade mark registration: *Trade Marks Act, s. 13; Parke, Davis & Co. v. Empire Laboratories Ltd.*, *supra* note 420.

⁵⁶⁷ See *Cuisenaire v. South W. Imports Ltd.*, *supra* note 561. At trial in the *Cuisenaire* case, Noël J. stated:

There must . . . be some limitation to what is protected by copyright as it cannot conceivably have been the intention of Parliament to protect by way of copyright, material of any kind or any type of object. Nor must it have been intended that all original productions in the scientific field be given protection for the life of the author and 50 years thereafter when they can also be patented as inventions and given protection for 17 years only even if the rights of a patentee are not entirely similar to those of a holder of a copyright.

[1968] 1 Ex. C.R. 493, at 507, 54 C.P.R. 1, at 14, 37 Fox Pat. C. 93, at 107 (1967). See also the remarks of the Ontario Court of Appeal in *Eldon Indus. Inc. v. Reliable Toy Co.*, [1966] 1 O.R. 409, at 419-20, 48 C.P.R. 109, at 123-24, 54 D.L.R. (2d) 97, at 107-08 (1965). Cf. *L.B. (Plastics) Ltd. v. Swish Prods. Ltd.*, [1979] F.S.R. 145, at 163 (H.L.).

⁵⁶⁸ *King Features Syndicate, Inc. v. O. & M. Kleeman, Ltd.*, *supra* note 559.

⁵⁶⁹ In the United States, however, although copyright has been admitted in artistic works which can be incorporated into useful articles (*e.g.*, statuettes that are used as lampbases), it has been denied to industrial designs of useful articles (*e.g.*, lamps with rounded housings) from which an artistic work cannot be segregated: *Esquire, Inc. v. Ringer*, 199 U.S.P.Q. 1, 591 F. 2d 796 (D.C. Cir. 1978).

It is possible for an owner of Canadian copyright to seek the aid of the Canadian Customs, under sections 27 and 28 of the Copyright Act,⁵⁷⁰ to prevent importation of certain copies. Information as to current procedure is available from the Director of Legal Services.⁵⁷¹ In cases where these sections are invoked, Customs will not exempt copies which the copyright owner himself wishes to import.⁵⁷² Sections 27 and 28 seem to have been of no practical utility, and have been subject to only incidental judicial scrutiny in connection with civil litigation, mentioned below.

⁵⁷⁰ Those sections read:

27. Copies made out of Canada of any work in which copyright subsists that if made in Canada would infringe copyright and as to which the owner of the copyright gives notice in writing to the Department of National Revenue that he is desirous that such copies should not be so imported into Canada, shall not be so imported, and shall be deemed to be included in Schedule C to the *Customs Tariff*, and that Schedule applies accordingly.

28. (1) Where the owner of the copyright has by licence or otherwise granted the right to reproduce any book in Canada, or where a licence to reproduce such book has been granted under this Act, it shall not be lawful except as provided in subsection (3) to import into Canada copies of such book, and such copies shall be deemed to be included in Schedule C to the *Customs Tariff*, and that Schedule applies accordingly.

(2) Except as provided in subsection (3), it shall be unlawful to import into Canada copies of any book in which copyright subsists until fourteen days after publication thereof and during such period or any extension thereof such copies shall be deemed to be included in Schedule C to the *Customs Tariff*, and that Schedule applies accordingly, but if within that period of fourteen days an application for a licence has been made in accordance with the provisions of this Act relating thereto, the Minister may in his discretion extend the period, and shall forthwith notify the Department of National Revenue of such extension; and the prohibition against importation shall be continued accordingly.

(3) Notwithstanding anything in this Act it shall be lawful for any person (a) to import for his own use not more than two copies of any work published in any country adhering to the Convention;

(b) to import for use by any department of the Government of Canada or any province, copies of any work, wherever published;

(c) at any time before a work is printed or made in Canada to import any copies required for the use of any public library or institution of learning;

(d) to import any book lawfully printed in Great Britain or in a foreign country that has adhered to the Convention and the Additional Protocol thereto set out in Schedule II and published for circulation among, and sale to the public within either; but any officer of customs, may in his discretion, require any person seeking to import any work under this section to produce satisfactory evidence of the facts necessary to establish his right so to import.

(4) This section does not apply to any work the author of which is a British subject, other than a Canadian citizen, or the subject or citizen of a country that has adhered to the Convention and the Additional Protocol thereto set out in Schedule II.

⁵⁷¹ Director of Legal Services, Revenue Canada, Customs & Excise, Ottawa K1A 0L5.

⁵⁷² *Maison du Livre Français, de Montréal, Inc. v. Institut Littéraire du Québec Ltée*, 31 C.P.R. 69, at 74 (Que. C.S. 1957); *Clarke, Irwin & Co. v. C. Cole & Co.*, 19 Fox Pat. C. 143, at 148, 33 C.P.R. 173, at 179, 22 D.L.R. (2d) 183, at 187 (Ont. H.C. 1960).

The principal civil litigation has related to imported copies of books. It is not unusual for Canadian copyright in a book to be owned by or licensed to someone other than whoever is exploiting the United States copyright. The latter person does not infringe Canadian copyright by producing copies in the United States, but section 17(4) of the Canadian Act makes it an infringement to import "for sale or hire into Canada any work that to [the importer's] knowledge would infringe copyright if it had been made within Canada".⁵⁷³

It has been held that to have the requisite knowledge under section 17(4), the importer need not understand the legal position.⁵⁷⁴ The Canadian cases suggest that the importer has the requisite knowledge if he has seen copies bearing copyright notices that would be sufficient to put a reasonable dealer on inquiry⁵⁷⁵ or that are sufficient to suggest to a reasonable person that consent to distribute in Canada has not been given.⁵⁷⁶ However, the Court of Appeal of New South Wales⁵⁷⁷ has held that the knowledge which has to be proved is actual, not constructive, knowledge, and the court is not concerned with the knowledge of a reasonable man but is concerned with reasonable inferences to be drawn from a concrete situation as disclosed in the evidence as it affects the particular person whose knowledge is in issue. The court is entitled to infer knowledge on the part of a particular person on the assumption that he has the ordinary understanding expected of persons in his line of business, unless by his or other evidence the court is convinced otherwise.

In *Clarke, Irwin & Co. v. C. Cole & Co.*⁵⁷⁸ the plaintiff owned the world copyright in a book, and granted to Holt the sole and exclusive right to publish the book in the United States. Coles imported into Canada, for sale, copies of the book published by Holt in the United States. Spence J., in the Ontario High Court, took the view that if Holt had made the books in Canada the books would infringe the Canadian copyright, Holt not being licensed in Canada, and that the United States-made books were therefore caught by section 17(4).

⁵⁷³ S. 17 (4) Copyright in a work shall also be deemed to be infringed by any person who

(a) sells or lets for hire, or by way of trade exposes or offers for sale or hire;
 (b) distributes either for the purposes of trade, or to such an extent as to affect prejudicially the owner of the copyright;
 (c) by way of trade exhibits in public; or
 (d) imports for sale or hire into Canada;
 any work that to his knowledge infringes copyright or would infringe copyright if it had been made within Canada.

⁵⁷⁴ *Clarke, Irwin & Co. v. C. Cole & Co.*, *supra* note 572, at 149-51, 33 C.P.R. at 180-82, 22 D.L.R. (2d) at 188-89.

⁵⁷⁵ *Simon & Schuster Inc. v. Coles Book Stores Ltd.*, 9 O.R. (2d) 718, 23 C.P.R. (2d) 43, 61 D.L.R. (3d) 590 (H.C. 1975).

⁵⁷⁶ *Godfrey, MacSkimming & Bacque Ltd. v. Coles Book Stores Ltd.*, 1 O.R. (2d) 362, 13 C.P.R. (2d) 89, 40 D.L.R. (3d) 346 (H.C. 1973).

⁵⁷⁷ *R.C.A. Corp. v. Custom Cleared Sales (Pty.) Ltd.*, [1978] F.S.R. 576, at 578-79 (N.S.W.C.A.).

⁵⁷⁸ *Supra* note 572.

In *Godfrey, MackSimming & Bacque v. Coles Book Stores Ltd.*⁵⁷⁹ the copyright owner sought an interlocutory injunction on facts similar to those in the *Clarke, Irwin* case, except that the books which the American publisher sold in the United States, and which the defendant was importing, had originally been printed in Canada by arrangement with the copyright owner, and had then been sent to the United States for distribution there. Callon J. reasoned that section 3 of the Act gives to the copyright owner the sole right to publish, to produce or reproduce the work, and that this conferred a right to restrain the importation of books if the manufacturer had not been authorized to distribute them in Canada. This view, with respect, goes too far. It has been noted in *Infabrics Ltd. v. Jaytex Shirt Co.*⁵⁸⁰ by Whitford J. that to extend the sole right to publish (which is an infringement regardless of knowledge) to cover sale or importation would render otiose provisions such as those in section 17(4). Section 3 confers a right to do certain things, but does not speak of a right to import or sell. Section 17(4) speaks of infringement by the latter activities, but relates only to a "work" which "infringes" or "would infringe" if made in Canada, that is, it seems concerned only with copies that infringe⁵⁸¹ by reason of some other provision of the Act (which was not alleged in the *Godfrey* case) or copies that would infringe if made in Canada by the person who had *actually* made them (but this was also not applicable in *Godfrey*, because the copyright owner had authorized the manufacturer to make the books in Canada).

In *Simon & Schuster Inc. v. Coles Book Stores Ltd.*⁵⁸² Weatherston J. examined section 28(3)(d) of the Act. This provision was apparently drafted to benefit those who print books in Berne Convention countries, and provides that importation of books so printed is lawful. However, this exception for *printers* in Convention countries is denied by section 28(4), if the *author* is the subject of a Convention country other than Canada. (The position of Canadian authors was dealt with in the next case to be discussed.) Counsel for the defendant argued that, by virtue of a notice given in 1923⁵⁸³ under section 4(2) of the Act, printers in the United States have the same benefit as printers in Convention countries: the importation from the United States is therefore lawful. However, his Lordship replied that if that were so, the author in the case before him (apparently a United States author) would similarly have the advantage of section 28(4), which *denies* the benefit under section 28(3)(d). In the result, section 28 appeared (at least for the purposes of a motion for an interim injunction) to have no application. The case was accordingly decided in favour of the copyright owner by applying section 17(4): the importation and resale constituted an infringement.

⁵⁷⁹ *Supra* note 576.

⁵⁸⁰ [1978] F.S.R. 451, at 468.

⁵⁸¹ S. 2 defines "infringing", when applied to a copy, as "any copy, including any colourable imitation, made, or imported in contravention of this Act".

⁵⁸² *Supra* note 575.

⁵⁸³ 57 Can. Gazette, at 2157 (1923).

On the other hand, in an earlier case, *McClelland & Stewart Ltd. v. Coles Book Stores Ltd.*,⁵⁸⁴ the facts were similar to those in *Simon & Schuster*, but the author, Farley Mowat, suffered the misfortune of being a Canadian citizen, so that section 28(4) did not apply to him. Consequently, section 28(3)(d) was held by Weatherston J. (at least for the purpose of dealing with a motion for an interim injunction) to permit the importation of books written by Canadians, but printed in the United States.⁵⁸⁵ This was a highly distressing decision for Canadian authors, whose books were being remaindered in the United States without payment of royalties, and sold at substantial discounts to Coles. A flurry of protest in the press led to no action to amend the Act.

It has been suggested⁵⁸⁶ that the notice of 1923 in favour of United States citizens does not apply to section 28(3)(d) and to books printed in the United States (which is not a Berne Convention country), with the consequence that both Canadian and United States authors should have the benefit of section 17(4) in respect of books printed in the United States by someone not licensed in Canada. No copyright owner has been willing to incur the expense of taking the issue to trial.

6. *Infringement in Relation to Sound Recordings*

In *Fly By Nite Music Co. v. Record Warehouse Ltd.*,⁵⁸⁷ Mahoney J. held that under section 4(3) of the Act, copyright subsists in master discs and in records made therefrom. Although pursuant to section 4(4) this copyright extends only to the right to reproduce the records, he held that records are "works", the importation of which may contravene section 17(4). Consequently, it is an infringement of the rights of the Canadian owner of copyright in a record to import for sale in Canada copies thereof lawfully manufactured in the United States by someone who was not licensed to make them in Canada, where the importer is aware of the lack of a Canadian licence.

On the other hand, where the plaintiff is owner of copyright in an original musical work, but not in a recording of the work, he cannot recover possession of the plates used for making copies of the recording by asserting that they are plates for making copies of his musical work. The definition of "musical work" in section 2 requires *graphic* production or reproduction.⁵⁸⁸

⁵⁸⁴ 1 O.R. (2d) 426, 21 C.P.R. (2d) 266, 55 D.L.R. (3d) 362 (H.C. 1974).

⁵⁸⁵ However, in a companion action in the Federal Court, the defendant undertook not to import further copies until trial or other disposition of the action: *McClelland & Stewart Ltd. v. Coles Book Stores Ltd.*, 21 C.P.R. (2d) 270, 63 D.L.R. (3d) 752 (F.C. Trial D. 1974).

⁵⁸⁶ Andrew A. Keyes, Letter from Canada in COPYRIGHT, Sept. 1975, 190 at 196; Henderson, *Canadian Copyright Law in the Context of American-Canadian Relations*, 35 C.P.R. (2d) 67, at 80 (1977).

⁵⁸⁷ *Supra* note 514.

⁵⁸⁸ *Canusa Records Inc. v. Blue Crest Music, Inc.*, *supra* note 534 (F.C. App. D.). A similar point was made years ago by the U.S. Supreme Court in *White-Smith v. Apollo*, 209 U.S. 1 (1908).

Section 3(1)(d) of the Act provides that the definition of copyright includes the sole right to make any record. A case of considerable economic importance to record manufacturers is now on appeal to the Supreme Court of Canada. Such manufacturers, with a capacity to press records in quantity, are frequently approached by others who have made a recording on a master disc or tape and who wish to have the recording reproduced in quantity. The manufacturers have not made it a practice to inquire whether the persons who produced the master had the right to do so. The Federal Court of Appeal held that where the making of the master is an infringement so is the subsequent pressing of copies by the manufacturer.⁵⁸⁹

Section 19 of the Copyright Act provides that where the owner of copyright in a work has allowed it to be recorded, any person may make recordings of it on giving notice and payment of a royalty of two cents per playing surface. In *Ludlow Music Inc. v. Canint Music Corp.*⁵⁹⁰ the plaintiff claimed copyright in a song having both words and music, and had allowed the song to be recorded. The defendant asserted a right to the "compulsory licence" under section 19 to record the music, but with different lyrics. On a motion for interlocutory injunction Jackett P. took the view⁵⁹¹ that section 19 does not authorize the manufacture of records with lyrics that are substantially different from the original.

E. Remedies for Copyright Infringement

1. Preservation of Evidence

Plaintiffs in copyright actions must sometimes move quickly if allegedly infringing works are to be preserved as evidence. In Britain the courts have recently fashioned what has become known as the *Anton Pillar* order,⁵⁹² granted *in camera* and *ex parte*, and requiring the defendant to permit the plaintiff to enter the premises of the defendant to inspect and possibly remove stock and records, and to disclose the defendant's dealings with others.⁵⁹³ I am not aware of attempts to obtain this particular order in Canada, but similar remedies are available pursuant to both federal and provincial law. The French remedy of seizure before judgment is available in the Province of Quebec.⁵⁹⁴ In other jurisdictions it is possible

⁵⁸⁹ *Blue Crest Music, Inc. v. Compo Co.*, 30 C.P.R. (2d) 14, 14 N.R. 416 (F.C. App. D. 1976). (Arguments were heard before Supreme Court of Canada on Jan. 29-30, 1979).

⁵⁹⁰ *Supra* note 518.

⁵⁹¹ *Id.* at 125, 51 C.P.R. at 298-99, 62 D.L.R. (2d) at 216.

⁵⁹² *Anton Piller KG. v. Manufacturing Processes Ltd.*, [1976] R.P.C. 719, [1976] F.S.R. 129, [1976] 1 All E.R. 779 (C.A. 1975) (copyright infringement and disclosure of confidential information). A more recent example is *Ex parte Island Records Ltd.*, [1978] 1 Ch. 122, [1978] F.S.R. 505 (C.A.) ("bootleg" tapes of live performances).

⁵⁹³ As in *E.M.I. Ltd. v. Sarwar*, [1977] F.S.R. 146 (C.A. 1976) ("pirate" tapes of copyright recordings).

⁵⁹⁴ See, e.g., *Formules Municipales Ltée v. Imprimerie Formules Légales Provinciales Ltée*, 28 C.P.R. (2d) 259 (Que. C.S. 1976).

to obtain an order for detention or preservation of property that is the subject of an action.⁵⁹⁵ Under the Copyright Act, all infringing copies are, by section 21, deemed to be the property of the owner of the copyright, who "may take proceedings for the recovery of the possession thereof or in respect of the conversion thereof". Accordingly, seizure of infringing copies is a remedy that is available outside Quebec.⁵⁹⁶

In addition, sections 25 and 26 of the Copyright Act create certain criminal offences, and a search warrant may be issued under the Criminal Code⁵⁹⁷ to obtain evidence with respect to such possible offences.⁵⁹⁸

2. Scope of Injunctions

For a period of over ten years, in Quebec, performing right societies have succeeded in obtaining broad injunctive relief against infringers. Having established infringement of their performing right in one of the works in their repertoire, they have been awarded injunctions restraining the infringer from further infringement of the performing right in their entire repertoire of thousands of compositions.⁵⁹⁹ The Federal Court has declined to grant similar relief⁶⁰⁰ unless the plaintiff is able to show an extreme probability that the apprehended wrong (infringement of the rights in other works) will arise.

3. Delivery Up

In *Netupsky v. Dominion Bridge Co.*,⁶⁰¹ an order for delivery up of infringing copies of drawings was refused where no real benefit would accrue to the plaintiff and a hardship would be worked on the defendant. The plaintiff would have had no complaint about the use of the copies had they been unaltered from his originals. The alterations had been made to only a small portion of the drawings, and the copies, required for construction of a stadium, were not going to be sold.

⁵⁹⁵ *E.g.*, in Ontario: O.R.P. 372.

⁵⁹⁶ *Société pour l'Administration du Droit de Reproduction Mécanique des Auteurs, Compositeurs et Editeurs (S.D.R.M.) v. Trans World Record Corp.*, 17 C.P.R. (2d) 281 (F.C. Trial D. 1974), where the Federal Court had granted an *ex parte* order for seizure before judgment of records, matrices and tapes. A seizure order was refused in a similarly entitled case, 39 C.P.R. (2d) 66 (F.C. App. D. 1979).

⁵⁹⁷ R.S.C. 1970, c. C-34, s. 443.

⁵⁹⁸ *Re Adelphi Book Store Ltd.*, [1972] 6 W.W.R. 126, 7 C.P.R. (2d) 166 (Sask. C.A.). Many pirated tapes have been seized by the R.C.M.P. in raids made under the authority of these provisions. For a successful prosecution, *see R. v. Brooks*, 29 C.P.R. (2d) 77 (B.C. Ct. Ct. 1976).

⁵⁹⁹ The reported cases are cited in *BMI Canada Ltd. v. Der.*, [1976] 2 F.C. 387, at 395, 28 C.P.R. (2d) 209, at 215 (Trial D.). Similar relief was given in the Rhodesian case, *Performing Right Soc'y Ltd. v. Berman*, [1975] F.S.R. 400 (Rhodesia H.C. 1966). *See also A & M Records Inc. v. Audio Magnetics Inc. (U.K.)*, [1979] F.S.R. 1, at 6 (Ch. 1978).

⁶⁰⁰ *BMI Canada Ltd. v. Der.*, *supra* note 599.

⁶⁰¹ 61 C.P.R. 150, 9 D.L.R. (3d) 182 (B.C.C.A. 1969). On appeal, it was found that there had been no infringement: *supra* note 536.

4. Damages

(a) *Quantum*

In *Webb & Knapp (Canada) Ltd. v. City of Edmonton*⁶⁰² the Supreme Court of Canada noted that damages will not be awarded where there is uncertainty as to their cause, but where it is found that copyright has been infringed and damages have been suffered by the plaintiff, the Court will not be deterred by difficulties in assessment. Such difficulties are no ground for awarding nominal damages. Taking all the circumstances into account, the Court assessed the plaintiff's damage at \$50,000. The plaintiff had gambled over three times that amount in preparing plans which it had hoped the defendant would accept. The defendant was not obliged to accept the plans, but wrongfully copied them.

A successful plaintiff may be awarded damages both for infringement of copyright and for conversion. Separate wrongs are involved: damages for copyright infringement are compensation for invasion of an incorporeal right, whereas damages for conversion are for the value of tangible copies that, by section 21 of the Copyright Act, are deemed to be the property of the copyright owner. However, in *Netupsky v. Dominion Bridge Co.*⁶⁰³ the British Columbia Court of Appeal concluded that, in the circumstances of that case, to award damages both for conversion and for copyright infringement would be a duplication. The copies in question were drawings for a stadium. The court found that they were infringing copies and that there had been a "technical conversion", but the copies were of value only to the defendant and those engaged in constructing the stadium. But for the fact that certain changes had been made to the plaintiff's original drawings, the plaintiff would have had no complaint about the use of the copies. The plaintiff had been paid for the originals. The defendant was not going to sell the copies. An award of \$1,000 for copyright infringement was all that the plaintiff could recover.

(b) *The Innocent Defendant*

In *Global Upholstery Co. v. Galaxy Office Furniture Ltd.*⁶⁰⁴ the defendants in a copyright infringement suit relied on section 22 of the Copyright Act, which provides:

Where proceedings are taken in respect of the infringement of the copyright in any work and the defendant in his defence alleges that he was not aware of the existence of the copyright in the work, the plaintiff is not entitled to any remedy other than an injunction in respect of the infringement if the defendant proves that at the date of the infringement he was not aware, and had no reasonable ground for suspecting that copyright subsisted in the work; but if at the date of infringement the copyright in the work was duly registered under this Act, the defendant shall be deemed to have had reasonable ground for suspecting that copyright subsisted in the work.

⁶⁰² *Supra* note 535, at 600-01, 63 C.P.R. at 36-37, 11 D.L.R. (3d) at 556-57.

⁶⁰³ *Supra* note 601.

⁶⁰⁴ *Supra* note 440.

Defendants generally have had little success in overcoming the onus which section 22 puts upon them, and this case was no exception. The learned judge found⁶⁰⁵ that principals of the defendant companies (which companies were sued for copying photographs in the plaintiff's brochures) were aware that there was such a thing as copyright, and that competitors would not freely allow reproduction of material in their brochures. He relied on earlier authority⁶⁰⁶ that the proper attitude of mind of a copyist is to assume that copyright subsists in the work he is copying unless he has grounds for suspecting either that the period of copyright protection has run out, or that the work is of such a character that it ought not to be a subject of copyright, or that the work is a foreign work. The plaintiff was awarded an injunction, the delivery up of infringing copies and of the plates used for their production, its damages, an account of profits, and costs.

(c) *The Wilful Defendant*

In *MCA v. Gillberry*⁶⁰⁷ punitive and exemplary damages were awarded against an advertising agency which had arranged for a parody of the musical composition "Downtown" in disregard of what the agency ought to have known were the rights of the copyright owner. In *CAPAC v. Keet*⁶⁰⁸ exemplary damages were granted to a performing rights society which had had to sue the defendant four times in eighteen months. And in *T.J. Moore v. Accessoires du Bureau de Québec Inc.*⁶⁰⁹ the court awarded to a catalogue printer, whose work was copied by a competitor, an amount for loss of profit, plus general damages for the defendant's inexcusable act.

5. *The Limitation Period*

In *Warner Bros.-Seven Arts Inc. v. CESM-TV Ltd.*⁶¹⁰ the defendant relied on section 24 of the Act, which provides that an action for infringement of copyright "shall not be commenced after the expiration of three years next after the infringement". Cattanach J. noted⁶¹¹ that this does not preclude granting an injunction where past infringements are evidence of a threat to infringe in the future. As well, he applied the principle that a statute of limitations does not apply to a case where the defendant has wilfully concealed its wrongful activity and the plaintiff could not by the exercise of reasonable diligence have earlier discovered the infringement⁶¹².

⁶⁰⁵ *Id.* at 159-61.

⁶⁰⁶ *Gribble v. Manitoba Free Press Co.*, 40 Man R 42, [1931] 2 W W R 501, [1932] 1 D.L.R. 169 (C.A.).

⁶⁰⁷ *MCA Canada Ltd.-MCA Canada Ltée. v. Giberry & Hawke Advertising Agency Ltd.*, 28 C.P.R. (2d) 52 (F.C. Trial D. 1976).

⁶⁰⁸ *Composers, Authors and Publishers Ass'n of Canada v. Keet*, 1 C P R (2d) 283 (Que. C.S. 1971).

⁶⁰⁹ 14 C.P.R. (2d) 113 (F.C. Trial D. 1973).

⁶¹⁰ *Supra* note 546.

⁶¹¹ *Id.* at 228.

⁶¹² *Id.* at 244-47.

VIII. THE FUTURE

Housekeeping amendments to the industrial property statutes have for too long been neglected. The philosophy in the Department of Consumer and Corporate Affairs has for several years appeared to be that these statutes should be instruments of economic policy, and that current problems that do not affect the Department may await a magnificent overhaul of each statute. The difficulty with a magnificent overhaul is that there are too many matters considered at once, resulting in defective legislation that shortly reveals the need for more housekeeping.

There are indications that the Department is, in relation to patents, drafting legislation which, like the new British Patents Act,⁶¹³ will contain much that is borrowed from the recent European Patent Convention.⁶¹⁴ If this occurs, it will be interesting to see what modifications are thought necessary to obtain a peculiarly Canadian economic thrust. At any rate, if a measure of legislative uniformity is introduced, it will be incumbent upon Canadian practitioners to follow closely the decisions not only of the English courts but also of courts in other European jurisdictions.

⁶¹³ Patents Act 1977, U.K. 1977, c. 37.

⁶¹⁴ Reproduced in several recent books, including T. BLANCO WHITE, [Release 1: 1-i-78, 1977 Transfer Binder] *ENCYCLOPEDIA OF U.K. & EUROPEAN PATENT LAW*.