

28th Intellectual Property Law: The Year in Review

CO-CHAIRS

Monique Couture

Gowling WLG (Canada) LLP (Ottawa Office)

Andrew Currier, CEO

PCK Intellectual Property Lawyers LLP

Jessica Zagar

Cassels Brock & Blackwell LLP

January 22, 2024



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Law Society of Ontario

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28th Intellectual Property Law: The Year in Review



CO-CHAIRS: **Monique Couture**, *Gowling WLG (Canada) LLP (Ottawa Office)*

Andrew Currier, CEO, *PCK Intellectual Property Lawyers LLP*

Jessica Zagar, *Cassels Brock & Blackwell LLP*

January 22, 2024

9:00 a.m. to 4:30 p.m.

Total CPD Hours = 4 h 30 m Substantive + 1 h 30 m Professionalism ^P + 30 m EDI Professionalism ^E

**Donald Lamont Learning Centre
Law Society of Ontario
130 Queen St. W.
Toronto, ON**

SKU CLE24-00103

Agenda

9:00 a.m. – 9:05 a.m.

Welcome

Monique Couture, Gowling WLG (Canada) LLP (Ottawa Office)

Andrew Currier, CEO, PCK Intellectual Property

Jessica Zagar, *Cassels Brock & Blackwell LLP*

9:05 a.m. – 9:55 a.m.

Patent Update

James Hinton, *Own Innovation*

Fiona Legere, *McCarthy Tétrault LLP*

9:55 a.m. – 10:05 a.m.

Question and Answer Session

10:05 a.m. – 10:40 a.m.

CPATA Overview: Regulation, Jurisdiction, and Implications for Your Practice (30 m )

Paula Clancy, C.S., *Gowling WLG (Canada) LLP (Ottawa Office)*

Jordan Furlong, *Law 21*

Juda Strawczynski, CEO and Registrar, *College of Patent Agents & Trademark Agents*

10:40 a.m. – 10:45 a.m.

Question and Answer Session

10:45 a.m. – 11:05 a.m.

Break

11:05 a.m. – 11:55 a.m.

Trademark Update

May Cheng, C.S., *Dipchand LLP*

Philip Lapin, *Smart & Biggar LLP (Ottawa Office)*

11:55 a.m. – 12:05 p.m.

Question and Answer Session

12:05 p.m. – 1:05 p.m.

Lunch Break

1:05 p.m. – 1:40 p.m.

**Views from the Bench: Best Practices for Appearing
Before the Federal Court on an IP Matter (30 m **P**)**

Associate Judge John Cotter, *Federal Court of Canada*

The Honourable Justice Angela Furlanetto, *Federal Court of
Canada*

The Honourable Justice Ekaterina Tsimberis, *Federal Court
of Canada*

1:40 p.m. – 1:45 p.m.

Question and Answer Session

1:45 p.m. – 2:35 p.m.

Copyright Update

Barry Fong, *Osler, Hoskin & Harcourt LLP (Ottawa Office)*

Catherine Lovrics, *Marks & Clerk Canada*

2:35 p.m. – 2:45 p.m.

Question and Answer Session

2:45 p.m. – 3:20 p.m.

Indigenous IP Perspectives (30 m **e)**

Adam Williamson, *Assembly of First Nations*

Stuart Wuttke, *Assembly of First Nations*

3:20 p.m. – 3:25 p.m.

Question and Answer Session

3:25 p.m. – 3:45 p.m.

Break

3:45 p.m. – 4:20 p.m.

AI in an IP Legal Practice (30 m **P)**

Abdi Aidid, Assistant Professor, Faculty of Law
University of Toronto

Stephanie Curcio, *NLPatent*

Eric Mayzel, *Cassels Brock & Blackwell LLP*

4:20 p.m. – 4:25 p.m. Question and Answer Session

4:25 p.m. – 4:30 p.m. Closing Remarks

4:30 p.m. Program Ends



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28th Intellectual Property Law: The Year in Review

January 22, 2024

SKU CLE24-00103

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Abdi Aidid, Assistant Professor, Faculty of Law
University of Toronto

Eric Mayzel, *Cassels Brock & Blackwell LLP*

Stephanie Curcio, *NLPatent*



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TAB 1A

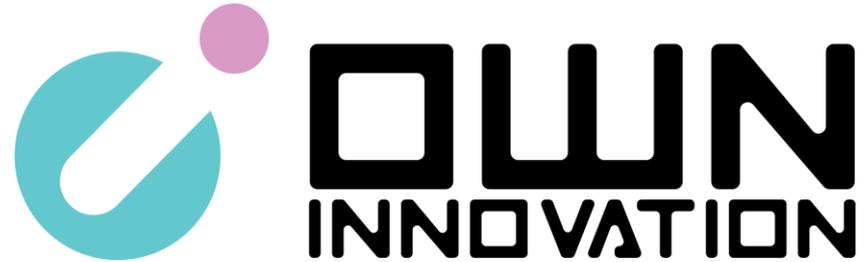
28th Intellectual Property Law: The Year in Review

Canada's Innovation Strategy
Computer Implemented Inventions and
New Office Practice (PowerPoint)

James Hinton
Own Innovation

January 22, 2024



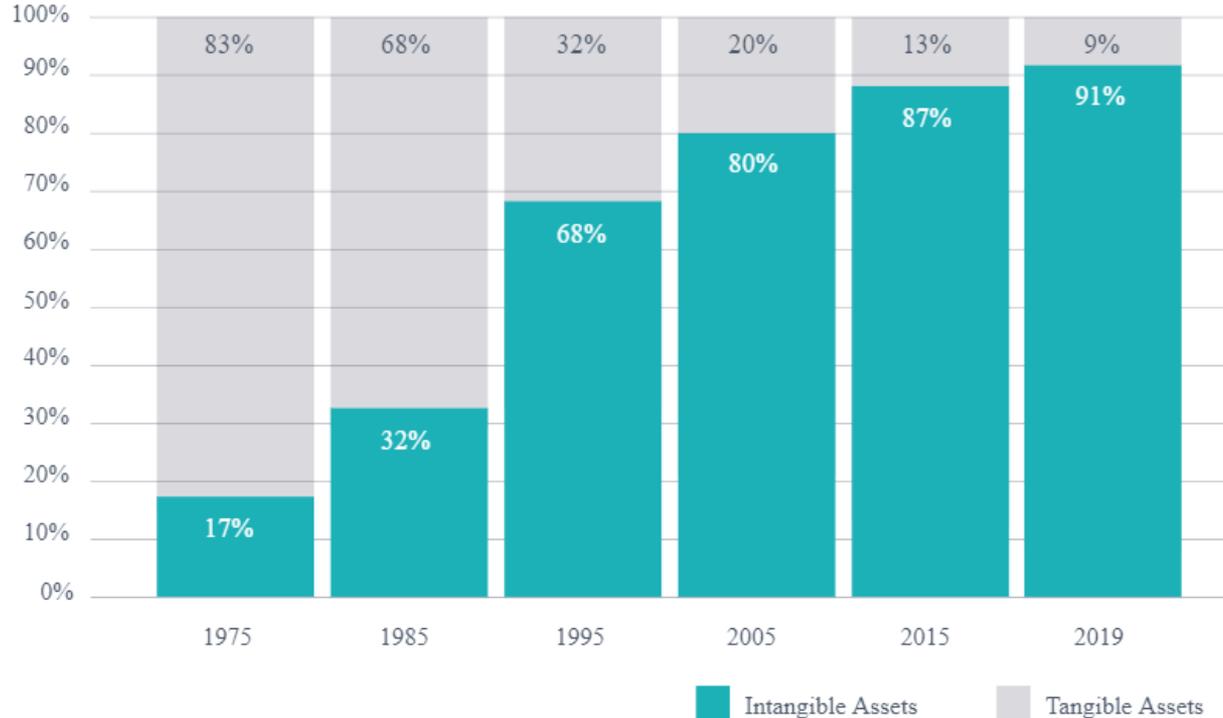


Canada's Innovation Strategy
Computer Implemented Inventions and New Office Practice

IP: Canada's Economic Prosperity

IP and Data

The Most Valuable Corporate Assets Today

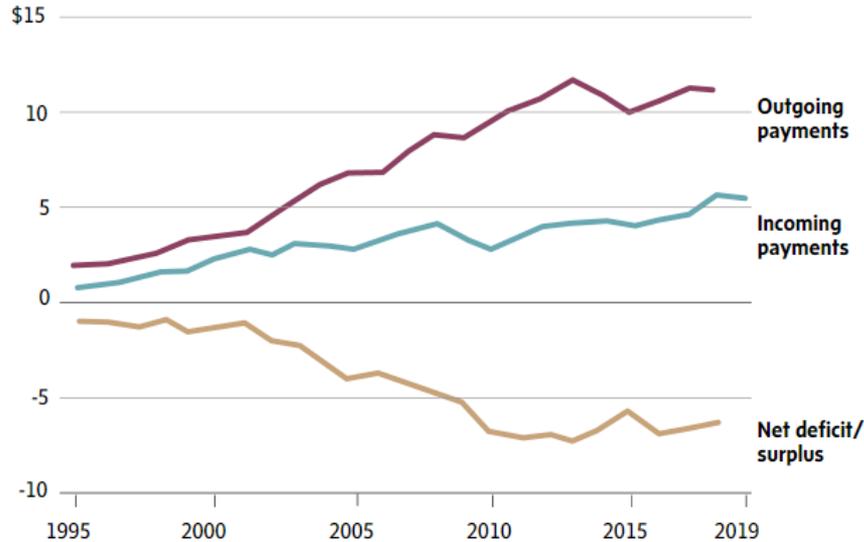


Canada's IP Ownership Or Lack Thereof

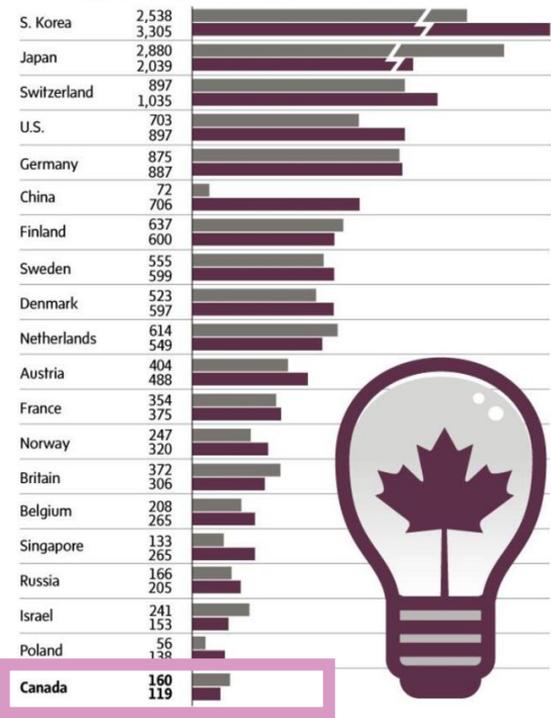
Canada owns almost no IP, and it costs us!

CANADA'S IP TRADE DEFICIT

In billions of dollars



Patent applications per million population

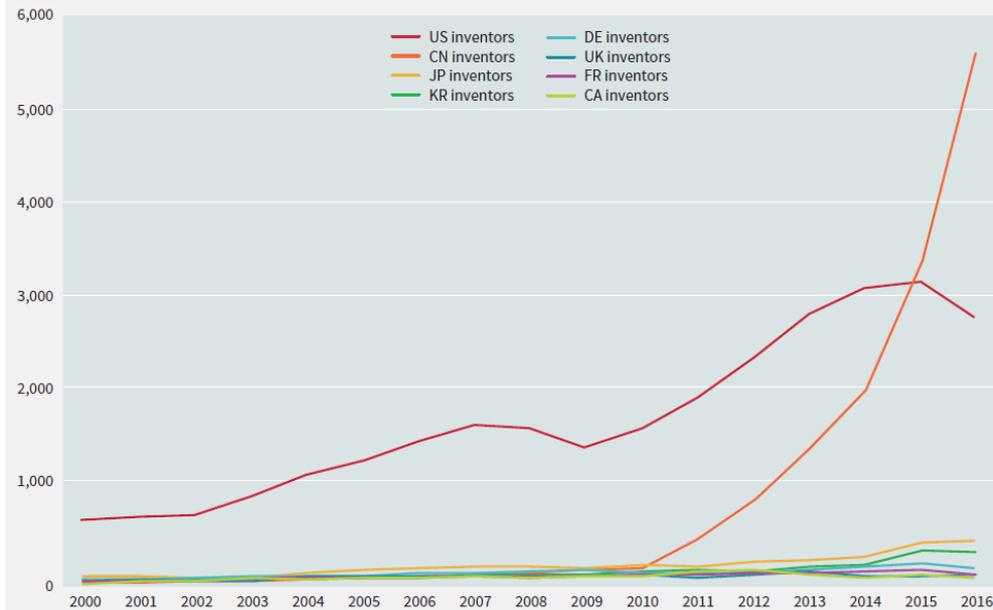


IP Ownership Trends

Canada vs. Other Nations

WHILE OTHERS ARE INCREASING IP OWNERSHIP

FIGURE 4. AI-related patent volume by inventor nationality



Source: Northworks IP

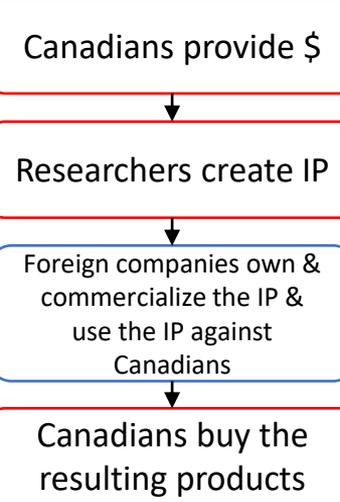
CANADA IS GIVING AWAY AI IP

Vector/Mila/Amii IP

75% foreign owned

7% Canadian owned

18% academic owned

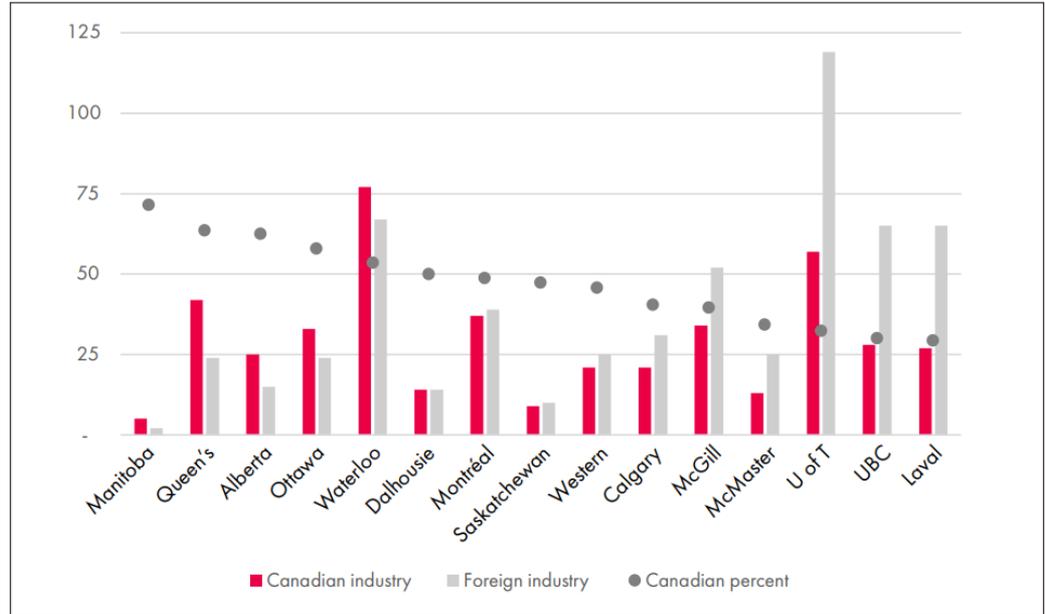


Public Funding

Who Benefits?

Canada's Publicly funded research doesn't benefit Canada

Figure 9: Industry Ownership Type by University



Source: Ibid.

Note: The descending line of grey bullets captures the percent of Canadian IP ownership of each of the U15 universities

Universities' Failing Grade

Class average: 47 percent

Honours (Grade A): These universities excel by providing significant FTO for Canadian innovators through a high percentage of Canadian-owned IP.

→ No universities scored this grade.

Pass (Grade B, C, D): These universities provide some or little FTO for Canadian innovators through a moderate percentage of Canadian-owned IP.

1. University of Manitoba: B (71%)
2. Queen's University: C (64%)
3. University of Alberta: C (63%)
4. University of Ottawa: C (58%)
5. University of Waterloo: D (53%)
6. Dalhousie University: D (50%)

Fail (Grade F): These universities provide a net negative impact on Canadian innovators' FTO because they generate more IP that is or becomes foreign owned.

7. Université de Montréal: F (49%)
8. University of Saskatchewan: F (47%)
9. Western University: F (46%)
10. University of Calgary: F (40%)
11. McGill University: F (40%)
12. McMaster University: F (34%)
13. University of Toronto: F (32%)
14. University of British Columbia: F (30%)
15. Université Laval: F (29%)

IP Resources for Canadians

National IP Strategy

Addressing the Problem

THE GLOBE AND MAIL BUSINESS COMMENTARY

OPINION

Canada's new IP collective is a win for Canada's scaling companies

DANA O'BORN
CONTRIBUTED TO THE GLOBE AND MAIL
PUBLISHED SEPTEMBER 1, 2019

THE GLOBE AND MAIL BUSINESS COMMENTARY

MEMBER BENEFITS

OPINION

Why Canada should adopt a national IP strategy

JAMES HINTON AND WARREN CLARKE
CONTRIBUTED TO THE GLOBE AND MAIL
PUBLISHED JULY 23, 2016
UPDATED MAY 16, 2018

OPINION

Canada needs an innovative intellectual property strategy

JAMES HINTON AND PETER COWAN
CONTRIBUTED TO THE GLOBE AND MAIL
PUBLISHED MAY 10, 2017

CANADIAN STARTUP NEWS & TECH INNOVATION

BY ISABELLE KIRKWOOD / CANADIAN STARTUP NEWS / JULY 17, 2020

ONTARIO TO CREATE IP COMMERCIALIZATION FRAMEWORK WITH PROVINCIAL INNOVATION HUBS

Quebec offers path forward on tech transfers, commercialization

By NATALIE RAFFOUL AND DAN HERMAN / AUGUST 26, 2020

Canadian IP Resources

Support is Available



Canadian Intellectual Property Office (CIPO)

- Early-stage outreach
- Online resources
- Contact: [https://ised-isde-canada.ca/site/canadian-intellectual-property-office/en](https://ised-isde.canada.ca/site/canadian-intellectual-property-office/en)



Education, tools, and resources

Clean technology

Benefits of IP for clean-tech businesses, expediting your application, webinars, federal programs for clean-tech projects

Data and research

Economic analysis, IP analytics reports, IP data sets, IP research and data conferences, international IP data resources

IP Academy

Online learning modules, IP strategy tool and registration for seminars and webinars

Manage your IP

Build your IP strategy, protect your IP in Canada and abroad, take your ideas to market

Canadian IP Voices Podcast

Interviews with IP experts on how IP works in real life

IP Hub

How to identify, develop and protect your ideas around the world



Law Clinics

Osgoode and Western

- Early-stage resources
- Pro Bono offerings
- IP Osgoode
 - Contact: <https://www.iposgoode.ca/innovation-clinic/about/>
- Western IP Law Clinic
 - Contact: https://law.uwo.ca/legal_clinics/wipilc/index.html



Western Intellectual Property & Innovation Legal Clinic

Our Mission

WIPILC has a two-fold mission to fulfill Canada's needs to increase IP awareness among postsecondary students and to contribute to the development of a sustainable innovation ecosystem in Canada. We aim to:

EDUCATE THE NEXT GENERATION OF IP
PRACTITIONERS

IMPROVE IP SAVVINESS & ACCESS TO IP LEGAL
INFORMATION



The Innovation Asset Collective (IAC)

- For Clean technology companies
- IP funding
- IP education
- IP portfolio
- IP insurance



WHY NOW WHO WE ARE ▾ WHAT WE DO ▾ IAC EVENTS IAC MEMBERSHIP ▾ WHAT'S NEW AT IAC ▾

IAC is revolutionizing the IP ecosystem, helping Canadian companies leverage IP Strategy to compete and scale

- Contact: <https://www.ipcollective.ca>

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NRC IRAP

IP Assist

- For IP Strategy
- Contact: <https://nrc.canada.ca/en/support-technology-innovation/nrc-irap-support-intellectual-property>



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Canada.ca > [National Research Council Canada](https://NationalResearchCouncilCanada) > [Support for technology innovation](https://Supportfortechnologyinnovation)

NRC IRAP support for intellectual property

The National Research Council of Canada Industrial Research Assistance Program (NRC IRAP) provides comprehensive advisory services as well as funding to help accelerate the growth of Canadian small and medium-sized businesses. We have expanded our advisory service offering by adding a new program, **IP Assist**, to help innovative Canadian businesses make the very most of their innovations.



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Sign up to be the first to know when the program launches.

Patentable Subject Matter

Computer Implemented Invention PSM

Goodbye Benjamin Moore (BM) Test

- The BM Test:
 - a framework clarifying the PSM test for computer implemented inventions
 - provided by IPIC an intervener in the case and adopted by the Federal Court in 2022.
- On Appeal:
 - **At issue was whether the FC was correct in directing a test particularly one that required PSM to be assessed prior to novelty and inventiveness.**
 - the BM test may go beyond “directing CIPO on the proper procedure for claims construction and identifying patentable subject matter” (para. 20)
 - The parties agreed “that the [patentability] decisions should be remitted to CIPO for redetermination in accordance with *Chouiefaty* because the Commissioner had not properly applied the principles of purposive construction to determine the essential elements of the claims.” (para. 22)

Judgement: Appeal Allowed. Paragraph 3 (the BM test) quashed.

Expressly, **NO** replacement test provided.

Computer Implemented Invention PSM

What Now?

- Wait and See: CIPO needs to develop a new approach in response to the admission that the patentability determinations of the BM patents under the Nov. 3rd 2020 PN2020-04 were not in accordance with *ChouEIFaty*.
- The FCA decision opines (in obiter) that the case law supports **considering** novelty/inventiveness in assessing PSM. (paras. 69-70)
 - The court notably stops short of a **requirement** that PSM elements be novel/inventive either independently or in combination with other elements.
- **Next Steps:** “the panel urged the Commissioner to cooperate with IPIC so as to properly bring the issues that remain to be determined by Canadian courts, by issuing the decision that applies the appropriate purposive claim construction approach and provides reasons that fully engage with these remaining issues.” (para. 96)

Patent Office Practice

Practice Changes

Navigating the New Rules?

- Request for Continued Examination (RCE) After Third OA:
 - The Good: A more condensed process (we hope) and shifts the cost/benefit decision from CIPO to the Applicant.
 - The Bad: \$1,110/\$450 fee (standard/small entity).
 - Equivalent to the initial examination request fee (without excess claim fees).
 - **Mitigation by Voluntary Amendment:**
 - There has been an increasing trend for the first office to either rely on or restate foreign examination such as an international search report (ISR)/International Preliminary Report on Patentability (IPRP).
 - Consider a voluntary amendment, with remarks if possible, directed to the foreign examination.
- Excess Claim Fees (\$110/\$55 per claim): Something to be considered, not feared.

Practice Changes

Navigating the New Rules?

- **Additional 2024 Fee Increases:** 25% increase in addition to the typical annual fee adjustment over 2023.
 - Example: standard application fee \$421.02 → \$555
 - Example Exceptions: late fee, small entity fees
 - Source: <https://ised-isde.canada.ca/site/canadian-intellectual-property-office/en/what-you-need-know-about-changes-cipos-fees>

Discussion

Jim@owninnovation.ca



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TAB 1B

27th Intellectual Property Law: The Year in Review

Patent Litigation Update (PowerPoint)

Patent Litigation Update

Fiona Legere

McCarthy Tétrault LLP

January 22, 2024



28th Intellectual Property Law: The Year in Review

Patent Litigation Update

Fiona Legere, *McCarthy Tétrault LLP*

Five Important Decisions in 2023

1. *Apotex Inc. v. Janssen*, 2023 FCA 220 (OPSUMIT®/macitentan)
2. *Teva Canada v. Janssen*, 2023 FCA 68 (INVEGA SUSTENNA®/paliperidone)
3. *AbbVie v. Jamp Pharma Corporation*, 2023 FC 1520 (HUMIRA®/adalimumab)
4. *GreenBlue Urban North America v. DeepRoot Green Infrastructure*, 2023 FCA 184
5. *NCS v. Kobold*, 2023 FC 1486

***Apotex Inc. v. Janssen Inc.*, 2023 FCA 220 (Locke J.A.) (OPSUMIT®/macitentan)**

What is sufficient “influence” for 2nd prong of inducement test?

- Apotex appealed a finding that its generic version of OPSUMIT® would induce infringement of Janssen’s patent
- Patent related to a combo of macitentan and a PDE5 inhibitor to treat vasoconstrictive diseases
- Apotex’s sought approval for Apo-Macitentan as a monotherapy
- Apotex acknowledged that Apo-Macitentan would be prescribed for the patented combination treatment, but argued that this would not result from its influence because the product monograph did not refer to a combination
- The FCA did not agree, and provided the following guidance:

“The weakness of Apotex’s position in this regard is that it assumes that an absence of explicit instruction and of intention that direct infringement should result equals an absence of influence sufficient to satisfy the second prong. That is not necessarily the case. While explicit instruction and intention may be relevant to the issue of influence, I do not accept that either is required. Even without explicit reference to combination treatment, the Federal Court was entitled to find that the Apo-Macitentan PM could influence the use of macitentan in that way.”

***Teva Canada Limited v. Janssen Inc.*, 2023 FCA 68 (INVEGA SUSTENNA®/paliperidone)**

Role of product monograph in 2nd prong of the inducement test

- The FCA overturned a non-infringement finding that applied an “unduly onerous” requirement for inducement
 - The FC found that Teva’s product monograph did not influence physicians to prescribe the claimed dose to the point that, absent the dosing information, infringement would not occur:

“... the selection of maintenance doses would ultimately be made by physicians based on various factors beyond what was set out in the Teva [Product Monograph].”

- The FC erred by focusing on the skill and judgment of physicians instead of influence by Teva:

“It matters not that physicians use their own skill and judgment in dispensing the drug, nor that they must make an active choice to perform the infringing use, as physicians invariably exercise similar skill and judgment whenever a drug is prescribed to a patient.”

- The “but for” element can be established by the content of the generic/biosimilar product monograph:

“[I]nclusion as one of the recommended uses within the PM for the drug of the alleged infringing use, among others, has been found to be sufficient to constitute the requisite encouragement to satisfy the second prong of the test for inducement.”

***AbbVie Corp. v. Jamp Pharma Corporation*, 2023 FC 1520 (HUMIRA®/adalimumab)**

No permanent injunction for public policy reasons

- Following trial, the Court found AbbVie’s 458 Patent was valid and infringed by Jamp’s biosimilar product
- However, the Court declined to grant an injunction
- Jamp had argued against an injunction, alleging that:
 - AbbVie did not market the patented formulation in Canada, and
 - An injunction would deprive patients of the only 80 mg/0.8 mL formulation available in Canada
- The Court found this to be “one of those rare cases” where an injunction is not warranted for public interest reasons:

“[f]orcing SIMLANDI patients to switch to another biosimilar, given it is the only 80 mg/0.8 mL formulation in Canada, is not in the public interest”, and concluded that “it is preferable to compensate AbbVie rather than take SIMLANDI off the market.”

GreenBlue Urban North America Inc. v. DeepRoot Green Infrastructure, LLC, 2023 FCA 184

When can overhead costs be deducted in an accounting of profits?

- DeepRoot’s patents were valid and infringed by GreenBlue’s RootSpace structural cell system
- The FC found that that GreenBlue did not profit from its sales of the infringing RootSpace system
- On appeal, DeepRoot argued that the FC erred by deducting overhead costs not causally connected to infringement
- GreenBlue admitted that certain deducted costs had no causal connection to the infringing sales
- The FCA confirmed that proof of a causal connection between the costs claimed and the infringement is required:
 - Deducting overhead costs *“requires a factual foundation to establish the requisite causal connection”* to the revenue earned by infringement.
 - The FC erred in accepting GreenBlue’s costs figures *“without appreciating and analyzing whether and how the overhead costs claimed were causally connected to the infringing sales”*.
- The FCA remitted the accounting of profits back to the FC for redetermination

NCS v. Kobold, 2023 FC 1486

Role of the common general knowledge

- A complex patent infringement action relating to tools and sleeves used in oil drilling
- The FC provided clarity on the role of the common general knowledge (“CGK”):
 - **Claim construction:** CGK is incorporated throughout a patent, and is imperative to the construction analysis
 - **Ambiguity:** CGK may bring clarity to an otherwise ambiguous claim
 - **Inoperability:** CGK cannot save an inoperable claim
 - **Overbreadth:** CGK cannot save a claim that is missing an essential element

“It is important to consider the role of CGK. By necessity, the CGK will inherently be incorporated throughout a patent, making its description imperative to the construction analysis. As in the Burton Parsons case, an allegedly ambiguous claim to use salts in a product was not ambiguous because a POSITA would know from the CGK to not use toxic salts. However, if some component within the CGK is considered an essential element, or necessary for the claim to function, it cannot simply be “read in” no differently than an essential element in a legal test cannot simply be imported from the general knowledge because a party suggested “everyone knows it.” Claims that might otherwise be ambiguous can be rescued by the CGK, but the CGK cannot rescue a component of a claim that is missing entirely.”

NCS v. Kobold, 2023 FC 1486

Double Patenting: forced vs. voluntary divisional patents

- NCS argued that its patent was a forced divisional and therefore could not be found invalid for double patenting
- During prosecution, the Examiner objected to claims in NCS' application as being directed to separate inventions
- Ultimately, the Court did not determine this issue
- In *obiter*, the Court observed that it was unclear whether NCS divided because of the Examiner's objection
- A “forced divisional” arises “where an inventor can trace the origin of the divisional back to a direction of the Commissioner”, and provides a defence to double patenting attacks:

“Where an inventor can trace the origin of the divisional back to a direction of the Commissioner, it will be immune from double patenting attacks. However, where a voluntary divisional has been made by the applicant, at their cores the divisionals must disclose different inventions to avoid double patenting attacks. An applicant should not be penalized for electing for a divisional, but such an election should not be a mere attempt to secure the claims and take advantage of the earlier priority date of the parent patent.”

NCS v. Kobold, 2023 FC 1486

Other noteworthy aspects of the Federal Court's decision

- **Validity of unasserted claims:** appropriate to assert invalidity of non-asserted claims.
- **Patents invalid for ambiguity:** claims “incapable of being meaningfully interpreted”.
- **Elevated lump sum costs (45% of actual fees) awarded to sanction litigation conduct:**

“It is fit to depart from the norm and award elevated lump sum costs in cases that are long or complex, with sophisticated commercial parties, considering restraint (or lack thereof) by parties in drafting multiple issues against one or more parties, and weighing the conduct of the parties. If a combination of these and other relevant factors are considered and a Judge determines that a departure from the norm is warranted, the acceptable range should be 25% to 50% with an analysis starting at a mid-point between them.”

OTHER NOTEWORTHY DECISIONS OF 2023

Summary Trial & Summary Judgment

— *Noco Company, Inc. v. Guangzhou Unique Electronics Co., Ltd.*, 2023 FC 208

*“Procedural steps leading to trial, including documentary and oral discoveries, may also serve to streamline a case, narrow the issues for trial, and promote settlement. The evidence on this motion demonstrates that there are serious issues with respect to the underlying factual basis for deciding infringement, including whether the T8 Pro is representative of CC-209 Products. **In my view, allowing the discovery process to unfold is a more proportionate and efficient way to address these issues, particularly under case management”***

— *Meridian Manufacturing Inc. v. Concept Industries Ltd.*, 2023 FC 20

*“There is a genuine issue before the Court as to whether the 430 Patent is valid or not. Concept says that the 430 Patent is not new or an advancement. This defence turns on the factual finding of whether the JTL Hopper precedes the 430 Patent. The stickers of 2017 and the evidence provided by Concept is insufficient to definitively determine that the JTL Hopper was publicly available prior to the filing of the 430 Patent. **There is a significant factual dispute between the parties with respect to the date that the JTL Hopper was publicly available. The resolution of this disagreement will likely turn on the credibility of the various witnesses. Therefore, it is inappropriate to determine the issue of validity of the 430 Patent on a motion for summary judgment”***

OTHER NOTEWORTHY DECISIONS OF 2023

PM(NOC) Patent Litigation & Practice

- *Janssen Inc. v. Apotex Inc.*, 2023 FCA 253 (INVEGA SUSTENNA®/ paliperidone palmitate)
- *AbbVie Corp. v. Jamp Pharma Corporation*, 2023 FC 1520 (HUMIRA®/adalimumab)
- *Sandoz Canada Inc. v. Janssen Inc.*, 2023 FCA 221 (OPSUMIT®/macitentan)
- *Takeda Canada Inc. v. Apotex Inc.*, 2023 FC 63 (DIXILANT®/dexlansoprazole)
- *Gilead Sciences, Inc. v. Jamp Pharma Corporation*, 2023 FC 1141 (VEMLIDY®/tenofovir alafenamide, hemifumarate)
- *Janssen Inc v Canada Health*, 2023 FCA 229 (STELARA®/ustekinumab)
- *Boehringer Ingelheim (Canada) Ltd. v. Sandoz Canada Inc.*, 2023 FC 241 (JIARDIANCE®/empagliflozin)
- *Bayer Inc. v. BGP Pharma ULC (Viatrix Canada)*, 2023 FC 1325 (EYLEA®/ aflibercept)
- *Canada (Attorney General) v. Catalyst Pharmaceuticals, Inc.*, 2023 FCA 3
 - (RUZURGI/® amifampridine)
 - (FIDAPSE®/ amifampridine phosphate)

OTHER NOTEWORTHY DECISIONS OF 2023

Patent Litigation & Practice

—*dTechs EPM Ltd. v. British Columbia Hydro and Power Authority*, 2023 FCA 115

“I agree with the appellant that there are, however, limits to the involvement of counsel. The Court must ultimately be presented with the substantive and objective opinion of the expert. [...] I know of no cases where an expert report was excluded in a patent case on the sole ground that the first draft of said report was penned by counsel after meetings with the expert to discuss their opinions in detail. While counsel may make mistakes and overstep the bounds of what is permissible involvement, this will normally be revealed on cross-examination at trial, and will be considered by trial courts in assessing the evidence.”

OTHER NOTEWORTHY DECISIONS OF 2023

Remedies

—*Fromfroid S.A. v. 1048547 Ontario Inc.*, 2023 FC 925

“... This conduct was clearly deliberate and motivated by the desire to obtain patented technology at low cost. It lasted over three years, from the initial dealings with Frimasco until the patent expired. Above all, Skotidakis sought to conceal its conduct and mislead this Court.”

—*Angelcare Canada Inc v Munchkin Inc.*, 2023 FC 1111

“All things considered, I am of the view that ITL should be allowed the right to elect an accounting of profits. None of the factors or “bars” to be considered in exercising the discretion to allow the remedy of accounting of profits preclude this option. As a result, if the Defendants do elect an accounting of profits after discovery of the Plaintiffs, the burden will be on the Plaintiffs to establish which portion of its profits was not made as a result of the infringement of the Defendants’ rights.”

OTHER NOTEWORTHY DECISIONS OF 2023

Costs

—*AbbVie Corp. v. JAMP Pharma Corporation*, 2023 (unreported decision in T-559-21/T-560-21)

“After reviewing the actual costs provided by JAMP, the bill of costs and the marked-up bill of costs, I am reducing the legal costs to a rounded figure of \$600,000. This amount reflects some duplicated litigation efforts concerning the remaining patents. I will award 27% of actual legal fees, plus disbursements, which falls at the low end of the percentage endorsed by the Federal Court of Appeal...”

“I have made the award at the lower end of the spectrum because this Court encourages parties to narrow the issues, even at the last minute. In this particular instance, JAMP was disadvantaged. JAMP had no knowledge or indication of whether AbbVie would go ahead with the other patents. As a result, JAMP expended resources on defending patent actions that did not proceed. Similarly, AbbVie faced a similar but to a lesser extent predicament when JAMP narrowed the issues at a later stage of the proceedings. When such conduct occurs, there are cost consequences. However, this will not rise to a level that is punitive or which deters parties from narrowing the issues. Rather, it will encourage parties to act as soon as possible, and provide greater notice.”

28TH ANNUAL INTELLECTUAL PROPERTY YEAR IN REVIEW

PATENT LITIGATION UPDATE

Fiona Legere (*McCarthy Tétrault LLP*)

A. Key Takeaways from Five Important Decisions in 2023:

1. What is sufficient “influence” for 2nd prong of inducement test: *Apotex Inc. v. Janssen Inc.*, [2023 FCA 220](#) (Locke J.A.) (OPSUMIT®/macitentan)

Apotex appealed the Federal Court’s trial decision, finding that Apo-Macitentan would infringe Janssen’s 770 Patent.¹ The issue of inducing infringement was central to the appeal.² Janssen’s patent related to the treatment of vasoconstrictive diseases (such as pulmonary arterial hypertension or “PAH”) by a combination of macitentan and a PDE5 inhibitor, whereas Apotex did not intend to sell the combination, but macitentan alone.³ Apotex argued that it would not take part in the ultimate act of direct infringement by use of the patented combination.⁴

Though Apotex acknowledged that Apo-Macitentan would be prescribed for the patented combination treatment, it argued that such a use would not be as a result of its influence because the product monograph for Apo-Macitentan contained no references to combination treatment.⁵ It argued that the Federal Court erred in finding that the Apo-Macitentan product monograph could be the source of influence because the monograph does not mention or suggest the use of macitentan in combination with other drugs.⁶ The Federal Court of Appeal did not agree.

As the Court of Appeal determined, Apotex was seeking marketing approval based on the previous approval granted to Janssen for OPSUMIT® (to use macitentan to treat certain classes of PAH), which is the same indication as contemplated in the patent.⁷ Though the OPSUMIT® product monograph intends for OPSUMIT® to be used in combination treatment with a PDE5 inhibitor, Apotex argued that its product monograph omits references to combination treatment.⁸

The Court of Appeal found that the Federal Court was entitled to draw the inference that Apotex knew or should have known that its product monograph would influence physicians’ prescribing practices based on the evidence that was before the Court:⁹ “*Clearly, Apotex was aware of the content of the Apo-Macitentan PM*” and it was “*open to the Federal Court to conclude that Apotex knew or should have known that the Apo-Macitentan PM would influence physicians’ prescribing decisions.*”¹⁰ The Court provided the following guidance with respect to the “influence” required at the second prong of the inducement test:

¹ Canadian Patent No. 2,659,770 (“770 Patent”).

² *Apotex Inc. v. Janssen Inc.*, 2023 FCA 220 at [para. 3](#).

³ *Apotex Inc. v. Janssen Inc.*, 2023 FCA 220 at [para. 3](#).

⁴ *Apotex Inc. v. Janssen Inc.*, 2023 FCA 220 at [para. 3](#).

⁵ *Apotex Inc. v. Janssen Inc.*, 2023 FCA 220 at [para. 11](#).

⁶ *Apotex Inc. v. Janssen Inc.*, 2023 FCA 220 at [para. 16](#).

⁷ *Apotex Inc. v. Janssen Inc.*, 2023 FCA 220 at [para. 14](#).

⁸ *Apotex Inc. v. Janssen Inc.*, 2023 FCA 220 at [paras. 11, 14](#).

⁹ *Apotex Inc. v. Janssen Inc.*, 2023 FCA 220 at [paras. 21, 24](#).

¹⁰ *Apotex Inc. v. Janssen Inc.*, 2023 FCA 220 at [para. 24](#).

“The weakness of Apotex’s position in this regard is that it assumes that an absence of explicit instruction and of intention that direct infringement should result equals an absence of influence sufficient to satisfy the second prong. That is not necessarily the case. While explicit instruction and intention may be relevant to the issue of influence, I do not accept that either is required. Even without explicit reference to combination treatment, the Federal Court was entitled to find that the Apo-Macitentan PM could influence the use of macitentan in that way.”¹¹

2. What is the role of the product monograph in the 2nd prong of the inducement test: *Teva Canada Limited v. Janssen Inc.*, [2023 FCA 68](#) (Stratas J.A., Gleason J.A., Woods J.A.) (INVEGA SUSTENNA®/paliperidone)

In *Teva Canada Limited v. Janssen Inc.*, the Federal Court of Appeal overturned a trial judge’s infringement finding, and provided guidance on the role of the product monograph when assessing the 2nd prong of the inducement test.¹²

Many inducement cases (including this one) turn on the application of prong two¹³, which is known as the “but for” element of the test. At trial, the Federal Court held Teva would not induce the infringement of certain claims that generally covered a particular maintenance dose of the medication because the “but for” requirement of the inducement test had not been met. The trial judge found that the plaintiff had not established that Teva’s Product Monograph “*influences physicians to prescribe the claimed maintenance doses to the point that, absent the dosing information in the Teva [Product Monograph], direct infringement would not occur.*”¹⁴ The Federal Court rationalized this finding because “it found that the selection of maintenance doses would ultimately be made by physicians based on various factors beyond what was set out in the Teva [Product Monograph].”¹⁵

The Federal Court of Appeal reversed the trial judge’s holding, finding the lower court’s error led the court to apply “an unduly onerous requirement at the second prong of the analysis for inducement and to incorrectly focus only on the skill and judgement of prescribing physicians to the exclusion of the role played by Teva in inducing infringement of the use claims in suit”.¹⁶

Contrary to the trial judge’s holding, the Federal Court of Appeal held it does not matter that physicians use their own skill and judgment for the purpose of the inducement test: “*It matters not that physicians use their own skill and judgment in dispensing the drug, nor that they must make an active choice to perform the infringing use, as physicians invariably exercise similar skill and judgment whenever a drug is prescribed to a patient.*”¹⁷ Instead, the Federal Court of Appeal found the “but for” element can be established through the content of the generic/biosimilar Product Monograph (or label):

¹¹ *Apotex Inc. v. Janssen Inc.*, 2023 FCA 220 at [para. 17](#).

¹² *Janssen Inc. v. Teva Canada Ltd.*, [2020 FC 593](#).

¹³ which asks whether “*the completion of the act(s) of infringement were influenced by the acts of the alleged inducer to the point that, without the influence, direct infringement would not take place*”

¹⁴ *Teva Canada Limited v. Janssen Inc.*, 2023 FCA 68 at [para. 50](#).

¹⁵ *Teva Canada Limited v. Janssen Inc.*, 2023 FCA 68 at [para. 50](#).

¹⁶ *Teva Canada Limited v. Janssen Inc.*, 2023 FCA 68 at [para. 82](#).

¹⁷ *Teva Canada Limited v. Janssen Inc.*, 2023 FCA 68 at [para. 110](#).

“[I]nclusion as one of the recommended uses within the PM for the drug of the alleged infringing use, among others, has been found to be sufficient to constitute the requisite encouragement to satisfy the second prong of the test for inducement.”¹⁸

3. No permanent injunction for public policy reasons: *AbbVie Corp. v. Jamp Pharma Corporation*, [2023 FC 1520](#) (McVeigh J.) (HUMIRA®/adalimumab)

After finding that AbbVie’s 458 Patent was valid and infringed, the Federal Court declined to order a permanent injunction that would prevent Jamp from marketing SIMLANDI® (a adalimumab biosimilar) until the patent expired in 2028.

At trial, Jamp argued that injunctive relief was not warranted because AbbVie does not market the patented formulation in Canada¹⁹ and that the public interest would be disserved by removing SIMLANDI® because that would deprive patients of the only 80 mg/0.8 mL formulation available in Canada.²⁰

The Court found that this was “one of those rare cases” where the Court will not grant a permanent injunction for public interest reasons. The Court reasoned that “[f]orcing SIMLANDI patients to switch to another biosimilar, given it is the only 80 mg/0.8 mL formulation in Canada, is not in the public interest”, and concluded that “it is preferable to compensate AbbVie rather than take SIMLANDI off the market.”²¹

The Court’s decision is under appeal.

4. *When can overhead costs be deducted in an accounting of profits: GreenBlue Urban North America Inc. v. DeepRoot Green Infrastructure, LLC*, [2023 FCA 184](#) (Gleason, J.A.)

Following the Supreme Court’s 2022 decision in *Nova Chemicals Corporation v. Dow Chemical Co.* 2022 SCC 43, the Federal Court of Appeal has clarified when overhead (or “fixed”) costs may be deducted from revenue in an accounting of profits.

In *GreenBlue Urban North America Inc. v. DeepRoot Green Infrastructure, LLC*, the Federal Court of Appeal upheld a trial decision finding DeepRoot’s patents valid and infringed by GreenBlue’s RootSpace structural cell system. Both parties provide urban landscaping products and services, each selling structural cell systems installed underground which enable tree root growth and allow for infiltration of stormwater, while preventing damage to the hardscape.²²

In a cross-appeal, DeepRoot argued that the Federal Court erred in finding that GreenBlue did not profit from its sale of the RootSpace system. In particular, DeepRoot argued that the Court erred by permitting certain overhead costs to be deducted in the accounting of profits that were not proven to be causally connected to the revenue earned, but were instead a proportion of all of GreenBlue’s overhead costs.²³ On appeal, GreenBlue admitted that certain costs (e.g. costs

¹⁸ *Teva Canada Limited v. Janssen Inc.*, 2023 FCA 68 at [para. 110](#).

¹⁹ *AbbVie Corp. v. Jamp Pharma Corporation*, 2023 FC 1520 at [para. 631](#).

²⁰ *AbbVie Corp. v. Jamp Pharma Corporation*, 2023 FC 1520 at [para. 634](#).

²¹ *AbbVie Corp. v. Jamp Pharma Corporation*, 2023 FC 1520 at [para. 642](#).

²² Trial decision, 2021 FC 501 at [para. 6](#).

²³ *GreenBlue Urban North America Inc. v. DeepRoot Green Infrastructure, LLC*, 2023 FCA 184 at [paras. 71-72](#).

incurred in defence of the patent infringement action and consulting fees) should not have been deducted in the Court's accounting of profits calculations which had no causal connection to the infringing sales.²⁴

In considering these issues, the Federal Court of Appeal confirmed that while there are different approaches to the accounting of profits calculation, the “full costs” approach is the Court of Appeal’s preferred approach.²⁵ A full costs approach involves deducting all costs connected to the infringing sales to arrive at the profits earned by the infringer, including both incremental costs incurred by reason of the infringing sales, as well an approximation of the fixed overhead costs attributable to the infringing sales.²⁶

The Court of Appeal further confirmed that under the full costs approach, deducting overhead costs “requires a factual foundation to establish the requisite causal connection” to the revenue earned by infringement.²⁷ Proof of a causal connection between the costs claimed and the infringement is required;²⁸ simply assuming that a proportion of a corporation’s total overhead costs proportionate to the percentage of sales generated by the infringing product is not sufficient.²⁹

Accordingly, the Court agreed with DeepRoot, finding that the trial judge erred in accepting GreenBlue’s costs figures “without appreciating and analyzing whether and how the overhead costs claimed were causally connected to the infringing sales”.³⁰ The Court of Appeal remitted the accounting of profits back to the Federal Court for redetermination.³¹

5. *NCS v. Kobold*, [2023 FC 1486](#) (McVeigh J.)

In a complex patent infringement action relating to tools and sleeves used in oil drilling, the Federal Court held that five NCS patents were invalid and not infringed, and that Kobold’s patent asserted by counterclaim was valid and infringed by NCS. The Court’s decision raises a number of noteworthy issues, which are summarized below.

Role of the common general knowledge

The Federal Court provided clarity on the role of the common general knowledge in claim construction, ambiguity, inoperability and overbreadth analyses. Whereas the common general knowledge may bring clarity to an otherwise ambiguous claim, the common general knowledge cannot save a claim that is missing an essential element, even if the need for that essential element was widely known. For the purpose of overbreadth, essential elements must be expressly claimed. Likewise, the Federal Court held that the common general knowledge cannot save an inoperable claim, even if the skilled person would know that certain unclaimed components must be included for the invention to work. The Court provided the following guidance:

²⁴ *GreenBlue Urban North America Inc. v. DeepRoot Green Infrastructure, LLC*, 2023 FCA 184 at [para. 75](#).

²⁵ *GreenBlue Urban North America Inc. v. DeepRoot Green Infrastructure, LLC*, 2023 FCA 184 at [paras. 85-86](#).

²⁶ *GreenBlue Urban North America Inc. v. DeepRoot Green Infrastructure, LLC*, 2023 FCA 184 at [para. 85](#), [88](#).

²⁷ *GreenBlue Urban North America Inc. v. DeepRoot Green Infrastructure, LLC*, 2023 FCA 184 at [para. 92](#).

²⁸ *GreenBlue Urban North America Inc. v. DeepRoot Green Infrastructure, LLC*, 2023 FCA 184 at [paras. 81](#), [84](#), [88-89](#).

²⁹ *GreenBlue Urban North America Inc. v. DeepRoot Green Infrastructure, LLC*, 2023 FCA 184 at [para. 92](#).

³⁰ *GreenBlue Urban North America Inc. v. DeepRoot Green Infrastructure, LLC*, 2023 FCA 184 at [para. 97](#).

³¹ *GreenBlue Urban North America Inc. v. DeepRoot Green Infrastructure, LLC*, 2023 FCA 184 at [para. 105](#).

“It is important to consider the role of CGK. By necessity, the CGK will inherently be incorporated throughout a patent, making its description imperative to the construction analysis. As in the Burton Parsons case, an allegedly ambiguous claim to use salts in a product was not ambiguous because a POSITA would know from the CGK to not use toxic salts. However, if some component within the CGK is considered an essential element, or necessary for the claim to function, it cannot simply be “read in” no differently than an essential element in a legal test cannot simply be imported from the general knowledge because a party suggested “everyone knows it.” Claims that might otherwise be ambiguous can be rescued by the CGK, but the CGK cannot rescue a component of a claim that is missing entirely.”³²

Double Patenting: forced vs. voluntary divisional patents

The Federal Court’s decision on double patenting turned on whether the patents at issue resulted from a “forced” divisional as opposed to a “voluntary” divisional application.

Kobold alleged that the claims of one of NCS’s divisional patents were invalid for double patenting based on the claims of its parent application. The Court acknowledged that the Examiner had issued requisitions (also known as office actions) to NCS objecting to the claims in its application as being directed to separate inventions. Upon receiving the requisition, NCS filed a divisional application.

NCS argued in defence, among other things, that its divisional patent was a “forced divisional” in response to the Examiner’s objection, and therefore could not be found invalid for double patenting.

Section 36 of the *Patent Act* governs divisional applications. Section 36 distinguishes between a divisional application filed voluntarily by the applicant, and a divisional application filed at the “direction of the Commissioner”. The distinction is important because a forced divisional is a defence to a double patenting allegation.

While the Court held that it did not need to determine this issue because it was not properly pleaded by Kobold, the Court held in obiter that there was nothing in the prosecution history to indicate that NCS’ patent was a forced divisional, as it was unclear whether or not NCS divided the 676 Patent because of the Examiner’s objection.³³ The Court went on to provide the guidance (in obiter) that a “forced divisional” arises “where an inventor can trace the origin of the divisional back to a direction of the Commissioner”, and provides a defence to double patenting attacks.³⁴

“[244] In sum, there is divergence in the case law as to what constitutes a voluntary or forced divisional patent. The approach in Abbott FC suggests that where an inventor can trace the origin of the divisional back to the forced divisional application it will be immune from double patenting attacks. Whereas Biogen FC suggests that something more than a mere unity of invention objection from the patent examiner is required in order for the divisional application to constitute a forced divisional application.

[245] The preferred approach is an informed middle ground. Where an inventor can trace the origin of the divisional back to a direction of the Commissioner, it will be

³² *NCS v. Kobold*, 2023 FC 1486 at [para. 302](#).

³³ *NCS v. Kobold*, 2023 FC 1486 at [paras. 1235-1236](#).

³⁴ *NCS v. Kobold*, 2023 FC 1486 at [paras. 244-245](#).

immune from double patenting attacks. However, where a voluntary divisional has been made by the applicant, at their cores the divisionals must disclose different inventions to avoid double patenting attacks. An applicant should not be penalized for electing for a divisional, but such an election should not be a mere attempt to secure the claims and take advantage of the earlier priority date of the parent patent.”

Other noteworthy aspects of the Federal Court’s decision included:

- a. **Validity of unasserted claims:** The Court confirmed that a defendant to a patent infringement action can counterclaim under section 60(1) of the *Patent Act* to assert invalidity of non-asserted claims of a patent at issue.³⁵
- b. **Patents invalid for ambiguity:** Successful patent validity attacks based on ambiguity are rare. Here, the Federal Court held two patent claims invalid for ambiguity because they were “incapable of being meaningfully interpreted”³⁶ because “*the term ‘the wedge’ (in Claim 18) and ‘the wedge member’ (in Claim 21) have no antecedent basis in Claim 16 and it is therefore unclear what structure or physical arrangement these components have within the apparatus of the claims.*”³⁷
- c. **Elevated lump sum costs (45% of actual fees) awarded to sanction litigation conduct:** The Court found that NCS made a deliberate choice in framing the action “as widely as possible”.³⁸ After closing submissions, “123 claims at issue across six patents, still with 128 separate issues” remained for determination.³⁹ Both parties also made “several choices that led to the lengthy saga of this proceeding”.⁴⁰ The Court found that in these circumstances “there is a clear window [] for an elevated lump sum costs award to incentivize efficiencies while sanctioning conduct with so many issues making it more complex.”⁴¹ The Court provided the following guidance as to when elevated lump sum costs may be appropriate:

“It is fit to depart from the norm and award elevated lump sum costs in cases that are long or complex, with sophisticated commercial parties, considering restraint (or lack thereof) by parties in drafting multiple issues against one or more parties, and weighing the conduct of the parties. If a combination of these and other relevant factors are considered and a Judge determines that a departure from the norm is warranted, the acceptable range should be 25% to 50% with an analysis starting at a mid-point between them.”⁴²

³⁵ *NCS v. Kobold*, 2023 FC 1486 at [para. 1050](#).

³⁶ *NCS v. Kobold*, 2023 FC 1486 at [paras. 1530, 1527-1532](#).

³⁷ *NCS v. Kobold*, 2023 FC 1486 at [para. 1527](#).

³⁸ *NCS v. Kobold*, 2023 FC 1486 at [para. 1672](#).

³⁹ *NCS v. Kobold*, 2023 FC 1486 at [para. 7](#).

⁴⁰ *NCS v. Kobold*, 2023 FC 1486 at [para. 1672](#).

⁴¹ *NCS v. Kobold*, 2023 FC 1486 at [para. 1672](#).

⁴² *NCS v. Kobold*, 2023 FC 1486 at [para. 1667](#).

B. SUMMARY OF TAKEAWAYS FROM OTHER NOTEWORTHY DECISIONS OF 2023

Case	Ct /Judge	Topic	Key Takeaways
Summary Trial & Summary Judgment			
<u><i>Noco Company, Inc. v. Guangzhou Unique Electronics Co., Ltd.</i>, 2023 FC 208</u>	FC - Pallotta J.	Summary trial on non-infringement, vehicle apparatus system patent	<p>The Federal Court dismissed a motion for summary trial on patent infringement where “the Moving Defendants have not presented a sufficiently narrow and well-defined non-infringement issue.”⁴³ Underpinning the Court’s conclusion is a finding that the moving party presented multiple possible non-infringement arguments and did not narrow to the claim terms for construction to those that must be construed in order to make a finding of infringement.⁴⁴</p> <p>Notably, the Court provided guidance that in some instances, case management may serve the goal of just and efficient dispute resolution more effectively than summary adjudication.⁴⁵ On the facts of this case, allowing the discovery process to unfold was determined to be a more proportionate and efficient way to address the issues.⁴⁶</p>
<u><i>Meridian Manufacturing Inc. v. Concept Industries Ltd.</i>, 2023 FC 20</u>	FC - Zinn J.	Summary trial for non-infringement and invalidity (anticipation), farming device patent	In <i>Meridian</i> , the Federal Court dismissed a motion for summary trial because of defects in the evidence (e.g. it was not clear whether an allegedly anticipatory device was part of the prior art). ⁴⁷ There were also disputed factual issues related to both infringement and validity which the Court found were likely to turn on the credibility of various witnesses. ⁴⁸

⁴³ *Noco Company, Inc. v. Guangzhou Unique Electronics Co., Ltd.*, 2023 FC 208 at [para. 97](#).

⁴⁴ *Noco Company, Inc. v. Guangzhou Unique Electronics Co., Ltd.*, 2023 FC 208 at [paras. 99, 105](#).

⁴⁵ *Noco Company, Inc. v. Guangzhou Unique Electronics Co., Ltd.*, 2023 FC 208 at [paras. 109-111](#).

⁴⁶ *Noco Company, Inc. v. Guangzhou Unique Electronics Co., Ltd.*, 2023 FC 208 at [para. 110](#).

⁴⁷ *Meridian Manufacturing Inc. v. Concept Industries Ltd.*, 2023 FC 20 at [para. 54](#).

⁴⁸ *Meridian Manufacturing Inc. v. Concept Industries Ltd.*, 2023 FC 20 at [paras. 49, 54](#).

Case	Ct /Judge	Topic	Key Takeaways
PM(NOC) Patent Litigation & Practice			
<p>Janssen Inc. v. Apotex Inc., 2023 FCA 253</p> <p>(INVEGA SUSTENNA®/ paliperidone palmitate)</p>	FCA – Locke J.A.	Abuse of Process; successive NOAs	<p>In <i>Janssen v. Apotex</i>, the Federal Court of Appeal confirmed that a second person delivering a Notice of Allegation seeking market entry for a generic drug product “<i>should raise all of its allegations in its NOA, and it should not keep some in reserve in the event that it is not initially successful</i>” in order to meet the explicit goal of the <i>PM(NOC) Regulations</i> of “<i>addressing all issues in a single action.</i>”⁴⁹ The Court observed that a principle aim of the <i>Regulations</i> is to “avoid multiple proceedings concerning patents on medicines, regardless of whether those proceedings are within or outside the <i>Regulations</i>”.⁵⁰</p> <p>Accordingly, the Court allowed Janssen’s appeal of a decision of the Federal Court⁵¹ which dismissed Janssen’s motion for summary judgment in four related patent infringement actions against Apotex pursuant to the <i>Regulations</i>. Janssen had sought to have remedies claimed in these actions granted on the basis that Apotex’s invalidity defences were <i>res judicata</i>, an abuse of process, or precluded by the doctrine of election.⁵²</p> <p>Janssen’s motion for summary judgment and its appeal relied on the fact that the present actions were not the first patent infringement actions commenced under the <i>Regulations</i> concerning the 335 Patent and Apotex’s efforts to introduce its generic version of INVEGA SUSTENNA® to the market. In 2021, Janssen commenced another action against Apotex in response to an earlier NOA in which Apotex asserted non-infringement of the 335 Patent but did not allege invalidity. In</p>

⁴⁹ *Janssen Inc. v. Apotex Inc.*, 2023 FCA 253 at [para. 53](#).

⁵⁰ *Janssen Inc. v. Apotex Inc.*, 2023 FCA 253 at [para. 44](#).

⁵¹ [2023 FC 912](#).

⁵² *Janssen Inc. v. Apotex Inc.*, 2023 FCA 253 at [para. 1](#).

Case	Ct /Judge	Topic	Key Takeaways
			<p>the prior action, the Federal Court found that Apotex would infringe the 335 Patent if permitted to enter the market with its generic version.⁵³</p> <p>On appeal, Janssen argued that Apotex’s current invalidity defences were an abuse of process because any such allegations could have, and should have, been raised by Apotex in the context of the prior action,⁵⁴ and that by failing to allege invalidity in the prior NOA and resulting action, Apotex necessarily accepted that the 335 Patent was valid.⁵⁵</p> <p>The Court of Appeal reversed the Federal Court’s judgement and found Apotex’s invalidity defences to be an abuse of process.⁵⁶ The Court found that the Federal Court erred in its consideration of Janssen’s abuse of process argument by focussing on the distinction in the <i>Regulations</i> between non-infringement allegations and invalidity allegations and the propriety of Apotex’s service of multiple NOAs, rather than focussing on the real issue of whether the issues raised in the second proceeding could have been raised in the first one.⁵⁷</p> <p><i>“The concerning fact that remains in the present appeal is that Apotex decided to argue the invalidity of the 335 Patent only after being unsuccessful in the Prior Action, where it could have, but decided not to, raise the invalidity issue in its NOA or as part of its defence. This appears to be an attempt by Apotex to split it case and to litigate by instalments in a way that has been found to be</i></p>

⁵³ *Janssen Inc. v. Apotex Inc.*, 2023 FCA 253 at [para. 4](#);

⁵⁴ *Janssen Inc. v. Apotex Inc.*, 2023 FCA 253 at [para. 5](#).

⁵⁵ *Janssen Inc. v. Apotex Inc.*, 2023 FCA 253 at [para. 28](#).

⁵⁶ *Janssen Inc. v. Apotex Inc.*, 2023 FCA 253 at [paras. 60-61](#).

⁵⁷ *Janssen Inc. v. Apotex Inc.*, 2023 FCA 253 at [paras. 30, 43](#).

Case	Ct /Judge	Topic	Key Takeaways
			<p><i>an abuse of process. Even though Apotex did not raise invalidity as an issue in the Prior Action, it was implicitly considered. Subsection 43(2) of the Patent Act provides that a patent is presumed to be valid. Moreover, the imposition of injunctive remedies by the Federal Court in its decision in the Prior Action implies that it found the 335 Patent to be valid.</i>⁵⁸</p>
<p><u>AbbVie Corp. v. Jamp Pharma Corporation, 2023 FC 1520</u></p> <p>(HUMIRA®/adalimumab)</p>	<p>FC - McVeigh J.</p>	<p>Role of <i>Patent Act</i> s. 38.2</p>	<p>Jamp alleged invalidity of one asserted patent on the basis of claim amendments during prosecution that Jamp argued added subject matter not reasonably inferable from the specification as filed, in violation of subsection 38.2(2) of the <i>Patent Act</i>. AbbVie argued, among other things, that subsection 38.2(2) is a procedural requirement for applications that has no bearing on the demarcation point of patent issuance as being inconsistent with the Federal Court of Appeal’s previous approach to other procedural requirements in the <i>Patent Act</i> and the <i>Patent Rules</i>.⁵⁹</p> <p>The Court found that amended claim language which is added, and cannot be reasonably inferred from the specification or drawings, is a violation of subsection 38.2(2) of the <i>Patent Act</i> that can render a patent invalid.⁶⁰ While the Court acknowledged that the <i>Patent Act</i> does not provide explicit revocation for patents that are granted in violation of subsection 38.2(2), the Court found it is nonetheless “fundamentally unfair to allow an application to successfully broaden or enlarge the patent through amendments to specifications or drawings.”⁶¹</p>

⁵⁸ *Janssen Inc. v. Apotex Inc.*, 2023 FCA 253 at [para. 56](#).

⁵⁹ *AbbVie Corp. v. Jamp Pharma Corporation*, 2023 FC 1520 at [para. 428](#).

⁶⁰ *AbbVie Corp. v. Jamp Pharma Corporation*, 2023 FC 1520 at [para. 434](#).

⁶¹ *AbbVie Corp. v. Jamp Pharma Corporation*, 2023 FC 1520 at [paras. 432-433](#).

Case	Ct /Judge	Topic	Key Takeaways
			In the result, the Court did not find invalidity based on subsection 38.2(2) as the amended claim language did not change or broaden the scope of claim 1. ⁶²
Sandoz Canada Inc. v. Janssen Inc., 2023 FCA 221 (OPSUMIT®/macitentan)	FCA - Locke J.A.	Threshold for sound prediction	The FCA affirmed and summarized the threshold for sound prediction set out in <i>Wellcome</i> and <i>Eli Lilly</i> : “While it is not necessary that the prediction be certain, or to a regulatory standard, the public is entitled to a teaching that is solid, and based not on speculation but exact science”. ⁶³ Treatment claims in humans can be soundly predicted by animal studies. ⁶⁴ There was no basis to conclude that the Federal Court applied a lower threshold for sound prediction than that contemplated in <i>Wellcome</i> and <i>Eli Lilly</i> . ⁶⁵ “The threshold is not high. The terms “prima facie” and “reasonable inference” leave considerable space for a fact-finding body in reaching its conclusion.” ⁶⁶
Takeda Canada Inc. v. Apotex Inc., 2023 FC 63 (DIXILANT®/dexlansoprazole)	FC - Tabib AJ.	Consolidation in PMNOC cases	In <i>Takeda</i> , the Federal Court denied a motion to consolidate two PMNOC actions challenging different register patents protecting the same medicine because granting the requested consolidation would result in an adjournment of the first action and prejudice to Apotex. The Court found that “[d]elaying the determination of the issues raised in the First Action to accommodate a consolidated trial would either force Apotex to assume the risk of entering the market ‘at risk’ or delay its potential entry by five months, with the attending risk of losing first-mover advantage.” ⁶⁷
Gilead Sciences, Inc. v. Jamp Pharma Corporation, 2023 FC 1141	FC - Crimson AJ.	Notice of experimental testing	In deciding a motion by Jamp for an extension of time to provide notice of and to complete <i>inter partes</i> testing, the Court provided the guidance that “[a] lack of planning or organisation

⁶² *AbbVie Corp. v. Jamp Pharma Corporation*, 2023 FC 1520 at [paras. 433-434](#).

⁶³ *Sandoz Canada Inc. v. Janssen Inc.*, 2023 FCA 221 at [para. 16](#).

⁶⁴ *Sandoz Canada Inc. v. Janssen Inc.*, 2023 FCA 221 at [para. 29](#).

⁶⁵ *Sandoz Canada Inc. v. Janssen Inc.*, 2023 FCA 221 at [paras. 23-24](#).

⁶⁶ *Sandoz Canada Inc. v. Janssen Inc.*, 2023 FCA 221 at [para. 24](#).

⁶⁷ *Takeda Canada Inc. v. Apotex Inc.*, 2023 FC 63 at paras. [3](#), [34](#).

Case	Ct /Judge	Topic	Key Takeaways
(VEMOLIDY®/tenofovir alafenamide, hemifumarate)			<p><i>does not constitute a good explanation for delay</i>” to satisfy the fourth prong of the test under Rule 8 for an extension of time.⁶⁸ The Court’s statement followed its description of Jamp’s explanation for the delay as amounting to one expert not having the requisite machine in his lab, a second expert being unable to do the testing, and there being insufficient time to arrange for the testing once a machine that could be used for testing was located.⁶⁹</p> <p>Ultimately, the Court granted Jamp’s motion on the condition that Gilead be compensated for the financial prejudice it would suffer as a consequence of re-attendance to observe the testing.⁷⁰ The Court confirmed that the overriding consideration when an extension of time is requested is that the interests of justice be served. The relative importance of each prong of the test may vary with the circumstances of each case, and “<i>it may not be necessary for each factor or even most of the factors to be decided in the moving party’s favour.</i>”⁷¹</p>
<p>Janssen Inc v Canada Health, 2023 FCA 229</p> <p>(STELARA®/ustekinumab)</p>	FCA -Locke JA.	Patent Register	<p>The Federal Court offered clarity on the application of subsection 4(7) of the <i>PMNOC Regulations</i>, which provides that a first person must keep the information on the Patent List up to date. The Court held that “this subsection does not permit adding a patent to the list” and “should not be read to permit [updating] the patent list by adding reference to an additional SNDS.”⁷² The Court summarized the salient facts underpinning Janssen’s application as follows:</p>

⁶⁸ The following factors are relevant when the Court is considering a request for an extension of time: (1) Did the moving party have a continuing intention to pursue the proceeding?; (2) Is there some potential merit to the application?; (3) Has the opposing party been prejudiced from the delay?; and (4) Does the moving party have a reasonable explanation for the delay?: *Gilead Sciences, Inc. v. Jamp Pharma Corporation*, 2023 FC 1141 at [para. 23](#).

⁶⁹ *Gilead Sciences, Inc. v. Jamp Pharma Corporation*, 2023 FC 1141 at [paras. 29-30](#).

⁷⁰ *Gilead Sciences, Inc. v. Jamp Pharma Corporation*, 2023 FC 1141 at [para. 31](#).

⁷¹ *Gilead Sciences, Inc. v. Jamp Pharma Corporation*, 2023 FC 1141 at [para. 24](#).

⁷² *Janssen Inc v Canada Health*, 2023 FCA 229 at [para. 5](#).

Case	Ct /Judge	Topic	Key Takeaways
			<p><i>“Janssen Inc. (Janssen) obtained notices of compliance in respect of supplemental new drug submissions (SNDSs) numbered 224739 and 244670 on January 23, 2020 and September 9, 2021, respectively. Canadian Patent No. 3,113,837 (the 837 Patent) issued on July 12, 2022, and on July 25, 2022, Janssen submitted a patent list (pursuant to the Patented Medicines (Notice of Compliance) Regulations, S.O.R./93-133 (the Regulations)) in respect of SNDS 244670 identifying the 837 Patent. SNDS 224739 was not mentioned in this July 25, 2022 submission. It was only on September 14, 2022 that Janssen sought to include SNDS 224739 in the patent list.”</i>⁷³</p>
<p><i>Boehringer Ingelheim (Canada) Ltd. v. Sandoz Canada Inc., 2023 FC 241</i> (JIARDIANCE®/empagliflozin)</p>	<p>FC - Fothergill J.</p>	<p>Attacking validity of unasserted claims</p>	<p>In the context of two parallel section 6 actions, Boehringer brought a motion for summary judgment dismissing the defendants’ invalidity counterclaims that challenged unasserted patent claims, and limiting the scope of the counterclaims to the asserted claims.⁷⁴</p> <p>The Court clarified that a defendant to a PMNOC action may counterclaim challenging the validity of non-asserted claims as of right.⁷⁵</p> <p>The Federal Court dismissed the motion, deciding in the defendants’ favour, but noted that:⁷⁶</p> <p><i>“... this does not mean that the Counterclaims in respect of the Non-Asserted Claims will necessarily be permitted to proceed to trial. Boehringer remains at liberty to bring a motion pursuant to Rule 221(1) to strike the</i></p>

⁷³ *Janssen Inc v Canada Health*, 2023 FCA 229 at [para. 1](#).

⁷⁴ *Boehringer Ingelheim (Canada) Ltd. v. Sandoz Canada Inc.*, 2023 FC 241 at [paras. 1-3](#).

⁷⁵ *Boehringer Ingelheim (Canada) Ltd. v. Sandoz Canada Inc.*, 2023 FC 241 at [paras. 51-57](#).

⁷⁶ *Boehringer Ingelheim (Canada) Ltd. v. Sandoz Canada Inc.*, 2023 FC 241 at [paras. 4-5](#).

Case	Ct /Judge	Topic	Key Takeaways
			<p><i>Counterclaims against the Non-Asserted Claims on any of the enumerated grounds, including that the Counterclaims may prejudice or delay the fair trial of the action or are otherwise an abuse of process. Such a motion would be decided following consideration of all relevant factors that prevail at the time the motion is brought.”⁷⁷</i></p>
<p><i>Boehringer Ingelheim (Canada) Ltd. v. Sandoz Canada Inc., 2023 FC 1149</i></p>	<p>FC - Southcott J.</p>	<p>Timing for fact evidence of invention story in PMNOC litigation</p>	<p>The Court dismissed a motion for the plaintiff to serve fact evidence pertaining to the invention story in advance of the defendant's in-chief expert report deadline. The moving defendants alleged that they would be prejudiced by the conventional order of evidence citing a concern that Boehringer would disclose “more facts or a newly curated factual invention story after in-chief reports are filed.”⁷⁸</p> <p>There was no compelling case to vary the usual order of evidence,⁷⁹ and the parties were not aware of any patent validity action where the court concluded that the usual trial process would cause prejudice and ordered early production of fact witness affidavits in advance of expert reports.⁸⁰</p> <p>The Court found that “before the Defendants serve their validity reports, it is difficult to see how the Plaintiffs can know the substance of the Defendants’ invalidity case and therefore know what factual evidence surrounding the invention story they may wish to adduce in response to that case.”⁸¹ The</p>

⁷⁷ *Boehringer Ingelheim (Canada) Ltd. v. Sandoz Canada Inc.*, 2023 FC 241 at [para. 58](#).

⁷⁸ *Boehringer Ingelheim (Canada) Ltd. v. Sandoz Canada Inc.* - 2023 FC 1149 at [paras. 12, 27](#).

⁷⁹ *Boehringer Ingelheim (Canada) Ltd. v. Sandoz Canada Inc.* - 2023 FC 1149 at [para. 3](#).

⁸⁰ *Boehringer Ingelheim (Canada) Ltd. v. Sandoz Canada Inc.* - 2023 FC 1149 at [para. 30](#).

⁸¹ *Boehringer Ingelheim (Canada) Ltd. v. Sandoz Canada Inc.* - 2023 FC 1149 at [para. 36](#).

Case	Ct /Judge	Topic	Key Takeaways
			fairness concerns raised by the Defendants are answered by the discovery process. ⁸²
<p><u>Bayer Inc. v. BGP Pharma ULC (Viatrix Canada), 2023 FC 1325</u></p> <p>(EYLEA®/ aflibercept)</p>	FC - Furlanetto J.	Ownership transfer of drug submission & Notice of Allegation	In <i>Bayer Inc. v. BGP Pharma ULC</i> , the Court held that transferring ownership of a drug submission to a successor second person does not require re-serving the Notice of Allegation: “an interpretation of the Regulations that requires a successor second person to re-serve the same NOA on a first person would be contrary to the objectives of the Regulations and the balance set in <i>Biolyse</i> .” ⁸³ If it were otherwise, it “would lead to the necessity of multiple actions involving the same allegations; a consequence that was to be specifically eliminated by the 2017 amendments to the Regulations.” ⁸⁴ The new owner of a biosimilar new drug submission can adopt the NOA of its predecessor.
<p><u>Canada (Attorney General) v. Catalyst Pharmaceuticals, Inc., 2023 FCA 3</u></p> <p>(RUZURGI®/ amifampridine)</p> <p>(FIDAPSE®/ amifampridine phosphate)</p>	FCA - Locke JA.	Data protection	<p>The Federal Court of Appeal overturned a decision of the Federal Court that found the Minister of Health’s analysis of the data protection provisions of the <i>Food and Drug Regulations</i> (“FDR”) unreasonable. The Federal Court’s decision found that subsection C.08.004.1(3) of the <i>FDR</i> applied to prevent the Minister from issuing a notice of compliance to Médunik Canada for RUZURGI® in view of the data protection granted to FIRDAPSE®.</p> <p>The Federal Court of Appeal described the circumstances underlying the dispute as follows:</p> <p style="text-align: center;"><i>“Catalyst and Médunik filed separate NDSs for drugs with similar ingredients on November 6, 2019 and December 20, 2019, respectively [...]. The two NDSs</i></p>

⁸² *Boehringer Ingelheim (Canada) Ltd. v. Sandoz Canada Inc.* - 2023 FC 1149 at [para. 31](#).

⁸³ *Bayer Inc. v. BGP Pharma ULC (Viatrix Canada)*, 2023 FC 1325 at [para. 49](#).

⁸⁴ *Bayer Inc. v. BGP Pharma ULC (Viatrix Canada)*, 2023 FC 1325 at [para. 50](#).

Case	Ct /Judge	Topic	Key Takeaways
			<p><i>were co-pending until July 31, 2020 when an NOC was issued for FIRDAPSE. Since there was no approved drug at that time with amifampridine as its medicinal ingredient, FIRDAPSE was designated an innovative drug as contemplated in section C.08.004.1 of the Food and Drug Regulations. As a result, before RUZURGI could be approved, it was necessary to consider the application of the data protection regime”.</i>⁸⁵</p> <p>The Court determined that data protection did not apply to FIRDAPSE®, and restored the Minister’s decision granting an NOC to Médunik for RUZURGI®. The Court’s decision is based on its finding that the Therapeutic Products Directorate did not rely on data from the FIRDAPSE® studies to establish the safety and efficacy of RUZURGI®,⁸⁶ despite the monograph referring to these studies.⁸⁷ The Court held that “[s]ince the TPD did not find the FIRDAPSE studies necessary to assess the safety and efficacy of RUZURGI, then it is reasonable to conclude that Médunik was not relying on them to obtain its NOC.”⁸⁸</p>
Patent Litigation & Practice			
dTechs EPM Ltd. v. British Columbia Hydro and Power Authority, 2023 FCA 115	FCA - Gauthier J.A.	Counsel involvement in drafting expert reports	dTechs appealed the Federal Court’s decision that its patent was invalid and not infringed. By the time of the hearing, dTechs narrowed its appeal to one issue, namely that the evidence presented by BC Hydro’s expert should not have been considered. dTechs alleged that invoices for the expert’s services – obtained after trial – were evidence that they did not

⁸⁵ *Canada (Attorney General) v. Catalyst Pharmaceuticals, Inc.*, 2023 FCA 3 at [para. 3](#).

⁸⁶ *Canada (Attorney General) v. Catalyst Pharmaceuticals, Inc.*, 2023 FCA 3 at [para. 44](#).

⁸⁷ *Canada (Attorney General) v. Catalyst Pharmaceuticals, Inc.*, 2023 FCA 3 at [para. 6](#).

⁸⁸ *Canada (Attorney General) v. Catalyst Pharmaceuticals, Inc.*, 2023 FCA 3 at [para. 44](#).

Case	Ct /Judge	Topic	Key Takeaways
			<p>author their own reports and therefore did not qualify as an independent or unbiased witness.</p> <p>The Federal Court of Appeal rejected this argument, and provided clarity on the limits of counsel involvement in drafting expert reports: A “high level of instruction by lawyers to expert witnesses” is not necessarily objectionable.⁸⁹ The key consideration is whether the Court is ultimately presented with the substantive and objective opinion of the expert; not who puts the words to paper.⁹⁰ The Court indicated that an impermissible degree of counsel involvement in drafting an expert will be considered in assessing the weight attributed to that evidence:</p> <p><i>“I agree with the appellant that there are, however, limits to the involvement of counsel. The Court must ultimately be presented with the substantive and objective opinion of the expert. [...] I know of no cases where an expert report was excluded in a patent case on the sole ground that the first draft of said report was penned by counsel after meetings with the expert to discuss their opinions in detail. While counsel may make mistakes and overstep the bounds of what is permissible involvement, this will normally be revealed on cross-examination at trial, and will be considered by trial courts in assessing the evidence.”⁹¹</i></p>
Remedies			
<u>Fromfroid S.A. v. 1048547 Ontario Inc., 2023 FC 925</u>	FC - Grammond J.	Punitive damages, ventilation system patent, infringement	Compensatory and punitive damages were awarded to the Fromfroid for infringement of its patent relating to a rapid cooling ventilation system for food products.

⁸⁹ dTechs EPM Ltd. v. British Columbia Hydro and Power Authority, 2023 FCA 115 at [para. 53](#).

⁹⁰ dTechs EPM Ltd. v. British Columbia Hydro and Power Authority, 2023 FCA 115 at [para. 34](#).

⁹¹ dTechs EPM Ltd. v. British Columbia Hydro and Power Authority, 2023 FCA 115 at [para. 34](#).

Case	Ct /Judge	Topic	Key Takeaways
			<p>The Court’s findings on punitive damages are noteworthy in that punitive damages were awarded to sanction the defendant for misleading the Court. In particular, the Court found that the defendant “<i>knowingly infringed</i>” Fromfroid’s patent and “<i>sought to conceal the infringement by presenting various pieces of evidence intended to mislead the Court as to the date the cells were made.</i>”⁹² Whether the cells were made before or after expiry of the Plaintiff’s patent was material to the issue of infringement. The Court found this conduct to be “<i>highly reprehensible</i>”,⁹³ and ordered the defendant to pay \$200,000 in punitive damages.⁹⁴</p> <p style="text-align: center;"><i>“... This conduct was clearly deliberate and motivated by the desire to obtain patented technology at low cost. It lasted over three years, from the initial dealings with Frimasco until the patent expired. Above all, Skotidakis sought to conceal its conduct and mislead this Court.”</i>⁹⁵</p>
<p>Angelcare Canada Inc v Munchkin Inc., 2023 FC 1111</p>	<p>FC - Roy J.</p>	<p>Timing of election between damages or profits</p>	<p>This motion concerned Angelcare’s entitlement to remedies following the Federal Court’s decision⁹⁶ finding six of its patents valid and infringed. Angelcare sought, among other things, the entitlement to decide between electing damages or an accounting of profits <i>after</i> discovery in the remedies phase of the litigation.⁹⁷ The Court granted Angelcare’s motion with little discussion concerning the timing of the election, but relying in part on the Court’s prior decision in <i>Philip Morris Products S.A. v Marlboro Canada Limited</i>, 2015 FC 364 in which a party was permitted to elect after discovery:</p>

⁹² *Fromfroid S.A. v. 1048547 Ontario Inc.*, 2023 FC 925 at [para. 105,107](#).

⁹³ *Fromfroid S.A. v. 1048547 Ontario Inc.*, 2023 FC 925 at [para. 106](#).

⁹⁴ *Fromfroid S.A. v. 1048547 Ontario Inc.*, 2023 FC 925 at [para. 111](#).

⁹⁵ *Fromfroid S.A. v. 1048547 Ontario Inc.*, 2023 FC 925 at [para. 107](#).

⁹⁶ *Angelcare v Munchkin*, [2022 FC 507](#).

⁹⁷ *Angelcare Canada Inc v Munchkin Inc.*, 2023 FC 1111 at [para. 15](#).

Case	Ct /Judge	Topic	Key Takeaways
			<p><i>“All things considered, I am of the view that ITL should be allowed the right to elect an accounting of profits. None of the factors or “bars” to be considered in exercising the discretion to allow the remedy of accounting of profits preclude this option. As a result, if the Defendants do elect an accounting of profits after discovery of the Plaintiffs, the burden will be on the Plaintiffs to establish which portion of its profits was not made as a result of the infringement of the Defendants’ rights.”⁹⁸</i></p>
Costs			
<p><i>AbbVie Corp. v. JAMP Pharma Corporation, 2023</i> (unreported decision in T-559-21/T-560-21)</p>	<p>FC – McVeigh J.</p>	<p>Costs for patents dropped before trial</p>	<p>Jamp brought a motion seeking elevated costs against AbbVie for abandoning two of six asserted patents three months before trial by not delivering expert evidence on those patents.</p> <p>Ultimately, the Court decided there should be costs consequences, but would not raise the award “to a level that is punitive or which deters parties from narrowing the issues”.⁹⁹ The Court awarded Jamp a lump sum amount which was 27% of actual legal fees.¹⁰⁰</p> <p>The Court noted that it “made the award at the lower end of the spectrum because this Court encourages parties to narrow the issues, even at the last minute”.¹⁰¹ In the circumstances, the Court noted that “JAMP was disadvantaged” because it had to “expend[] resources on defending patent actions that did not proceed”,¹⁰² and that “AbbVie faced a similar but to a lesser</p>

⁹⁸ *Angelcare Canada Inc v Munchkin Inc.*, 2023 FC 1111 at [para. 38](#).

⁹⁹ *AbbVie Corp. v. JAMP Pharma Corporation*, December 1, 2023 unreported decision in T-559-21/T-560-21 at para. 18.

¹⁰⁰ *AbbVie Corp. v. JAMP Pharma Corporation*, December 1, 2023 unreported decision in T-559-21/T-560-21 at para. 14.

¹⁰¹ *AbbVie Corp. v. JAMP Pharma Corporation*, December 1, 2023 unreported decision in T-559-21/T-560-21 at para. 18.

¹⁰² *AbbVie Corp. v. JAMP Pharma Corporation*, December 1, 2023 unreported decision in T-559-21/T-560-21 at para. 18.

Case	Ct /Judge	Topic	Key Takeaways
			extent predicament when JAMP narrowed the issues at a later stage of the proceedings”. ¹⁰³

¹⁰³ *AbbVie Corp. v. JAMP Pharma Corporation*, December 1, 2023 unreported decision in T-559-21/T-560-21 at para. 18.

TAB 2

28th Intellectual Property Law: The Year in Review

CPATA Overview: Regulation, Jurisdiction, and Implications for Your Practice

Paula Clancy, C.S.

Gowling WLG (Canada) LLP (Ottawa Office)

Jordan Furlong

Law 21

Juda Strawczynski, CEO and Registrar

College of Patent Agents & Trademark Agents

January 22, 2024



CPATA Overview: Regulation, Jurisdiction, and Implications for Your Practice

The College of Patent Agents and Trademark Agents (CPATA) is Canada's independent public interest regulator of patent agents and trademark agents. Patent agents and trademark agents serve the public by providing highly specialized legal services which allow innovators and creators to protect their intellectual property in Canada. CPATA licensees often have technical or legal educational backgrounds and other professional credentials that provide them with further specialized understanding of their clients' needs.

CPATA Resources

[CPATA \(cpata-cabamc.ca\)](http://cpata-cabamc.ca)

[Technical Competency Profiles](#)

[Licence Classes](#) and [Insurance Requirements](#)

[Strategic-Framework-2023-2025](#)

[CPATA-Annual-Report-2022](#)

[Newsletter](#)

IPIC Resources

[About IPIC](#)

[IPIC Strategic Plan](#)

[IPIC Member Benefits](#) See also https://www.youtube.com/watch?v=8-p8_Oznok8

[IPIC Courses and Events](#)

[Patent & Trademark Institute Educational Foundation](#)

[IPIC EDI Blueprint](#)

[IPIC EDI Survey results](#)

Jordan Furlong Articles

- On legal regulation governance:

<https://www.slaw.ca/2023/03/29/the-last-bencher-election-governance-reform-is-coming-to-legal-regulation-in-canada/>

[The looming crisis in lawyer self-regulation \(substack.com\)](#)

- On the "unauthorized practice of law": <https://www.law21.ca/2021/10/the-question-every-legal-regulator-needs-to-answer/>

- On legal regulation and public protection: <https://www.slaw.ca/2021/08/19/what-protecting-the-public-really-means/>

- On lawyer licensing reform: <https://jordanfurlong.substack.com/p/a-better-pathway-to-lawyer-licensing>

- On global legal regulation trends: <https://www.slaw.ca/2022/12/07/the-state-of-global-legal-regulation/>

TAB 3

27th Intellectual Property Law: The Year in Review

The Year in Review
Trademarks Update (PowerPoint)

Trademarks Update For 2023

May Cheng, C.S.
Dipchand LLP

Philip Lapin
Smart & Biggar LLP (Ottawa Office)

January 22, 2024



28TH INTELLECTUAL PROPERTY LAW:

THE YEAR IN REVIEW

TRADEMARKS UPDATE

May M. Cheng (Dipchand LLP)

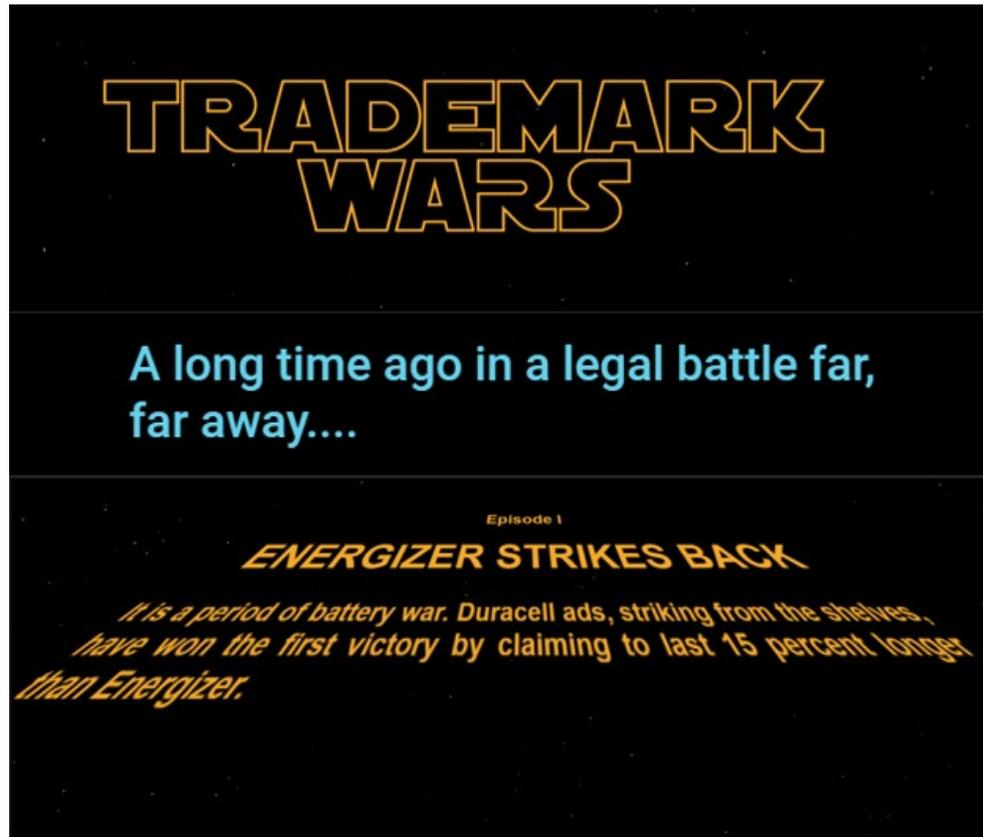
- & -

Philip Lapin (Smart & Biggar)



 **2023'S** 
 **TRADEMARK**
GREATEST HITS 

**2023 #1 CHART TOPPER:
ENERGIZER BRANDS, LLC V GILLETTE
COMPANY, 2023 FC 804**



**In the battle for supremacy
on the longest battery life,
comes the tale of the
longest legal battle on
comparative advertising...**

ENERGIZER BRANDS, LLC V GILLETTE

- THE COMPARATIVE ADVERTISING COMPLAINT
- The Action by Energizer concerns use of alleged false and misleading statements and use of Energizer's trademarks by Duracell (Gillette) on its packaging since 2010, specifically the use of the below for example:



ENERGIZER BRANDS, LLC V GILLETTE

- The Statement of Claim was filed on September 21, 2015, initially as a section 22 claim. Amended claims added s. 7(a) & (d) TMA and s. 52(1) *Competition Act* claims.
- February 14, 2018, Duracell brought summary judgment to dismiss claims concerning “the next leading competitive brand” and “the bunny brand”, as well as seeking dismissal of claim for an accounting of profits under s. 52(1) of the *Competition Act*.
- **Justice Brown granted summary judgment in part, reported at 2018 FC 1003**, dismissing claim for use of “the next leading competitive brand” and dismissing right to accounting of profits.
- FCA ordered new trial, set aside summary judgment and dismissed cross appeal, and upheld s.52(1) ruling.

ENERGIZER BRANDS, LLC V GILLETTE

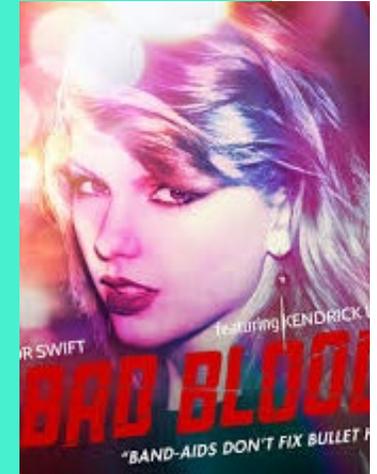
- On July 6, 2023, Justice Fuhrer issued the non-confidential version of the 96 page decision of the Federal Court, summarizing at length all of the witnesses, expert evidence and conclusions.
- **The Court found for the plaintiff Energizer under section 22**
 - Specifically, the Court accepted that the use of stickers on DURACELL packaging, claiming that their batteries are “**up to 15% longer lasting than ENERGIZER MAX**” contravenes section 22.
 - Remainder of action dismissed under sections 7(a) & (d) of TMA and s. 52(1) of *Competition Act*.
 - The Court held that the use of “the bunny brand” requires that the consumer take an extra mental step and there was no survey evidence to assist the Court in determining how a hurried consumer reacted to the “bunny brand HA sticker”. Court refused to presume likelihood of depreciation.
 - Only \$179,000 in damages awarded and no punitive damages. Costs awarded separately.

TRAVEL LEADERS GROUP LLC V 2042923 ONTARIO INC. (DBA AS TRAVEL LEADERS), 2023 FC 319

#2

Claims Raised:

1. Initiated as a Cancellation Action and not s.45 in 2017, for use of TRAVEL LEADERS mark
2. Counterclaim by Ontario company added in 2019
 - For passing-off and infringement based on spillover advertising by US plaintiff
3. Grounds for cancellation:
 - Lack of first use as of date claimed
 - Abandonment of registration
 - Bad faith registration (amended to add claim post June 2019)





**TRAVEL
LEADERS GROUP,
LLC V. 2042923
ONTARIO INC.,
2023 FC 319**

Ont. Co.:

Registered the TM TRAVEL LEADERS in 2011 in association with “travel agency services ...”

US Company:

Sought to expunge Ontario Co’s TM registration

Today, the US company, generally known as TRAVEL LEADERS in the US:

- \$17 billion in annual sales volume. Largest seller of luxury travel, cruises, river cruises and tours in the travel agency industry.

The US company goes by name/mark TRAVEL LEADERS.

In Canada, it used the name/mark TL NETWORK while this dispute was ongoing.

TRAVEL LEADERS GROUP, LLC V. 2042923 ONTARIO INC., 2023 FC 319

History of the Dispute:

Ont. Co:

- **2004**
 - Incorporated and acquired a travel agency called: K&S Travel Limited
 - Ont. Co started using the name TRAVEL LEADERS
 - Registered domain name: travelleaders.ca

TRAVEL LEADERS GROUP, LLC V. 2042923 ONTARIO INC., 2023 FC 319

History Cont'd

2010

- Ont. Co filed application to register TRAVEL LEADERS in Canada
 - Claiming use since at least as early as 2005
 - Registration issued 2011

TRAVEL LEADERS GROUP, LLC V. 2042923 ONTARIO INC., 2023 FC 319

History Cont'd

2011

- US Co offered to purchase the registration from Ont. Co for \$25,000 (among other terms)
- Ont. Co counter-offered for:

***TRAVEL LEADERS GROUP, LLC
V. 2042923 ONTARIO INC.,
2023 FC 319***

\$850 MILLION

TRAVEL LEADERS GROUP, LLC V. 2042923 ONTARIO INC., 2023 FC 319

History Cont'd

2015

- Ont. Co posted an advertisement to sell its TM registration for **\$80 million**. The ad said, in part:

UNBELIEVABLE OPPORTUNITY

Travel Leaders Group can't bring their flagship Travel Leaders franchises into Canada without buying or licensing this trademark.

Travel Leaders Group states that they currently encompass over 30% of all travel agencies in North America and have gross sales of approximately \$20 Billion USD.

TRAVEL LEADERS GROUP, LLC V. 2042923 ONTARIO INC., 2023 FC 319

History Cont'd

2017

- US Co filed statement of claim for this proceeding attacking the Canadian Co's TM registration.
- Grounds of invalidity under s.18 of the *TMA*:
 - (a) Abandonment
 - (b) Material misstatement as to date of first use
 - (c) Bad faith

TRAVEL LEADERS GROUP, LLC V. 2042923 ONTARIO INC., 2023 FC 319

(a) S.18(1)(c): Has the Registration been abandoned?

A finding of abandonment requires:

- (1) non-use of the trademark in Canada, and
- (2) An intention to abandon the trademark

Relevant date = date of filing of statement of claim = **2017**

An intention to abandon may be inferred from a person's failure to use the mark for an extended period of time.

TRAVEL LEADERS GROUP, LLC V. 2042923 ONTARIO INC., 2023 FC 319

Factual Findings:

- Ont. Co's business had contracted significantly prior to 2017
- Last employee terminated in 2016
- Someone named Ms. Parchem was an independent contractor for Ont. Co
 - But no evidence that she used the mark since 2016
 - She was not called as a witness
 - Held: negative inference drawn from Ont. Co's failure to call her as a witness.

TRAVEL LEADERS GROUP, LLC V. 2042923 ONTARIO INC., 2023 FC 319

Factual Findings Cont'd

- US Co hired a private investigator to investigate if Ont. Co's business was operational
 - Several visits to Ont. Co over many days at different times between 2016 and 2022
 - No one was working at the premises of Ont. Co
 - Several phone calls to the Ont. Co on different days at different times
 - No answer; no returned calls
 - Ont. Co's explanations for lack of presence was "not persuasive"
 - Ont. Co's website <www.travelleaders.ca> is a passive site
 - The "bookings" section was never functional

TRAVEL LEADERS GROUP, LLC V. 2042923 ONTARIO INC., 2023 FC 319

Factual Findings Cont'd

- Evidence from the Ont. Co of use of its mark included:
 - 5 invoices dated 2005
 - 1 invoice from 2016
 - 2 invoices from 2017
 - 2 invoices from 2021
 - All have the header TRAVEL LEADERS
 - No evidence that the invoices were ever sent to a customer

***TRAVEL LEADERS GROUP, LLC
V. 2042923 ONTARIO INC.,
2023 FC 319***

FC Held:

The trademark was **abandoned**

***TRAVEL LEADERS GROUP, LLC
V. 2042923 ONTARIO INC.,
2023 FC 319***

(b) S.18(1)(a): Does the Registration contain a material misstatement as to the date of first use?

The Court was skeptical but gave benefit of the doubt to the registrant.

***TRAVEL LEADERS GROUP, LLC
V. 2042923 ONTARIO INC.,
2023 FC 319***

(c) S.18(1)(e): Was the Registration registered in bad faith?

Relevant date = TM application filing date = May 4, 2010

TRAVEL LEADERS GROUP, LLC V. 2042923 ONTARIO INC., 2023 FC 319

Facts regarding Bad Faith

- 2010 - Ont. Co was operating as a travel agency
- Ont. Co was aware of:
 - US Co's prior use in the US
 - US Co's intention to expand into Canada
- Ont. Co's application to register the mark in 2010
 - "questionable business decision"
- Ont. Co's conduct after relevant date = bad faith
 - However, as of relevant date in 2010:
 - "there is insufficient evidence in the record to warrant a finding of bad faith on the part of Ontario Inc. on the date it applied to register the TRAVEL LEADERS trademark."

***TRAVEL LEADERS GROUP, LLC
V. 2042923 ONTARIO INC.,
2023 FC 319***

FC Held:

The registration was not filed in bad faith.

#3

BURBERRY LIMITED & CHANEL LIMITED V WARD, 2023 FC 804

- Relies on Earlier Case: ***Louis Vuitton Malletier v Sheine Reyes Rosales, 2023 FC 217***
 - Decision classified a smaller, private Facebook sales operation as being akin to a flea market (justifying a lower scale of damages than a brick and mortar business)
- **Madam Justice Walker FCJ distinguishes the facts in *Burberry* to justify a higher damages calculation** based on:
 - Ward’s activities amounted to “whack-a-mole” for Burberry and Chanel
 - She was more sophisticated and her activities were more deceptive: including using multiple aliases, selling via several personal and third party Facebook pages, and
 - evading detection by Canada Border Services by re-routing shipping

#3

BURBERRY & CHANEL V WARD

- *Burberry re-calculates* multipliers applicable in counterfeiting cases to update the 1997 scale adopted for damages per incidence of infringement - raising the \$6,000 retailer category to \$10,000 in 2023.
- This counters more recent cases **in *lululemon Athletica Canada Inc. v. Campbell 2022 FC 194*** and ***Rosales***: which did not award significant sums for counterfeiting cases (\$8,000 compensatory and \$30,000 punitive plus \$2,700 in costs in lululemon case) and ***\$10,000 compensatory damages in Rosales*** based on \$1,000 per infringement plus \$30,000 in punitive damages.
- Third party Orders also issued to allow CBSA to release aliases used by defendants and third parties given notice of judgment also enjoined.

CALCULATING DAMAGES IN COUNTERFEITING CASES

Total Damages Ordered:

1. Burberry Plaintiffs - tm damages \$395,000 + \$120,000 for statutory damages for copyright = \$515,000;
2. Chanel Plaintiffs - tm damages \$394,000;
3. Plus \$100,000 in punitive damages;
4. Costs to be determined on submissions.

Year	Burberry	Chanel
2021	\$9,000 x 9 instances = \$81,000	\$9,000 x 9 instances = \$81,000
2022	\$9,500 x 7 instances = \$66,500	\$9,500 x 8 instances = \$76,000
2023	\$10,000 x 5 instances = \$50,000	\$10,000 x 4 instances = \$40,000
	Total: \$197,500 X 2 plaintiffs = \$395,000	Total: \$197,000 x 2 plaintiffs = \$394,000

#4

BURBERRY LIMITED V WARD, 2023 FC 804

- Earlier Case: ***Louis Vuitton Malletier v Sheine Reyes Rosales, 2023 FC 217***
 - Classified a smaller, private Facebook sales operations as being akin to a flea market (at a lower scale of damages than a brick and mortar sales operation)
- Later in 2023, *Burberry* provides a new mechanism for seeking substantial damages in cases of counterfeit goods
- Restatement from *Louis Vuitton* of damages in online sales, as well as multipliers applicable in multiple cases of infringement
 - Stopping Ward's activities amounted to "whack-a-mole" for Burberry and Chanel
 - She was more sophisticated and her activities were wide-reaching; including using aliases, selling via several personal and third party Facebook pages, and evading detection by Canada Border Services by re-routing shipping

CALCULATING DAMAGES

Types of Businesses:

1. **Temporary Facilities** (flea markets) - \$3,000/infringing activity
2. **Retail Premises** (brick and mortar stores) - \$6,000/infringing activity
3. **Where a defendant is a manufacturer, importer or distributor of counterfeit goods** - \$24,000/infringing activity

Year	Burberry	Chanel
2021	\$9,000 x 9 instances = \$81,000	\$9,000 x 9 instances = \$81,000
2022	\$9,500 x 7 instances = \$66,500	\$9,500 x 8 instances = \$76,000
2023	\$10,000 x 5 instances = \$50,000	\$10,000 x 4 instances = \$40,000
	Total: \$197,500	Total: \$197,000

#5 and #6

PIZZAS AND CARPETS – WHAT DO THESE HAVE IN COMMON?



Licensing

What is a license?

License = permission

Section 50 of the *Trademarks Act*

- Use of a TM by licensee will be deemed to be use of the TM by the licensor if:
 - Licensor controls character or quality of the goods/services provided under the license

PIZZAS AND CARPETS – WHAT DO THESE HAVE IN COMMON?

Milano and *Dragona* – two licensing cases, inconsistent results?

- *Milano Pizza* – virtually no control under the license
 - S.50 does not apply
 - -Therefore: use by licensees does not accrue to licensor
- *Dragona* – virtually no control under the license
 - S.50 does apply
 - -Therefore: use by licensee does accrue to licensor

#5

***MILANO PIZZA LTD. V. 6034799
CANADA INC., 2022 FC 425***

Milano Pizza, the licensor and plaintiff, owned a TM registration:



In association with "take out restaurant services, with delivery".

MILANO PIZZA LTD. V. 6034799 CANADA INC., 2022 FC 425

Milano Pizza sued licensees for:

- Trademark infringement, passing off, and depreciation of goodwill

Licensees (38 in total) were pizza takeout restaurants.

- Some restaurants had licenses in writing, some did not.
- Licenses need not be in writing

MILANO PIZZA LTD. V. 6034799 CANADA INC., 2022 FC 425

Licenses:

- Included (a) purchasing requirement and (b) territory requirement
 - (a) **Purchasing requirement:**
 - Licensees required to purchase certain ingredients/goods from authorized distributors
 - **Pizza sauce, cheese, pepperoni**, drinks, and pizza boxes
 - (b) **Territory requirement**
 - No other license would be awarded or granted in a licensee's geographical area without the licensee's consent
- Audits / reviews by licensor were "ad hoc"

MILANO PIZZA LTD. V. 6034799 CANADA INC., 2022 FC 425

Problems for Licensor Cont'd:

2. Third party use of PIZZERIA MILANO in Masson, Quebec for the last 40 years

MILANO PIZZA LTD. V. 6034799 CANADA INC., 2022 FC 425

Federal Court Held:

- 1 -Licensor **did not exercise sufficient control** over services performed
- 2 - **Co-existence of PIZZERIA MILANO** in Masson, Quebec for the last 40 years
- Therefore: TM not distinctive
TM registration invalid => expunged

MILANO PIZZA LTD. V. 6034799 CANADA INC., 2022 FC 425

Why Use Did Not Inure to Licensor Cont'd

- Purchase and use of domain name for online ordering services by licensee w/o input or oversight by licensor for at least a decade
- License:
 - 1. Included no right of inspection
 - 2. No control over finished product: **key issue**
 - [92] ... I find that while [the plaintiff] may control the character and quality of the branded pizza ingredients - pepperoni, cheese and sauce, it requires the ... Licensees to purchase from [a particular distributor], in addition to the pizza boxes, [the plaintiff] for the most part has failed to exercise control over the finished product, the pizza itself, and other menu items.
 - 3. No actual control of territory
 - I am not satisfied, however that this is meaningful control in the sense of sufficiency.
[99] All of these factors, over which [the plaintiff] exercises little to no control, are significant determinants, in my view, of the character or quality of the services, including the finished pizza products and the speed at which or how food orders are filled.

MILANO PIZZA LTD. V. 6034799 CANADA INC., 2023 FCA 85

FCA Held:

No error of law or fact in FC's determination.

- Control over the **finished product** or service is required to ensure the same quality across all licensees
 - The appellants' argument amounts to an assertion that the Courts are not permitted to determine the meaning of control in section 50 of the *TMA* but are rather to take the trademark owner's word that they assert control over the final product or services.
- There was no control at all.

#6

DRAGONA CARPET SUPPLIES MISSISSAUGA INC. V. DRAGONA CARPET SUPPLIES LTD., 2023 FCA 228.

Background

- Relatives owned two companies using TM DRAGONA in association with flooring-related products
 - The original company was from Scarborough
 - The other company was from Mississauga
 - The Mississauga Co (later company) sued Scarborough Co (original company) for passing off, an injunction, and damages.

DRAGONA CARPET SUPPLIES MISSISSAUGA INC. V. DRAGONA CARPET SUPPLIES LTD., 2023 FCA 228.

Timeline

- 1984 - first DRAGONA store founded by Scarborough company
- 1992 - A relative of the owner of the Scarborough company opened Mississauga store, with one of the original founders
- 2012 - the owners of the Mississauga store decided to part ways.
 - All shares of Mississauga store sold to Mississauga relative
 - But not the TM
- From 1991-2021
 - Both stores operated together in many respects
 - Shared inventory and sourcing of some supplies
 - Customers could pick up goods from either store
 - Each party operated more than one store under the name DRAGONA
- After 2012 - virtually no evidence of control

***DRAGONA CARPET SUPPLIES
MISSISSAUGA INC. V. DRAGONA
CARPET SUPPLIES LTD., 2023 FCA
228.***

Statement of Claim:

The Mississauga company (the later company) sued the Scarborough company (the original company) for an injunction to restrain the use of the mark in Mississauga and west of the GTA.

***DRAGONA CARPET SUPPLIES
MISSISSAUGA INC. V. DRAGONA
CARPET SUPPLIES LTD., 2023 FCA
228.***

FC Held:

- The Scarborough Co has significant goodwill in Scarborough with some goodwill in Mississauga.
 - Scarborough Co had goodwill throughout the GTA prior to Mississauga's inception
- Mississauga Co has significant goodwill in Mississauga, with some goodwill in Scarborough

DRAGONA CARPET SUPPLIES MISSISSAUGA INC. V. DRAGONA CARPET SUPPLIES LTD., 2023 FCA 228.

FC Holding Cont'd

FC decided that the TM was owned by the Scarborough Co.

- There was a license to the Mississauga Co to use the mark.

Question: Did s.50 of the TMA apply?

- Such that use of the mark by the Mississauga Co accrued to the Scarborough Co?
- For s.50 to apply, Scarborough Co must control the character or quality of the goods/services provided by the Mississauga store in association with the mark.

DRAGONA CARPET SUPPLIES MISSISSAUGA INC. V. DRAGONA CARPET SUPPLIES LTD., 2023 FCA 228.

Federal Court Findings regarding Control by Scarborough Co over Mississauga Co:

Examples of actual control over the mark are few

- 1. Close family relationship and assurances from Mississauga Co that “we were planning to phase out use of TM”
- 2. Pre- 2012 - One Scarborough relative visited the Mississauga Co and “kept an eye on the business”
 - One Scarborough relative had 50% o/p of the Mississauga Co from 1992 to 2012 - this fact suggests some control

***DRAGONA CARPET SUPPLIES
MISSISSAUGA INC. V. DRAGONA
CARPET SUPPLIES LTD., 2023 FCA
228.***

FC Held:

There was a license and control by the Scarborough Co

The Scarborough Co could continue to use the mark in the GTA

***DRAGONA CARPET SUPPLIES
MISSISSAUGA INC. V. DRAGONA
CARPET SUPPLIES LTD., 2023 FCA
228.***

FCA Held:

- Agreed with FC

#7

CHEUNG'S BAKERY PRODUCTS LTD. V EASYWIN LTD., 2023 FC 190

- Successful case of section 57 expungement based on bad faith registration
- Significant for involving non-Latin character trademarks
- Long history of litigation between the parties dating back to 1996

Easywin's related marks,
registered between 1989 & 2006:

ANNA'S CAKE HOUSE

安娜餅屋

安 Anna's 娜 Cake 餅 House 屋

Applied for Registration
on May 6, 2020:

安娜

The 2 marks registered
in Canada on July 23, 2019:

香港聖安娜

香港聖安娜

CHEUNG'S BAKERY V EASYWIN

- Cheung's Bakery was successful in expunging the Easywin trademarks that included two identical Chinese characters on the grounds of:
 - Cheung's Bakery was the first user, since at least as early as 1974.
 - The Court found a likelihood of confusion based on appearance, sound and ideas suggested, as well as direct overlap in channels of trade and customer base, which was the Chinese-Canadian consumer market "with varying degrees of fluency".
 - Bad faith registration by Easywin was shown due to history of disputes and knowledge of rights in the prior adoption and use of the Chinese characters.

#8

***TWEAK-D INC. V.
CANADA
(ATTORNEY
GENERAL), 2023
FC 427***

At the Trademarks Office

Tweak-D applied to register TRIBAL CHOCOLATE in connection with hair products.

The TMO refused the application, alleging confusion with the prior registration of TRIBAL in association with: Hair colourants and hair dyes.

TMO Examiner Held: application refused



TWEAK-D INC. V. CANADA (ATTORNEY GENERAL), 2023 FC 427

Tweak-D appealed to the FC - focusing on:

Seeking to register: TRIBAL CHOCOLATE

1. Co-existing marks:

TRIBAL (the cited mark)

TRIBAL INDULGENCES

URBAN: TRIBE

TRIBE 1

2. Co-existence agreement between the Applicant and owner of cited mark

TWEAK-D INC. V. CANADA (ATTORNEY GENERAL), 2023 FC 427

FC Holding:

- A co-existence agreement does not compel the TM Examiner to withdraw a confusion objection
- If the Registrar has erred in the past, it is not obligated to perpetuate those errors
- For the applicant to successfully rely on a pattern by the Registrar:
 - Past cases “have generally involved more than three relevant [third party] registrations ...”
- ³⁻⁵⁰ No palpable and overriding error

TWEAK-D INC. V. CANADA (ATTORNEY GENERAL), 2023 FCA 238

FCA agreed with TMO and FC:

- A co-existence agreement does not compel the TM Examiner to withdraw a confusion objection
- If the Registrar has erred in the past, it is not obligated to perpetuate those errors



**WONDER BRANDS
INC. V. POPPY
INDUSTRIES CANADA
INC., 2023 TMOB 157
+
2023 TMOB 158**

These are two related Opposition decisions.

Questions at the TMOB:

Is CAKE THINS in association with thin cakes clearly descriptive?

Is DESSERT THINS in association with thin desserts clearly descriptive?



***WONDER BRANDS INC. V. POPPY
INDUSTRIES CANADA INC., 2023
TMOB 157
+
2023 TMOB 158***

TMOB Held:

No, CAKE THINS and DESSERT THINS are not clearly descriptive.

- Because they have a multiplicity of meanings, namely:
 - (a) Thin pieces of cake or dessert
 - (b) Cake/dessert that renders you thin

Are these decisions wrong?

***WONDER BRANDS INC. V. POPPY
INDUSTRIES CANADA INC., 2023
TMOB 157
+
2023 TMOB 158***

I have no idea.

However, they appear to be inconsistent with the current general practice of the Examination Branch at the TMO.



GNR TRAVEL CENTRE LTD V CWI, INC., 2023 FC 2



- If a retailer **non-permanently** affixes its mark to third party products (such as a hang tag or price tag on third party clothing):
 - = use of the mark in association with retail services but not use in association with the goods themselves.
- If a retailer **permanently** affixes its mark to third party goods
 - Such as a sewn-on label for clothing or a mark embossed or engraved on goods or a decal or sticker attached to a vehicle or a license plate holder on a vehicle
 - = use in association with the goods

TAKEAWAYS FROM 2023 CASES

- **Energizer v. Gillette serves as a cautionary tale for summary judgments:** bringing the motion resulted in 2 additional rulings and delayed eventual trial by additional 4 years.
- Some might add that there has been direction from the Bench to **bring back survey evidence in trademark cases** that would assist trier of fact to know what consumers perceive on first impression with stickers. The Court in Energizer did not award damages for the “bunny brand” stickers due to lack of supporting survey evidence.
- **Guidance on comparative advertising claims** - including, the general context of the claim, typeface size, positioning on packaging, etc.

TAKEAWAYS FROM 2023 CASES

- Court has arguably narrowed the approach to bad faith in ***Travel Leaders Group v Ontario Inc.***
 - Shouldn't seeking to sell a mark for \$850 million USD be considered bad faith?
- Punitive damages awarded even where bad faith registration not found, and eclipsing nominal damages award.
- Counterfeiting multiples restored in Burberry & Chanel v. Ward
- Third party orders expanding along the lines of mareva orders granted in the SCC Google case to fight "whack a mole" counterfeiters.

TAKEAWAYS FROM 2023 CASES

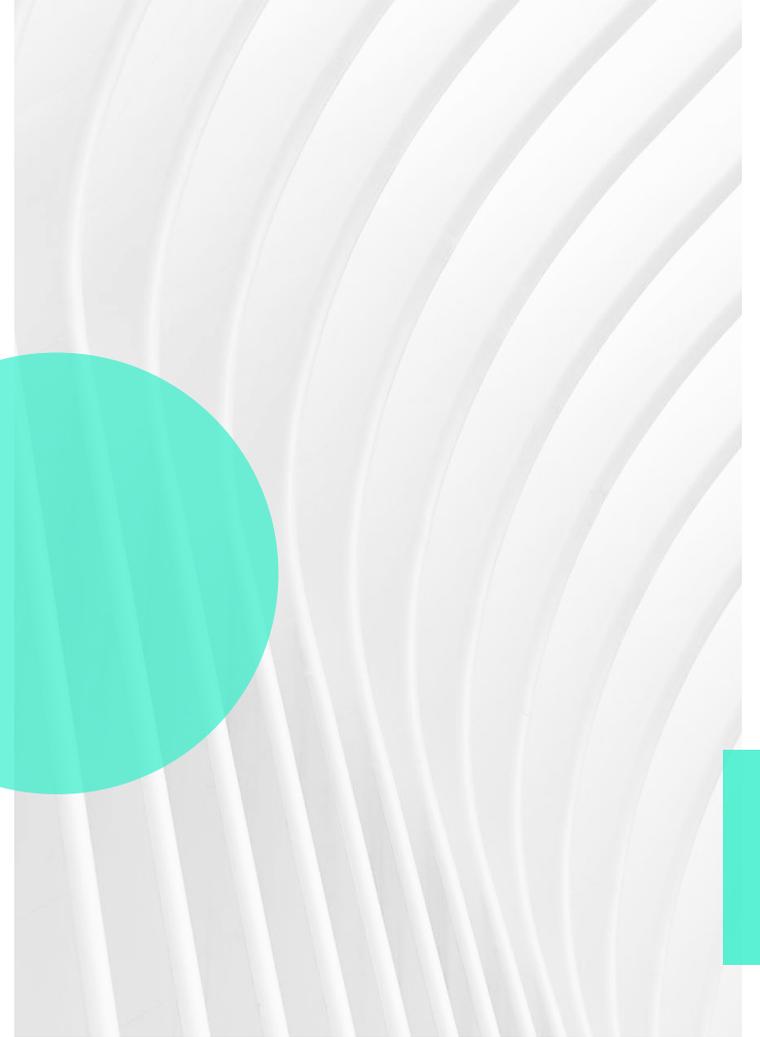
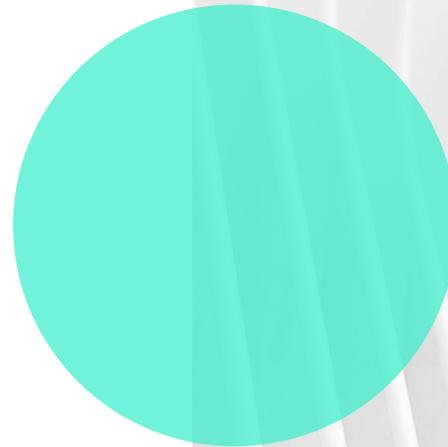
Licensing

1. Oral trademark licenses - can be sufficient
 - a) BUT very risky - since difficult to prove terms
2. ALWAYS best to have trademark licenses in writing
3. Trademark licenses should ALWAYS include:
 - a) Terms relating to character or quality of the **finished** products/service
 - b) Right of inspection
 - c) Right to terminate upon breach

TAKEAWAYS FROM 2023 CASES

- During trademark prosecution:
 - A **letter of consent** or co-existence agreement is unlikely to convince the TM Examiner to withdraw a confusion objection
- **Display of a retailer's mark on third party goods:**
 - "permanently affixed" to the goods
 - = use in association with the goods
 - "non-permanently affixed"
 - ≠ "use" in association with goods
 - = "use" in association with retail sales of the good

QUESTIONS?



THANK YOU



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TRADEMARKS UPDATE FOR 2023

LAW SOCIETY OF ONTARIO IP YEAR IN REVIEW, JANUARY 22, 2024

MAY M. CHENG, DIPCHAND LLP

TORONTO ON

-- & --

PHILIP LAPIN, SMART & BIGGAR

OTTAWA, ON

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INTRODUCTION

This paper was prepared by May M. Cheng of Dipchand LLP and Philip Lapin of Smart & Biggar, with the assistance of Mercedes Simon, articling student at Dipchand LLP, and Pelle Berends, articling student at Smart & Biggar.

The year 2023 was a busy one for decisions from the Trademarks Opposition Board and the Federal Court, including the Federal Court of Appeal, with many lengthy decisions that appeared to go to some lengths to restate or clarify various aspects of trademark law. In particular, the lengthy dispute between Energizer and Gillette over the use of comparative advertising using ENERGIZER trademarks on stickers attached to Gillette’s DURACELL products, went to trial after a summary judgment that sought to narrow the claims was partly overturned by the Federal Court of Appeal.

Some of the top cases from 2023 resulted in new rulings on: depreciation of goodwill and comparative advertising; analyzed the requirements for quality control in licensing situations; led to a reaffirmation of

the damages multiplier for counterfeiting cases at the higher levels established since 1997; and further considered the bad faith ground for expungement introduced in 2019.

There were also a number of cases involving cancellation for bad faith and section 45 expungement proceedings, as well as an assorted number of opposition cases, including a few that have been appealed.

This paper seeks to summarize most of the noteworthy decisions from 2023, which affect various areas of trademark law, but is not intended to be a comprehensive analysis of all cases decided in 2023, and the paper focused on those that appeared to be the most interesting.

Finally, we summarize a few updates from the Canadian Intellectual Property Office (CIPO) and recent changes to the fee structures and timing for deadlines and extensions before the Trademarks Opposition Board (TMOB).

CASE LAW

A. Depreciation of Goodwill and Unfair Competition

(i) *Energizer Brands, LLC v Gillette Company, 2023 FC 804*

On July 6, 2023, the Federal Court issued a lengthy decision on the comparative advertising challenge which fuelled this proceeding, commenced in 2015, in respect of conduct that started as early as 2010.

At its core, the dispute centered on allegations by Energizer Brands, LLC of depreciation of goodwill as well as false and misleading advertising arising from the use of comparative advertising by Gillette that its DURACELL batteries are “up to 15% longer lasting than ENERGIZER MAX”, in addition to use of “the bunny brand” and “the next leading competitive brand” on packaging stickers, all which were alleged to have been used to falsely claim that the DURACELL brand is superior.

The dispute’s circuitous route to trial was substantially lengthened by an earlier summary judgment motion was brought by Gillette and granted in part, then subsequently appealed and partially struck down by the Federal Court of Appeal.

The summary judgment motion, argued in February 2018 (reported as *Energizer Brands, LLC v Gillette Co.*, 2018 FC 1003) was brought by the Gillette in an effort to strike out allegations that the phrases “the bunny brand” and “the next leading competitive brand” could not be asserted as a basis for claiming “false and misleading statements” and depreciation of goodwill in respect of trademark rights and in an attempt to strike a claim for an accounting of profits under the *Competition Act*. The motion was only successful in the latter claim, with the Federal Court of Appeal effectively restoring the s. 7(a) and 7(d) and subsection 22 claims concerning “the next leading competitive brand” allegations to be dealt with at trial, and also refusing to strike out allegations concerning use of “the bunny brand”. The net result is a Federal Court of Appeal ruling that no accounting of profits claim is possible under the *Competition Act* (reported at 2020 FCA 49).

In a lengthy trial, 6 experts and 12 fact witnesses testified on a variety of topics including the truth of the comparative claims based on battery testing and consumer behavioural predictions. Notably, the court

was not impressed with testimony from marketing experts on consumer's perception of "the next leading competitive brand", in the absence of primary data from actual consumers which could assist the court.

The main focus of the action was a claim of depreciation of goodwill under *TMA* section 22 with respect to Gillette's (Duracell's) use of the following statements on battery packs:

- "15% longer lasting vs Energizer",
- "up to 20% longer lasting vs the bunny brand",
- "up to 15% longer vs Energizer Max" and
- "up to 15% longer vs the next leading competitive brand".

Energizer also argued that the advertisements constituted false or misleading statements under s.7(a) of the *TMA*, were materially false and likely to mislead the public under section 7(d) of the *TMA*, and constituted false and misleading representations under section 52(1) of the *Competition Act*.

While both parties filed significant expert evidence from marketing experts, the Court lamented the lack of survey evidence to provide real world context. Specifically, the court faulted Energizer for failing to provide survey evidence (a) relating to consumers' reactions to the stickers, or (b) which spoke to the actual purchasing environment, which could have assisted the Court in determining consumers' perceptions of the advertisements through common sense.

"15% longer lasting vs Energizer" and "up to 15% longer vs Energizer Max"

The Court first considered the stickers which stated that Duracell's batteries were "15% longer lasting vs Energizer" and "up to 15% longer vs Energizer Max". The Court noted that these stickers used the ENERGIZER and ENERGIZER MAX trademarks directly, which satisfied the first part of the test. The Court then found that Energizer's trademarks had substantial goodwill because Energizer is one of the world's largest battery manufacturers, with well-known, if not famous, trademarks.

Establishing linkage was more difficult for the Court due to the lack of primary evidence (such as a survey) showing consumer' reactions to the stickers. The Court looked at the prominence of the wording on the stickers – both on the packaging and on the shelf displays, and noted that there was considerable information on display, which made the stickers appear "cluttered". The Court concluded that consumers were less likely to focus on the individual statements on the batteries' stickers. However, the Court still found that the use of the DURACELL and ENERGIZER trademarks on the stickers were prominent and hard to miss, which established the requisite linkage in consumer's minds.

Finally, because Duracell's stickers used Energizer's trademarks, this resulted in Energizer's loss of control over their trademarks, which had the likely effect of depreciating the goodwill in them. Thus, the Court found that Energizer established that the goodwill in its trademarks was depreciated by these stickers.

"Up to 20% longer lasting vs the bunny brand"

The Court then considered the stickers which stated "up to 20% longer lasting vs the bunny brand". Even though these stickers did not use Energizer's trademarks directly (the stickers referred to "bunny

brand” rather than “Energizer”), the Court noted that direct use of the trademarks was not required under section 22.

The Court found that the phrase “the bunny brand” was capable of evoking Energizer’s registered trademark featuring the famous pink bunny holding a drum (the “Energizer bunny”) in the mind of the consumer, which was sufficient to establish use of the trademark. However, the Court noted that Energizer failed to prove the linkage between the phrase “the bunny brand” and the goodwill in their trademark in the mind of the consumer.

As noted above, there was no primary evidence establishing the consumers’ reaction when faced with the stickers. The Court noted that a consumer was unlikely to focus on the words “the bunny brand”, given its small appearance on the packaging. Furthermore, because these stickers did not directly feature the Energizer trademarks, for the consumer to link the phrase with Energizer’s trademarks, the consumer would have to follow a long series of mental steps. First, the consumer would need to see the phrase “the bunny brand”. Second, the consumer would need to think of Energizer’s iconic mascot. Third, the consumer would then need to remember that the mascot was a trademark of Energizer, or that the ENERGIZER trademark was written on the mascot’s drum.

Without survey evidence supporting the conclusion that consumers made those connections when faced with the words “the bunny brand”, the Court could not find that linkage was established. Therefore, the Court could not conclude that Duracell depreciated the goodwill of Energizer’s trademarks through these stickers.

“The next leading competitive brand”

Regarding the phrase “the next leading competitive brand”, the Court did not find a likely depreciation of goodwill because there was no evidence that a consumer would notice this phrase on the sticker, among the rest of the cluttered label, and associate it with Energizer. As well, the evidence did not establish that “the next leading competitive brand” would be mistaken for Energizer’s registered trademark.

False or misleading statements

Regarding the claim for false or misleading statements under sections 7(a) and (d) of the *Trademarks Act* and section 52(1) of the *Competition Act*, the Court found that Energizer failed to establish its case. While statements on the Energizer and Energizer Max stickers directly referred to Energizer, there was no evidence that the statements were actually misleading.

The Court also found that the average hurried consumer would see the statements “15% longer lasting” and be just as likely to think it referred to prior versions of Duracell’s own batteries.

Finally, the Court considered whether the “bunny brand”, “next leading competitor” and “Energizer Max” stickers constituted false or misleading statements. First, the Court noted that each of these stickers contained disclaimers. They all stated “up to 15% longer lasting” or “up to 20% longer lasting”. The Court noted that such disclaimers suggested that these batteries lasted 15% or 20% or some lower percentage longer than Energizer’s batteries. The Court found that those disclaimers were clear, and consumers would understand that the performance of the batteries fell on a range. The statements would not be interpreted as a guarantee that Duracell’s batteries performed 15% or 20% better than Energizer’s.

The Court then considered the evidence filed in Court which dealt with testing the batteries' performance to see if the batteries actually lasted up to 15% or 20% longer than Energizer's batteries. The Court found that the data reasonably supported the claims on the stickers. The testing reasonably showed that the Duracell batteries lasted up to 15% or 20% longer than Energizer's batteries. Thus, the Court found that the stickers did not constitute misleading statements.

The Court concluded that the Defendants' use of ENERGIZER (TMA157162 and TMA740338) and ENERGIZER MAX (TMA580557) on battery packages in the statements "15% longer lasting vs Energizer" and "up to 15% longer vs Energizer Max" contravened section 22 of the *Trademarks Act* and granted a permanent injunction against using the ENERGIZER or ENERGIZER MAX stickers on battery packages. The Court further ordered only \$179,000 in damages and sought submissions on costs.

As of December 21, 2023, no notice of appeal has been filed with the Federal Court of Appeal.

B. Trademark Infringement and Passing Off

(i) *Travel Leaders Group LLC v 2042923 Ontario Inc. (Travel Leaders)*, 2023 FC 319

Travel Leaders Group (TLG) brought an expungement action against a trademark registration for TRAVEL LEADERS owned by 2042923 Ontario Inc (Ontario Inc). Ontario Inc counterclaimed, saying that TLG infringed their trademark registration, depreciated the value of the goodwill associated with the trademark, and engaged in passing off contrary to section 7(b) of the *Trademarks Act* (TMA). Ultimately, the Court expunged the registration and found that none of the counterclaims were made out.

TLG is an American corporation that does business in Canada under the name TL Network Canada Inc. They provide two services: (i) member travel agencies sell travel services directly to consumers and travel supply partners, and (ii) they operate franchised travel agencies in the US. (There were no franchises in Canada during the relevant time.)

Ontario Inc is owned by Mr. Amin Saleh and his wife. In early 2004, Ontario Inc acquired a stand-alone travel agency, K&S Travel Limited, which sold travel services directly to customers. Later in 2004, Mr. Saleh rebranded as "Travel Leaders."

TLG filed an application to register the trademark TRAVEL LEADERS in Canada in 2010 but abandoned the application after an opposition by Ontario Inc.

Ontario Inc subsequently registered the trademark TRAVEL LEADERS in 2011. TLG offered to purchase the trademark from Ontario Inc in 2011 for \$25,000 or in exchange for a franchise and license, but was met with a counter-offer of \$850 million, which Ontario Inc. claimed at trial was made in jest.

After continuing to run the business at a significant loss, in 2015, Ontario Inc then placed an advertisement to sell the trademark registration, listing it at \$80M, and saying that it was an "unbelievable opportunity" because "Travel Leaders Group can't bring their flagship Travel Leaders franchises into Canada without buying or licensing this trademark".

The Court expunged Ontario Inc's trademark registration, finding that it had been abandoned as at the date the expungement action was commenced in February 2017. The Court determined that Ontario Inc had not been providing travel agency services since 2016. Specifically, based on investigator's testimony and reports, the Court found that Ontario Inc:

- was not using its office with any regularity and did not appear open for business;
- had been cumulatively losing money to the tune of over \$500,000; and
- had no employees since 2016 and no contractors left.

TLG's two other grounds of expungement were not successful, namely, lack of evidence to support the date of first use claimed and bad faith registration.

The Court then considered Ontario Inc's counterclaims and dismissed these entirely. Regarding infringement under section 19, the Court noted that TLG did not offer services in Canada using TRAVEL LEADERS as a trademark (rather they used TL NETWORK), and their display of "Travel Leaders" in email communications did not qualify as "use" of the trademark, since these were internal communications with its membership and not directed at consumers.

Regarding infringement under section 20, the Court noted that the trademark used by TLG in Canada was TL NETWORK, which was not confusing with TRAVEL LEADERS (Similar rulings were made by the TMOB in two opposition proceedings brought by Ontario Inc.). As well, the parties' services and the channels of trade were different: Ontario Inc provided retail travel agency services, while TLG operated business-to-business platforms for travel agents.

With respect to Ontario Inc's section 22 depreciation of goodwill claim, the Court noted that there was no evidence of goodwill in Ontario Inc's trademark, since the business had virtually no advertising and TLG's survey evidence showed no measurable awareness of Ontario Inc's mark or business among relevant consumers of travel agency services in the Halton Region.

Finally, with respect to passing off, the Court ruled that Ontario Inc failed to establish any element of the test and even failed to produce evidence of actual or likely damages arising from TLG's use of TL NETWORK.

In addition to expunging the registration for the trademark TRAVEL LEADERS, an injunction issued against Ontario Inc. from using the trademark TL NETWORK and the domain name "travellersnetwork.ca". The Court also awarded TLG nominal damages of \$2,000 and punitive damages in the amount of \$20,000. A subsequent costs award granted a lump sum of an additional \$546,000 to TLG, which was elevated due to Ontario Inc.'s failure to accept an offer under the Rules that was better than the outcome.

Ontario Inc. filed a motion (outside of the timelines) to extend time to appeal and be self-represented at the Federal Court of Appeal, however, this motion was dismissed at 23-A-23.

(ii) *Dragona Carpet Supplies Mississauga Inc. v Dragona Carpet Supplies Ltd., 2023 FCA 228*

Dragona Carpets Mississauga (“Dragona Mississauga”) began an action for passing-off in the Federal Court against Dragona Carpet Supplies Ltd (“Dragona Scarborough”), which counterclaimed, seeking damages and expungement of the appellant’s registered mark. The Federal Court dismissed the action and expunged the trademark registration.

Both businesses are owned by extended family members and both businesses use trademarks and tradenames incorporating DRAGONA. Both businesses sell flooring-related products and primarily target contractors while also selling to retailers and the public.

Dragona Scarborough (the original company) was founded by Nizar Hamam in 1984.

In 1992, Dragona Mississauga was opened to expand Dragona Scarborough’s business in Mississauga. Dragona Mississauga was owned jointly by Nizar and Talal Issawi.

Both businesses cooperated in a number of respects, such as jointly sourcing supplies.

There was a falling-out between Nizar and Talal in 2012, resulting in an agreement in which Talal purchased all of Nizar’s shares in Dragona Mississauga. The agreement did not address the question of trademark ownership or use of the trademark DRAGONA. Immediately after the agreement, Talal (of Dragona Mississauga) registered a word mark and a design mark incorporating “Dragona Flooring”.

The Court held that Dragona Mississauga had significant goodwill in Mississauga and some goodwill in Scarborough. The judge also found that Dragona Scarborough had significant goodwill in Scarborough, with some goodwill in Mississauga and other parts of the GTA where it made sales.

The Court held that there was an oral license from Dragona Scarborough to Dragona Mississauga, such that the use of the mark DRAGONA by Dragona Mississauga accrued to the goodwill owned by Dragona Scarborough and expunged the registration in the name of Dragona Mississauga.

On appeal, Dragona Mississauga alleged that the Federal Court erred in finding there was an oral license, by conflating the concepts of control and ownership. The Court of Appeal disagreed. In siding with the trial judge, the Court upheld the following factors to determine sufficient control existed:

- from 2012-2021, there was no reason for Dragona Scarborough to intervene in the use of the marks;
- the close relationship between the businesses;
- the assurances given by Talal (of Dragona Mississauga) that he was planning on phasing out the use of the mark;
- the fact that the owner of Dragona Scarborough visited Dragona Mississauga to keep an eye on the business; and
- that many of the items in Dragona Mississauga were identical to those in Dragona Scarborough.

Thus, the Court of Appeal agreed that:

- (a) Dragona Scarborough had licensed use of the mark DRAGONA to Dragona Mississauga and
- (b) Dragona Scarborough controlled that character or quality of the goods/services provided by Dragona Mississauga.

As of December 18, 2023, no notice of leave to appeal was filed with the Supreme Court of Canada.

C. Oppositions

(i) *Via Rail Canada Inc. and Via Transportation, Inc., 2023 TMOB 155*

The Applicant, Via Transportation, filed an application to register the following mark VIA & Design:



The application was based on proposed use in association with goods and services related to mobile apps for coordinating vehicle transportation services. Via Rail Canada opposed this application, arguing that it was confusing with its “VIA” trademarks, official marks, and trade-names.

Regarding the confusion analysis, the Hearing Officer found that there was a relatively high degree of similarity between the parties’ marks, because they both contain only the word “via” and the designs and words all connote concepts such as travelling along a route.

With respect to section 6(5)(a) of the TMA, the Hearing Officer found that both parties’ marks have a comparable, moderate, level of inherent distinctiveness; however, the Opponent, Via Rail, was able to establish significant acquired distinctiveness with respect to railway services and services related to the transportation of passengers based on its official marks and longstanding use.

With respect to section 6(5)(b), because the Opponent proved that it used the mark since at least as early as 2010, and because the Applicant’s application was based on proposed use, this factor favoured the Opponent.

Regarding sections 6(5)(c) and (d), the Hearing Officer found that the services and channels of trade of the parties overlapped.

Taking all of these factors into consideration, the Hearing Officer determined that the Applicant failed to discharge its onus and found confusion under 12(1)(d).

With respect to the section 12(1)(e) ground of opposition, relying on the Opponent’s official mark “VIA”, the Hearing Officer found that the pin design in the applicant’s mark was sufficient to avoid the applicant’s mark being “mistaken” for Via Rail’s marks.

With respect to the distinctiveness ground of opposition, the Hearing Officer held that, largely in view of the analysis under the section 12(1)(d) ground (confusion with registered trademarks), the Applicant's mark was not distinctive of its goods and services. Accordingly, this ground of opposition was successful and the application was refused.

As of December 12, 2023, no appeal has been filed at the Federal Court.

(ii) *Servus Credit Union Ltd. And Meridian Credit Union Limited, 2023 TMOB 176*

The Applicant, Meridian Credit Union, applied to register the trademark "WHERE BANKING FEELS GOOD" in association with financial, banking and investment services. The Opponent, Servus Credit Union Ltd., opposed largely based on confusion with their trademark "FEEL GOOD ABOUT YOUR MONEY" for banking, financial and investment services.

The first ground of opposition was based on section 16(1)(a), relating to confusion. The Opponent was able to show that its mark was used and made known prior to the application filing date.

The Hearing Officer found that both marks had comparable inherent distinctiveness. However, the Opponent showed that their mark had acquired distinctiveness.

Neither party disputed that there was an overlap in the goods, services and business.

The Hearing Officer found that there was a meaningful degree of similarity between the ideas suggested by the marks as a whole, because they both featured the term "feel good" to suggest a positive emotional state when engaging with their banking or financial services.

With respect to the surrounding circumstances, the Applicant sought to rely on state of the register evidence to support the argument that small differences between the marks should be sufficient to allow consumers to distinguish between them, but the Hearing Office was unconvinced.

The Hearing Officer ultimately found that the balance of probabilities with respect to the issue of confusion favoured the Opponent; thus, the ground of opposition based on section 16(1)(a) was successful.

With respect to the section 2 ground of opposition, the Hearing Officer found that the Applicant's mark was not distinctive, relying on the confusion analysis. Thus, this ground was also successful and the application was refused.

An appeal has been filed at the Federal Court as of December 23, 2023.

(iii) *The Ritz-Carlton Hotel Company, L.L.C. and Ritz yacht Inc., 2023 TMOB 153*

The Applicant, Ritz yacht, applied to register the trademark "RITZYACHTS" based on (a) proposed use in association with yachts and custom manufacture of yachts; and (b) use in Canada since July 15, 2017, in association with the services of yacht and boat conversion, renovation, refit and repair. The Ritz-

Carlton Hotel Company, the Opponent, alleged that the applicant's mark was confusing with its well-known "RITZ-CARLTON" trademarks, used in association with hotel and hospitality services, as well as in association with arranging cruises for others.

The Opponent argued that the cross-examination of one of their witnesses was inadmissible because it was not conducted by a registered trademark agent or solicitor. However, the Hearing Officer held the Regulations do not require a corporation to be represented by a trademark agent/lawyer, and the cross-examination by the president of the Applicant was permissible.

The s.30(e) ground of opposition alleged that the Applicant never intended to sell yachts. On cross-examination, the Opponent was able to obtain an admission that the Applicant did not intend to sell yachts. Thus, this ground was successful with respect to both "yachts" and "the custom manufacture of yachts."

With respect to the section 30(b) ground of opposition, the Opponent alleged that the Applicant did not use the mark in association with yacht and boat conversion, renovation, refit and repair as of the claimed date of first use. Because the Applicant refused to answer questions on this point in cross-examination, the Hearing Officer drew a negative inference against the Applicant, which satisfied the Opponent's legal burden.

The Hearing Officer then found that there was no evidence filed by the Applicant that established that the mark was used in association with the services. The Hearing Officer was not convinced by the presence of business cards (which simply showed the mark with no reference to the services) and the existence of a website, which was only intermittently live, and was not currently active. Resultingly, this ground was successful and the Hearing Officer refused the application pursuant to section 63(3) of the TMA

As of December 13, 2023, no appeal has been filed with the Federal Court

D. Appeals From the Registrar

(i) *Puma SE v Caterpillar Inc., 2023 FCA 4*

Puma applied to register "procat" in association with footwear, namely athletic, sports and casual shoes and boots; and headgear, namely hats and caps. Caterpillar Inc opposed the application on a number of grounds, arguing that the mark "procat" was confusing with: (a) its registered mark CAT & Triangle Design (see below) in association with footwear and headwear and (b) its prior-filed application for CAT.



The Trademarks Opposition Board (TMOB) did not find the marks confusing and allowed the registration.

Caterpillar appealed that decision to the Federal Court and filed new evidence. The Federal Court decided the appeal *de novo*, finding the marks to be confusing and refusing the application. Puma appealed that decision to the Federal Court of Appeal.

The TMOB found that there was insufficient evidence of control over the licensee's footwear, and accordingly, concluded that the licensee's use of the Caterpillar marks did not accrue to Caterpillar. The TMOB rejected all grounds of opposition.

In the Federal Court appeal, both parties submitted fresh evidence, some of which was considered material. The material evidence dealt with Caterpillar's control over the quality of the goods sold under the marks. The Federal Court found the new evidence established sufficient control over the character and quality of the goods and services, so use by the licensee inured to Caterpillar.

Concerning the issue of confusion, the Federal Court found that all the enumerated factors in section 6(5) of the *Trademarks Act* favoured Caterpillar, and that Puma's evidence regarding the state of the register evidence was not helpful. Thus, the Federal Court found that there was a likelihood of confusion.

In the Federal Court of Appeal, Puma argued that the Federal Court erred in concluding that there was a likelihood of confusion. With respect to the Federal Court's assessment of inherent distinctiveness, the Court noted that the term "pro" in procat is laudatory and therefore added little to the distinctiveness of the mark as whole. The FCA noted that this conclusion was reasonable. The FCA also noted that there were far more sales by Caterpillar, resulting in acquired distinctiveness. As a result, this favoured Caterpillar.

With respect to the Federal Court's conclusion that the degree of resemblance favoured Caterpillar, the FCA found that the marks share a degree of resemblance because of the parties' use of "cat" and found that the laudatory or suggestive prefix "pro" did not assist in differentiating the marks.

Puma argued that the Federal Court failed to consider the marks as a whole and instead focused on the common "cat" element. The Court of Appeal noted that it is legitimate to consider a striking or unique element of a trademark.

Puma argued that the Federal Court was effectively granting Caterpillar a monopoly on the word "cat"; however, the Court of Appeal noted that this would be problematic only if there was evidence that the term "cat" was commonly used in the trade in association with relevant goods. Furthermore, the court noted that the conclusion in this case did not grant a monopoly over "cat", but rather merely led to the decision that the marks in issue in this case were confusing.

The FCA dismissed the appeal with costs, fixed in the all-inclusive amount of \$20,000 payable to Caterpillar. Notice for leave to appeal was filed by Puma at Supreme Court of Canada on March 10, 2023 – File No. [40641](#); application for leave was subsequently [dismissed](#).

(ii) *Spirit Bear Coffee Company Inc. v Kitasoo First Nation, 2023 FC 1185*

Spirit Bear Coffee Company Inc. (“SBCC”) filed an application to register the mark “SPIRIT BEAR COFFE COMPANY” in association with various goods, including ground and whole bean coffee and related retail services. Kitasoo Band Council opposed, relying on several of their official marks incorporating the term “SPIRIT BEAR”. Kitasoo Band Council also opposed on the basis of a license agreement with SBCC which precluded use of the term SPIRIT BEAR by SBCC and instead permitted use only by a different corporate entity.

The TMOB refused the application on the ground that the applicant could not have been satisfied that it was entitled to use the mark in view of the license. This case was decided under the pre-2019 *Trademarks Act* and relied on old section 30(i). However, the same principles would apply under the “new” *TMA*. SBCC appealed the decision of the TMOB to the Federal Court.

It should be noted that both Kitasoo Band Council and the City of Terrace had obtained official marks for “SPIRIT BEAR”, and entered into a joint license agreement concerning use of the marks. They then entered into a license agreement with several entities, including SBCC, and a numbered company (“Numbered Co.”), regarding the use of the mark “SPIRIT BEAR”. The Agreement permitted only Numbered Co. to use the mark in association with coffee-related products.

In another proceeding, Kitasoo and City of Terrace pursued legal action against another company, Urban Distilleries, concerning their use of the mark “SPIRIT BEAR”. In that case, the Federal Court of Appeal held that the official marks owned by Kitasoo Band Council and the City of Terrace were unenforceable, because they had not adopted and used the marks before the relevant date.

After the official marks were declared unenforceable, SBCC filed the current application to register the mark “SPIRIT BEAR COFFE COMPANY”. Subsequent to the filing of SBCC’s trademark application, Kitasoo Band Council filed a new application to protect the official mark “SPIRIT BEAR” and received public notice (ie: protection) for the current official mark.

At the TMOB, Kitasoo Band Council had argued that SBCC could not be satisfied that it was entitled to register the mark because such an application was prohibited by the license agreement. SBCC noted, however, that the Urban Distilleries decision held that the official marks (which were identified in the license agreement) were invalid. Accordingly, SBCC had argued that there was no valid license agreement constraining them.

The TMOB disagreed, stating that the Federal Court decision held that the official mark was unenforceable, but remained extant. Furthermore, the TMOB stated that even if the new official mark was invalid, the license agreement would not be void as the Opponent had used the mark for some time and had acquired some level of common law rights.

SBCC appealed to the Federal Court. On appeal, SBCC argued the TMOB erred by assessing the validity of the License Agreement, rather than determining whether or not SBCC was acting in good faith (under the “not the person entitled” ground of opposition) when it filed the application. In other words, SBCC appeared to be arguing that if an applicant had a subjective belief that it was acting in good faith, then the TMOB could not decide that it was acting in bad faith.

The Court was not convinced by SBCC's argument. The Court noted that a section 30(i) ground of opposition did not require the applicant to know that it was acting in bad faith. Moreover, an opponent could succeed without proving bad faith.

The Federal Court then noted that bad faith is not limited to dishonest conduct, but also relates to "dealings which fall short of the acceptable standards of acceptable commercial behaviour". Thus, the Court could not see an error in the test applied by the TMOB as it was consistent section 30(i) caselaw which considered contractual obligations prohibiting registration of a particular mark.

In the result, the Court dismissed the appeal and upheld the TMOB's decision rejecting the application. The issue of costs was reserved.

As of December 14, 2023, no appeal has been filed with the Federal Court of Appeal.

(iii) *Tweak-D Inc. v Canada (Attorney General)*, 2023 FC 427, and 2023 FCA 238

Tweak-D applied to register the trademark "TRIBAL CHOCOLATE" in connection with hair care products. The Registrar refused the application. Tweak-D appealed the refusal to the Federal Court.

Over the course of the proceedings, the Registrar issued three Examiner's Reports objecting to the registration of the mark on the basis that it was confusing with the registered mark "TRIBAL" in association with a number of goods, including hair colorants and hair dyes.

In response to the initial Examiner's Report (and after launching a section 45 proceeding against the cited registration), Tweak-D entered into a co-existence agreement with the owner of the "TRIBAL" registration. Among other things, the co-existence agreement required the owner of the cited registration to restrict the channels of trade of the goods in the cited registration. Tweak-D submitted this restriction to the trademark Examiner, but the Examiner maintained the confusion objection. The Examiner remained convinced that the marks "TRIBAL CHOCOLATE" and "TRIBAL" were confusing the context of similar goods.

On appeal to the Federal Court, Tweak-D argued that the Registrar's ruling was inconsistent, given prior third party registrations such as "TRIBAL INDULGENCES" in association with overlapping goods. However, the Court noted that there was no evidence of use of the third party marks, and the state of the register evidence alone did not render a palpable and overriding error.

The Court noted that it was open to the Registrar to consider the relevant evidence and conclude that there was a likelihood of confusion. The Court noted that, as a matter of first impression, the concurrent use of "TRIBAL CHOCOLATE" and "TRIBAL" for hair care products would likely lead to the inference that the haircare products emanated from the same source. The Registrar considered the co-existence agreement but noted that a co-existence agreement does not trump the Examiner's discretion.

In the result, the Federal Court found no palpable and overriding error and dismissed the appeal, upheld Registrar's decision. Court exercised discretion not to award costs. A notice of appeal filed May 3, 2023 – A-119-23; decision was rendered in [2023 FCA 238](#), dismissing the appeal (below)

Tweak-D argued at the Federal Court of Appeal that the Federal Court erred in applying the standard of review, relying on *SOCAN v Entertainment Software Association*, 2022 SCC 30. The Court of

Appeal disagreed, stating that the *SOCAN* case dealt with circumstances where a court and administrative body have concurrent first instance jurisdiction over a legal issue in a statute. The *SOCAN* test does not apply in this case because this is a statutory right of appeal.

Next, Tweak-D argued that the Federal Court and Registrar erred in their appreciation of (a) the state of the register evidence; and, (b) the co-existence agreement between the appellant and the owner of the cited registration for the mark “TRIBAL”.

Tweak-D argued that the Federal Court failed to resolve the inconsistencies in the register, given that “TRIBAL CHOCOLATE” is no more confusing with “TRIBAL” than other trademarks on the register. The Court of Appeal rejected this argument, because it is irrelevant that a third party mark was registered previously. The FCA emphasized that if the Registrar erred in the past, it is not required to perpetuate the error.

The FCA accepted the Federal Court’s observation that state of the register evidence is only relevant where there are a large number of pertinent registrations and evidence of actual use; the four third party registrations in this case with no evidence of use were not sufficient to lead to a conclusion that the Registrar was wrong. The FCA dismissed the appeal.

Finally, regarding the co-existence agreement, the Court of Appeal noted that a registered trademark owner’s consent to registration is not dispositive of registrability; it is but one factor. It was open for the Registrar to conclude that this co-existence agreement did not trump the other s.6(5) factors.

As of December 18, 2023, no notice of leave to appeal to the Supreme Court of Canada was filed.

E. Licensing

(i) *Milano Pizza Ltd v 6034799 Canada Inc, 2023 FCA 85*

Milano Pizza operated a chain of takeout pizza restaurants with 38 licensees total. Milano Pizza sued some of its licensees for trademark infringement, passing off, and depreciation of goodwill. The licensees counter sued to expunge Milano Pizza’s registered trademark.

The Federal Court found that Milano Pizza failed to demonstrate sufficient control over its licensees’ goods and services provided in association with the trademark. This meant that use of the mark by the licensees did not accrue to Milano Pizza. The Federal Court dismissed all of Milano Pizza’s claims and expunged Milano Pizza’s registered trademark. Milano Pizza appealed to the Federal Court of Appeal, which dismissed the appeal with costs.

Milano Pizza argued that the Federal Court erred in law by applying the incorrect test when assessing whether the appellant had control over their licensees. In the Federal Court decision, the Court held that although Milano Pizza may have controlled the sourcing of certain ingredients in the pizza, the court held that Milano Pizza did not control the character or quality of the final product/service. On appeal, Milano Pizza argued the Federal Court erred in its determination that Milano Pizza did not control the character or quality of the final product/service.

The FCA held that Milano Pizza’s argument would amount to an assertion that the Federal Court cannot determine the meaning of “control” The FCA noted that Milano Pizza’s argument was inconsistent with the purpose of the Act to ensure consistent quality across all goods and services bearing a trademark. In this case, the Federal Court did not dictate how an owner must exercise control, but rather found that control did not exist at all. The Federal Court cannot simply take the trademark owner’s word that they assert control over their final product or service.

As of December 15, 2023, no leave to appeal was filed with the Supreme Court of Canada.

F. Interlocutory Injunctions

(i) *Nutrisoya Foods inc. c Liquats Vegetals*, 2023 QCCS 966

Though brief, this case demonstrates the injunctive framework for confusingly similar marks. Furthermore, the test for granting an interlocutory injunction used by the Superior Court of Quebec differs from other provinces, therefore making it more unique as Canadian jurisprudence.

Here, the parties were competitors both selling non-dairy products like soy milk. The plaintiff, Nutrisoya, owned the mark “Natur-A”, whereas the defendant, Liquats Vegetals, owned the mark “Natrué”. Both parties’ goods were sold at Costco, and Nutrisoya claimed Liquats Vegetals’ mark created confusion and sought an interlocutory injunction on the grounds the marks were phonetically identical.

Given the parties packaging bore no resemblance, the Court deemed the claim was unfounded. The Superior Court then assessed granting the injunction based on the new common law threshold for granting mandatory injunctions as well as the “balance of convenience” assessment which is now unique to Quebec. Here, the Court was unwilling to grant the 10-day interlocutory injunction to remove Liquats Vegetals’ products from Costco as there was no evidence of (a) emergency; (b) appearance of right or serious question; (c) serious or irreparable harm; or (d) serious disadvantage. Instead, the balance of convenience favoured not granting the injunction, as the immediate removal of products would be nearly impossible and would likely result in Liquats Vegetals losing its customer base. As a result, the motion for an interlocutory injunction was rejected.

G. Section 22 (Depreciation of Goodwill)

(i) *Dermaspark Products Inc v Patel*, 2023 FC 388

In 2023, two cases involving Dermaspark Products Inc illustrated where the Court has found a depreciation of goodwill when a defendant is selling and marketing counterfeit goods and/or services.

This first case illustrates the current trend in trademark law of the Court’s willingness to impose punitive damages on parties who attempt to take advantage of lower cost, counterfeit products at the

expense of another party's goodwill. *Dermaspark Products Inc v Patel* also provides an example of where a motion for summary judgement backfired on the party seeking the motion.

Dermaspark is and was the exclusive Canadian distributor of a facial treatment machine known as "OxyGeneo". The machine was manufactured by Israeli parent company, Pollogen, and the patented technology is well-regarded by those working in aesthetics. Between 2018 and 2020, the Defendants, Balsam Spa and its owner/operator Patel (collectively, "Balsam"), purchased a counterfeit version of the machine and associated products, using Dermaspark's trademarks on their website to promote the counterfeit products and services. In 2020, Dermaspark discovered these activities and sent a cease-and-desist letter, which Balsam immediately complied with.

In agreement with Dermaspark, Balsam brought a motion for summary judgement as several issues had already been agreed to between the parties, and litigation had been prolonged for unexplained reasons. While not determinative, Dermaspark's willingness to proceed by summary trial was an important factor in granting the motion.

Despite Balsam's acquiescence, proceeding to summary trial did not turn in their favour. The Court held there was sufficient evidence Balsam used the trademark to promote their business and allowed customers to believe the treatments were being advertised and promoted by Dermaspark.

Despite Balsam's claims the machine was "real" (albeit sold by a different third party and considerably less expensive), the Court was not convinced. Instead, they found Balsam had engaged in passing off. What was more, Justice Kane noted Balsam was either "reckless or willfully blind to the possibility she was purchasing a counterfeit machine" as the low price alone should have raised red flags.

After the Court's assessment that there had been passing off, Justice Kane agreed there had been an associated depreciation of goodwill, loss of control of its trademarks, and likely a loss of business from those buying counterfeit products. By promoting the counterfeit machine as the real thing, Dermaspark was robbed of the ability to control the quality of the associated goods and services. More to point, the Court agreed with Dermaspark's primary objection that the counterfeit machine was dangerous and prohibited in Canada, tending to result in skin damage or even burns to some customers. In fact, by the time of the trial, Dermaspark had already received several complaints from customers attending unlicensed spas who had suffered such undesirable results. As such, the court was prepared to find Balsam's actions had diminished Dermaspark's goodwill.

In light of the foregoing, compensatory, nominal, and punitive damages totalling \$45,000 were awarded. Because Patel was the directing mind behind Balsam and operated the business in a very hands-on manner, she was found jointly and severally liable.

As of this date, *Dermaspark* has been appealed in *Dermaspark Products Inc. v Patel*, 2023 FC 594.

(ii) *Dermaspark Products Inc c Étienne*, 2023 QCCS 1268

Less than a month after the above-mentioned Federal Court decision in favour of Dermaspark, the Superior Court of Quebec issued its ruling on the appeal of *Dermaspark Products Inc c Étienne*, 2021 ACCS 4935.

The case was regarding the same aforementioned facial treatment machine, OxyGeneo. In March 2021, Dermaspark discovered an individual named “Annalise Keating” was selling counterfeit OxyGeneo devices on Facebook. As will be no surprise (especially to “How to Get Away with Murder” fans), this was a false name used by Étienne.

While Étienne did not object to the permanent injunction prohibiting her from importing, selling or distributing any copy, replica, or counterfeit of OxyGeneo, she contested the quantum of damages.

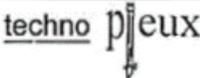
Justice Jeffrey Edwards held Étienne had widely used to OxyGeneo marks in her promotional materials, misrepresenting to consumers that they were acquiring the products and services of DermaSpark. The evidence therefore supported a finding the Marks had been infringed.

The ensuing depreciation in goodwill was also evident. The Court stated Étienne had organized an illicit business to knowingly sell counterfeit OxyGeneo machines, and her actions showed reckless disregard of red flags that the machines were counterfeit. In doing so, she had misled customers to the detriment of Dermaspark’s goodwill. This was compounded by the fact that, as stated in the Dermaspark action above, the medical and highly invasive nature of the machine meant likely customers could suffer health consequences if a counterfeit machine was used. When customers developed rashes, skin damage or had adverse reactions, this negatively impacted Dermaspark’s goodwill.

The cavalier nature of Étienne’s actions was considered an aggravating factor in the high award of damages and in total, Dermaspark was said to have suffered \$20,000 in damages as a result of Étienne’s actions, including passing off and the violations with respect to DermaSpark’s rights. Étienne was also ordered to jointly pay Dermaspark and its parent company, Pollogen (a party to this proceeding, although not a party in the case of *Patel*), \$30,000 as punitive damages.

(iii) *Techno-Pieux Inc v Techno Piles, 2023 FC 581*

Techno-Pieux, a Quebecois company selling helical piles (commonly used in construction for structural support or to underpin existing foundations) nationally, registered the following four marks:

<u>Registration Number</u>	<u>Registration Date</u>	<u>Trademark</u>
TMA562798	May 29, 2002	
TMA596228	December 2, 2003	TECHNO METAL POST
TMA638884	May 3, 2005	
TMA950281	September 23, 2016	TECHNO PIEUX

The first three marks were registered in association with

- (i) **goods** – foundations pillars, foundations posts, foundations stake, foundations piles; and instruments to determine the load-bearing capacity of foundations footings and piles; and
- (ii) **services** – engineering services in the design of foundations and performance of test for foundations.

In Alberta, Techno-Pieux operated through a distributor, the corporate Defendant, Techno Metal Post Alberta Inc. (“TMPA”). The Defendants also included two Alberta corporations, which distributed Techno-Pieux’s goods and services (Techno Metal Post Medicine Hat and Techno Metal Post Fort McMurray, respectively). Techno Piles (“Piles”, and will be used to refer the Defendants collectively) was incorporated in 2020, and was largely inactive.

In 2020, the relationship between the parties soured and after Techno-Pieux terminated the distribution agreement, TMPA announced a 2021 “re-brand” under the tradenames “TECHNO PILES MEDICINE HAT”, “TECHNO PILES FORT MCMURRAY” AND “TECHNO PILES”.

Techno-Pieux claimed passing off, trademark and copyright infringement, depreciation of goodwill, and confusion. The Chief Justice found Piles had infringed the Marks and granted declaratory, injunctive, and mandatory relief sought, as well as awarding \$30,000 in damages.

Techno-Pieux’s motion for summary trial came in the wake of their previous successful motion for summary judgment for the confusion portion of the action. The motion was also applicable to the claims for depreciation of goodwill, passing off, and trademark infringement. The Chief Justice assessed Techno-Pieux’s claims as follows:

Despite the summary judgment motion having already been successful on the grounds of confusion, the Chief Justice undertook a full analysis of the issues in order to properly consider “all the surrounding circumstances”. The Court was of the view that any reputation Piles had attained was inextricably linked to having been Techno-Pieux’s recent distributor. What’s more, Piles conceded confusion had already occurred, as consumers had said to Piles after the re-brand “they had previously not wished to work with TMPA, but “were able to work with us now that we were no longer associated with them””.

Taken together, Piles’ actions weighed in favour of finding confusion as the company had clearly “sold, distributed, and advertised their goods and services in association with a confusing trademark or trade name.”

On the preceding motion for summary judgment, the Court found the first two criteria of the test for depreciation of goodwill had no genuine issue for trial. Meaning, there was sufficient evidence Piles had used the mark in connection with goods or services and were competitive with Techno-Pieux’s.

As regards the third criterion (the mark being used in a manner likely to have an effect on the goodwill, i.e., a linkage), the relevant consumer market in this case would very possibly make a mental association between the marks.

Finally, the Court found Techno-Pieux had demonstrated the likely depreciation of the value of the goodwill through Piles’ actions. Because the parties were direct competitors, the evidence strongly

suggested consumers believed the parties were alternative sources to obtain the goods and services, and as such were likely to “blur” or “whittle away” at the associated goodwill.

Given Piles’ lack of bad faith and significant profit margins, Techno-Pieux was ultimately awarded \$30,000 in damages for trademark and copyright infringement.

(iv) 7294140 Canada Inc. (Zoomtoner) v Connexlogix Inc., 2023 FC 1010

In *7294140 Canada Inc. (Zoomtoner) v Connexlogix Inc.*, 2023 FC 1010, Justice Fuhrer demonstrated the proper evidence to submit on a motion for summary judgement as well as synthesizing the test from recent jurisprudence to successfully seek such a motion.

To begin, in March 2020, the Plaintiff, Zoomtoner, began selling face masks on Amazon under the trademark “ZOOMTONER”, which had previously been used in associated with filled ink and toner cartridges for printers and photocopiers. The face masks were sold under the Amazon Standard Identification Number [ASIN], B0874VFK24, for the sale of masks in quantities of 100 [K24 ASIN]. The K24 ASIN but was not exclusive to Zoomtoner because it did not have a registered trademark at that time.

Meanwhile, the Defendants, Robert Baskar (the individual defendant, “Baskar”), Connex Logistics Source Inc. (the first corporate defendant, “CLSI”), and Connexlogix Inc. (the second corporate defendant, “Conn Inc.”, and collectively, “Connexlogix”), began selling AUKEY and PISEN masks online via a third-party manufacturer (who was not a party to this action), but using CLSI’s Amazon portal to do so. Zoomtoner applied for registration of the Trademark on January 25, 2021 and the registration was issued on June 9, 2021 and subsequently commenced this action for passing off, infringement and depreciation of goodwill in relation to its Trademark.

Connexlogix successfully brought a motion for summary judgment for want of jurisdiction. The motion was granted in part and the action dismissed against all Defendants (save CLSI) for the reasons below:

Firstly, the Court summarized the principles applicable to a motion for summary judgment:

1. Courts must interpret the rules broadly, “favouring proportionality and fair access to affordable, timely and just adjudication”, including permitting a judge to find the facts needed to resolve the dispute;
2. The moving party must meet the test of whether the case is so doubtful that it does not deserve consideration at a future trial, or, whether there is no legal basis for the claim, having regard to all law and evidence put before the trier of fact. This is not restricted to the “clearest cases”;
3. Summary judgment should not be granted where the necessary facts cannot resolve the dispute fairly and justly, or where it would be unjust to make a finding on the facts alone. It is considered unjust to make a finding on the facts alone where issues were not raised by a party, as doing so would preclude them from knowing the case to be met;

4. Issues of credibility should not be decided on a motion for summary judgment, and not all conflicting evidence will raise issues of credibility which would preclude a summary judgment.

The Court had many concerns about the quality of the evidence presented by both sides. The Court held that Zoomtoner's evidence was made up of bald assertions without any supporting facts that the mark had been used for the category of goods claimed. The evidence was ruled inadmissible, and similarly, Amazon customer reviews were ruled as inadmissible hearsay as they were uninvestigated, anonymized and showed no evidence customers were aware of any other companies selling similar products. Other problems were identified with Connexlogix's evidence, namely, texts between the parties which were in part struck out as they amounted to a settlement offer and were therefore excluded under settlement privilege.

Justice Fuhrer allowed the motion for the Baskar and Conn Inc. defendants, who were granted their costs, up to but excluding this motion, assessed at the top of Column V of Tarriff B. For the former, there was insufficient evidence of Baskar's participation in the sales such that the Court could justify a finding a personal liability. For the latter, Conn Inc. was incorporated after the relevant period of alleged infringement.

However, CLSI was found to still be an appropriate defendant and had failed to meet the requisite test of "no genuine issue for trial."

The Court stated the case was ultimately about "whether the Trademark is in some other manner associated with face masks at the time of their sale on the Amazon platform such that notice of the association is given to the consumer". The Court found that the evidence suggested Zoomtoner had used the Mark since at least March 2020, but held that there was insufficient evidence to resolve the dispute via summary judgment. Given Zoomtoner's allegations under sections 19, 20, and 22 turned on establishing use under section 4, these issues were also triable. As such, the action proceeded to trial against CLSI alone.

In November 2023, both the individual and corporate third-party manufacturer, originally not parties to this action, were added as defendants and CLSI counterclaimed against them. As of this date, Zoomtoner's amended statement of claim has been filed, but the action not proceeded further.

H. Bad Faith

(i) *Cheung's Bakery Products Ltd., v Easywin Ltd., 2023 FC 190*

Cheung's Bakery is a fresh example of a successful cancellation under Section 57 for bad faith registration.

The Applicant, Cheung's Bakery Products Ltd, had operated a bakery business in the Greater Vancouver Area since 1974. The Respondent, Easywin Ltd., was a subsidiary of Saint Honoré Holdings Limited.

The parties had prior opposition proceedings dating back to 1996, when Saint Honoré, also known as Saint Anna Bakery Ltd., had sought to prevent registration of an application to register the mark “Anna’s Cake House” that had been filed in the name of the Applicant. The earlier opposition was unsuccessful, giving rise to a number of related disputes throughout the years up until 2015.

Below are the various marks applied for and registered by the Applicant between 1989 and 2006:

ANNA'S CAKE HOUSE

安 娜 餅 屋

安 Anna's 娜 Cake 餅 House 屋

The Applicant had also applied to registered the following mark in May 6, 2020:

安娜

Easywin had also obtained registration for the following trademarks in Canada on July 23, 2019:

 香港聖安娜


香
港
聖
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Justice Fuhrer ruled in favour of Cheung's Bakery, finding the Easywin character marks had been registered in bad faith and were likely to cause confusion.

The Court determined that the "hurried consumer" test needed to be adapted to the relevant customer base, which was Chinese-Canadian purchasers of Asian bakery goods. As such, the average consumer was determined to be someone who could read and understand Chinese characters, "albeit with varying degrees of fluency". This was supported by Cheung's Bakery's own evidence of their marketing and promotion in association with the Chinese marks and survey results which showed over 80% of customers who responded to the survey read and understood Chinese to some degree.

Furthermore, Justice Fuhrer was of the view that both marks were similar in appearance, as sounded and in ideas suggested. Specifically, there were two characters that were identical: the last two characters of Easywin's trademarks and the first two characters of Cheung Bakery's trademarks. The Court held that the evidence favoured the Applicant who had first used its marks since at least as early as 1974, while Easywin had only adopted and used its marks since 2020. The likelihood of confusion was compounded by the parties' significant marketplace overlap.

The Court rejected Easywin's assertions of lack of evidence of actual confusion and peaceful coexistence, underscoring that the test to apply is the *likelihood* of confusion not actual confusion.

In addressing the topic of bad faith registration, the Federal Court ruled in favour of Cheung's Bakery, acknowledging that Easywin was all too familiar with the pre-existing trademarks of the Applicant and knew they were direct competitors targeting the same consumers.

In the result, the Easywin trademarks were ordered expunged and a lump sum award of costs, inclusive of fees and disbursements, was ordered in the amount of \$15,122.76.

I. Anti-Counterfeiting

(i) *Louis Vuitton Malletier v Sheine Reyes Rosales, 2023 FC 217*

Early in the year, the court further clarified the scale for damages in counterfeiting cases, stating assessments should be a facts-driven exercise. Furthermore, *Louis Vuitton* now stands for the position that online sales shall be applied to a new standard when assessing compensatory damages in particular.

Louis Vuitton, a manufacturer and distributor of luxury merchandise, needs little introduction as the leading luxury brand for online sales. Louis Vuitton's Canadian arm discovered Rosales was marketing and selling counterfeit goods via multiple Facebook accounts, and had an employee of their representative law firm contact Rosales, who successfully purchased counterfeit goods. In a private Facebook group, screenshots were taken showing various products, including boxes with labels addressed to Rosales.

Louis Vuitton served multiple cease-and-desist letters in 2020 as well as a Statement of Claim. Despite acknowledging receipt of both the letters and Statement of Claim, Rosales continued to market and sell the counterfeit goods. Louis Vuitton then brought a successful *ex parte* motion for default judgment, as Rosales did not file a Statement of Defence, nor did she seek a motion of extend time to file.

Justice Pentney described the evidence on the record as “overwhelming”, finding that Louis Vuitton’s trademarks were infringed as a result of Rosales’ advertisement, sale, and promotion of merchandise bearing one or more of the trademarks without the consent, license, or permission of Louis Vuitton.

As a result, the motion was successful and injunctive relief was granted to halt Rosales’ unlawful conduct. Yet most interesting in this case is not that the relief was granted, but that the motion was granted on terms different than those proposed by Louis Vuitton regarding the remedy.

Initially, Louis Vuitton claimed \$8,000 in compensatory damages for each proven instance of infringement (for a total of \$80,000), plus pre- and post-judgment interest; and \$100,000 in punitive damages, plus costs.

First, the Court assessed compensatory damages, stating the key consideration ought to be the infringing activity’s “order of magnitude”, and should be a fact-driven exercise which lands upon an amount appropriate to a given case. Here, the issue was how to classify an online business to determine the appropriate scale of damages. Justice Pentney referred to an earlier Louis Vuitton case (*Louis Vuitton Malletier SA v Wang*, 2019 FC 1389) where compensatory damages for brick-and-mortar premises in the range of \$6,000 per activity were found appropriate (more recently adjusted up to \$8,000 for inflation). In the case of temporary operations, comparable to something like flea market, damages were set at \$3,000 per activity.

The Court took into account Rosales’ sales occurred through private groups and had a small following. Second, the sale price for the goods ranged from \$70-\$170, indicating that in all, Rosales’ operation was a relatively small, unsophisticated business with limited reach, more akin to the latter classification of flea market sales.

Nevertheless, Rosales was ordered to pay \$1,000 for each activity (to a total of \$10,000), as well as \$30,000 in punitive damages, and a \$1,500 lump sum for all-inclusive costs.

Given the increasing nature of online sales, *Louis Vuitton’s* evaluation of where online sales falls on the range of compensatory damages was a signal of further clarification to come as it regards the scale of damages for various types of counterfeiting businesses. Below, *Burberry Limited* shows how the Federal Court’s assessment of damages for trademark infringement was further clarified only some six months later into 2023.

(ii) *Burberry Limited v Ward*, 2023 FC 1257

Subsequent to the Federal Court’s decision in *Louis Vuitton* above, Justice Walker’s reasoning in this case provided a new mechanism for rights holders to seek substantial damages in instances of trademark and copyright infringement where an infringer is selling counterfeit goods.

The Plaintiffs, Burberry Limited and Chanel Limited (collectively, “Burberry Limited”), are some of the most well-known manufacturers and distributors of luxury fashion merchandise. In 2021, Burberry Limited became aware through the Canada Border Services Agency (“CBSA”) that the Defendant, J. Ward and her conspirator Vicky Victoria (collectively, “Ward”), were importing and selling counterfeit Burberry

and Chanel goods via the Philippines. Burberry Limited sent a cease-and-desist letter and a request for relinquishment, which Ward signed. Despite this agreement, Ward continued to import the merchandise with impunity, evading detection by CBSA using several aliases, names, and Facebook pages to sell the goods online, as well as re-routing packages through DHL and Fedex.

The Court made a default judgement given Ward failed to file a Statement of Defence or extension within the allotted time, and Burberry Limited’s evidence “comprehensive[ly] and unequivocally establishes that the Ward Defendants knowingly and deliberately offered for sale counterfeit BURBERRY merchandise and counterfeit CHANEL merchandise since at least April 2021”. Ward was held liable for trademark infringement, passing off, and diminishing the goodwill associated with the Marks in 21 instances of Burberry trademarks and 22 instances of Chanel trademarks.

In a continuation of *Louis Vuitton’s* earlier assessment of the appropriate scale damages for counterfeiting, Justice Walker spent a considerable portion of the 93-page decision clarifying the range of damages.

For trademark infringement damages, the Court was of the view that the following damage limits were appropriate based on the type of business, based on 1997 rates established in *Ragdoll Productions* and other cases:

1. **Temporary facilities** (like flea markets) - \$3,000/infringing activity;
2. **Retail premises** (brick and mortar stores) - \$6,000/infringing activity;
3. **Where a defendant is a manufacturer, importer or distributor of counterfeit goods** - \$24,000/infringing activity.

While Ward’s business was largely online, Justice Walker departed from *Louis Vuitton*, stating the lower scale of damages used for online sales should not apply to Ward’s activities for the following reasons: firstly, Ward’s activities amounted to “whack-a-mole” for Burberry through her ever-increasing names and aliases, making her nigh impossible to track down; and two, Ward’s online sales were far more wide-reaching and sophisticated than Rosales’ had been in *Louis Vuitton*. Unlike Rosales, Ward had several Facebook pages, ran sale livestreams on personal *and* third-party pages, and evaded detection by CBSA by redirecting shipments from the Philippines. Accordingly, Ward was held liable for:

	Burberry	Chanel
2021	\$9,000 x 9 instances = \$81,000	\$9,000 x 9 instances = \$81,000
2022	\$9,5000 x 7 instances = \$66,500	\$9,5000 x 8 instances = \$76,000
2023	\$10,000 x 5 instances = \$50,000	\$10,000 x 4 instances = \$40,000
	TOTAL: \$197,500	TOTAL: \$197,000

Given Ward’s consorted and deliberate efforts to evade detection as well as the recidivist nature of her activities, punitive damages were necessary to counter her “malicious, oppressive and high-handed

behaviour.” For these reasons, the Court awarded the maximum statutory damages for copyright infringement of \$20,000 per infringed work, for a total of \$120,000 and also added punitive damages of \$100,000 as an exceptional remedy.

Total compensatory damages payable to Burberry were further multiplied by two plaintiffs for a total of \$395,000 based on the above chart and similarly for Chanel there were two plaintiffs and this resulted in an award of \$394,000. All told, global damages exceeded \$900,000 and costs were to be based on additional written submissions subsequent to the judgment.

J. Section 45 Proceedings

(i) *Ecolab USA Inc. v Smart & Biggar, 2023 FC 101*

Ecolab USA Inc. (“**Ecolab**”) acquired the mark “NAVIGATOR” in connection the category of goods for “chemicals for use in the manufacture of paper products” from the original registrant, Georgia-Pacific Chemicals LLC in 2015 and effective as of 2017. At the Respondent, Smart & Biggar’s, request the Trademarks Opposition Board expunged “NAVIGATOR” as Ecolab was unable to demonstrate use between November 2017 and 2019 because, (a) the product was sold in bulk, and therefore did not appear on the packaging of the goods; (b) the paper documents which accompanied them could not be shown to have been in use for the entirety of the relevant period; and (c) Ecolab was unable to show evidence of sales prior to November 2017.

On appeal, Justice Pentney conceded the new evidence demonstrated use of the “NAVIGATOR” mark. Ecolab submitted additional evidence of presentations in which purchasers’ employees referred to the product by its trade name, as well as marketing pitches, product testing done within Canada, and wholesaling done between 2018 and 2019.

The Court noted the onus to demonstrate use in a section 45 proceeding is not meant to be onerous, and given instances where because of the process by which sales occur in the normal course of trade and given the industry context, affixing the mark is not feasible drawing an inference is a matter of “reasonably probable, logical deductions from the evidence”.

The Federal Court also ruled that the requesting party pay a lump sum to Ecolab of \$1,500 in costs and the expungement was quashed.

(ii) *Shaoguan Risen Trading Corporation Ltd. V Dong Phuong Group Partnership, 2023 FC 748*

This is another case where the Plaintiff, Shaoguan Risen Trading Corporation (“Shaoguan”), which showed a lack of evidence in a section 45 expungement proceeding, was able to correct the deficit on appeal by filing new evidence of use and have the mark restored.

Shaoguan had registered its mark in Canada for various rice products, including vermicelli, glutinous and regular rice flour, and instant rice vermicelli in January 20, 1984. In 2019, the Registrar of

Trademarks issued a section 45 notice for the registered goods. While Shaoguan conceded to lack of evidence with regards all categories of goods save rice vermicelli, the mark was expunged for all the goods registered for lack of evidence of use in the three preceding years.

Shaoguan's original evidence only consisted of a bill of lading and customs declarations referring to "Shaogun Ruisheng Trading Corporation Ltd" as opposed to "Shaoguan Risen Trading Corporation Ltd". Shaoguan also could not proffer a reason for this discrepancy.

On appeal, Justice Manson found the newly submitted evidence of use made a material difference to Shaoguan's case. Chiefly, Shaoguan was able to explain the difference in the names "Shaogun Ruisheng Trading Corporation Ltd" and "Shaoguan Risen Trading Corporation Ltd" resulted from a difference between the transliterated and translated spelling between Mandarin, Chinese Pinyin, and English. Shaoguan also submitted invoices which showed the use of both names, which allowed the Court to draw a reasonable inference the names were one in the same.

Furthermore, the new evidence demonstrated Shaoguan did in fact control the Chinese manufacturing and packaging process, and its exclusive distributor had promoted its products to Canadians at tradeshows in both China and Canada.

The Court rejected the requesting party's arguments that additional and more specific evidence was required. Consistent with prior jurisprudence, Justice Manson noted section 45 proceedings are meant to remove the "deadwood" from the Register, and as such a bare minimum of evidence is required to allow the Court to infer use.

(iii) *Kiva Health Brand LLC v Limoneira Company, 2023 FC 774*

On October 25, 2019, a section 45 notice was issued to Limoneira at the request of Kiva Health Brands LLC, is a company producing and selling health foods and supplements. The registered owner Limoneira, had used as justification for non-use their acquisition of the trademark "KIVA" in 2013 from the registrant of record, Associated Citrus, now a wholly owned subsidiary of Limoneira.

The Limoneira and Associated Citrus Merger Agreement was attached to the affidavit to show the transfer of the Trademark in Canada. Kiva Health attempted to file evidence to contradict Limoneira's ownership, but the Board ruled that Limoneira's evidence supported its prima facie ownership of the Trademark, without further assessing the Merger Agreement which purported to transfer ownership.

The key issue on appeal to the Federal Court was whether a requesting party can file evidence and whether the TMOB Member demonstrated a reasonable apprehension of bias.

The Court determined that the requesting party is not entitled to file evidence to counter the registered owner's claims. The requesting party wanted to file evidence to contradict the Limoneira affidavit stating that they have acquired the KIVA trademark around the world. However, the Court rejected the requesting party's assertion that it could file evidence or cross-examine the registered owner's affiant. In coming to this conclusion, the Court reviewed the caselaw and determined that Section 45 proceedings are not intended to determine substantive rights such as ownership. Instead, the Court deemed the correct consideration is whether there is some evidence the trademark had been used by its

owner during the relevant period in order to conclude whether a unilateral assertion of ownership by an alleged assignee is insufficient. In the case of the merger agreement at issue, the merger was a share transfer, which meant there was no indication the trademark was actually transferred from Associated Citrus to Limoneira. On these grounds, the Court remitted the issue back to the Board for a new hearing.

The Court held that the Board erred by not assessing who was the real owner of the trademark at the time the section 45 notice was sent. Thus, the Board's decision was set aside and sent back to the Board for a new determination.

The requesting party also raised the issue of conflict of interest, citing a letter showing the TMOB Member had previously represented a third party whose interests were conflicting with those of the requesting party in relation to the trademark. The Court ruled that the requesting party waited too long to raise the issue, since it was not raised before the Board at the initial section 45 hearing, and it is not a matter to be raised only after receiving an unfavourable decision.

The Federal Court nevertheless remitted the cancellation proceeding back to the Registrar for a new determination by a different Board member.

(iv) North Brewing Company Ltd v DLA Piper (Canada), 2023 FC 1188

In this recent decision, the Federal Court clarified when and to what extent variation of a registered trademark will still support use of a mark by an owner in cancellation proceedings under section 45. Here, the Court overturned the Registrar's decision, allowing the appeal and preventing the registered owner's mark from being expunged.

North Brewing Company Ltd., had registered its trademark for use in association with the following goods: (1) Brewed alcoholic beverages, namely, beer, ale, lager, malt liquor; (2) Promotional items, including beer glasses, mugs, bottle openers, key chains, clothing, namely, shirts, hats, jackets, and pants.

At the initiation of a requesting party, the Registrar expunged North Brewing's mark in 2021 as it failed to present evidence of use in the three preceding years. However, on appeal the registered owner argued it had never received the section 45 notice owing to a change of address. On appeal, North Brewing presented evidence seeking to maintain their registration, but the mark in use had somewhat changed.

The requesting party took no position on the appeal.

The Court noted at the outset that any new evidence North Brewing placed before it cannot displace the Registrar's decision, but can only impact the issues to which it is directly related. Provided the new evidence shows materiality, the Court is permitted to exercise discretion vested in the Registrar. Given North Brewing did not submit any evidence related to the section 45 notice (and therefore the Registrar made no findings of fact), the Court stated it could step into the role of the Registrar on appeal.

In its affidavit evidence, North Brewing showed significant sales of brewed alcoholic beverages including beer, ale, and lager; promotional items like beer glasses, mugs, bottle openers, and key chains; and clothing, including shirts and hats. However, North Brewing admitted no evidence relating to selling malt liquor, pants, jackets and therefore conceded these goods should be struck from the registration. The Court was satisfied North Brewing had used the mark in association with the remaining registered goods.

Nevertheless, the Court found the examples of trademark use differed from the registered mark. As a result, the Court analyzed the extent of the variation or deviation acceptable to still be considered “use” in a section 45 proceeding. The Court considered the two-part test for mark variation, consisting of whether:

1. “Differences in the versions of the mark under consideration likely would deceive the public as to the origin of the applicable goods (or services). In other words, the differences [would] result in versions that are so far apart, there can be no question that the trademark as registered no longer is in use and further, the version in use likely would deceive the public as to the origin of the associated goods or services.”

If answered in the negative, the Court moved on to ask secondly, whether:

2. “The mark was used in such a way that it did not lose its identity and remained recognizable in spite of the differences between the form in which it was registered and the form in which it was used.”

The Court then analyzed the variations North Brewing used on its packaging, branding, etc. and found that the addition or deletion of “COMPANY” OR “CO” from its mark were minor changes, but the dominant feature of “NORTH BREWING” was maintained (per the below).



However, in the case of the following logo, the Court was not convinced that this could support “use” of “NORTH BREWING”:



Here, the logo incorporated much more changes than minor elements or descriptive words, and was a composite mark with a distinctive design feature. It was clear the words “NORTH BREWING” were being subsumed in a logo, rather than being the dominant feature of the mark.

Despite this deficiency, the Court held North Brewing showed sufficient evidence of use to meet the burden of demonstrating use of the mark in association with the goods. The Court overturned the Registrar's decision, allowing the appeal and preventing North Brewing's mark from being expunged.

(v) *Wonder Brands Inc. v Poppy Industries Canada Inc.*, [2023 TMOB 157](#) and *Wonder Brands Inc v Poppy Industries Canada Inc.*, [2023 TMOB 158](#)

Wonder Brands opposed applications to register the following two marks in association with snack, bakery and cracker-based goods: "CAKE THINS" and "DESSERT THINS". The Opponent based its oppositions on the argument the marks are clearly descriptive of the character of the goods – namely that the food and bakery products are "thin cakes" or "thin desserts" – or, in the alternative, that the marks are deceptively misdescriptive.

The Opponent met the initial evidential burden by providing definitions of "thin", "dessert" and "cake". The Opponent argued that the marks describe the goods as thin pieces of cakes and desserts. The Opponent also noted that many other manufacturers produce and sell food and snack items using descriptors like "cake thins" or "dessert thins", which show that these are common terms in the trade and therefore should not be monopolized.

The Hearing Officer acknowledged that "cake", "thins" and "dessert" are ordinary words capable of being descriptive; but agreed with the Applicant's argument that the marks' unique grammatical construction suggests a multiplicity of meanings – such as (a) "thins" as a verb, meaning a "cake/dessert that renders you thin"; or (b) "thins" as a plural noun.

With respect to the marketplace evidence, the Hearing Officer acknowledged that third parties used the identical terms. However, most of the examples appeared to show other traders using "thins"-formative terms (such as "Oreo Thins Cookies" or "Birthday Cake Thins") as trademarks, rather than in a descriptive sense. Thus, while the marks might be suggestive of characteristics of the goods, the Hearing Officer did not consider the marks to have self-evident meanings and therefore are not clearly descriptive or deceptively misdescriptive.

The Opponent also relied on section 2 grounds of opposition arguing that the marks are not distinctive. The Opponent pointed to third parties using the same terms. The Hearing Officer noted that while the marketplace evidence did, indeed, reveal third parties using the marks "cake thins" and "dessert thins," such third party use was not determinative because there was no evidence that the third party "thins" products were sold in Canada or otherwise known to Canadians.

In the result, both oppositions were rejected.

As of December 18, 2023, no notice of appeal was filed with the Federal Court.

(vi) *Gang Cao v Apple Inc.*, [2023 TMOB 141](#)

Apple Inc, the Applicant, applied to register the term LIVE PHOTOS, which was the subject of a number of trademark applications for a variety of goods and services. Gang Cao opposed on a number of grounds, including bad faith and that the statement of goods and/or services were not in ordinary commercial terms or sufficiently specified.

With respect to the section 30(2)(a), namely that the goods were not specified in ordinary commercial terms, the Hearing Officer found that the Gang Cao did not satisfy its evidential burden because no evidence or written submissions were filed. The Hearing Officer was also sympathetic to the Applicant's submissions that Gang Cao waited until the hearing to make representations on this ground could amount to "trial by ambush".

With respect to the bad faith ground of opposition, Gang Cao argued that Apple Inc. filed multiple applications in association with the same trademark, constituting bad faith. The Hearing Officer found that merely filing multiple applications in association with the same trademark is not a basis for finding bad faith. Furthermore, there is nothing in the Act or Regulations which prevents an applicant from filing multiple applications.

In the result, the Hearing Officer rejected the grounds of opposition.

As of December 13, 2023, no appeal has been filed with the Federal Court regarding this matter. However, there was an earlier case between these parties at the TMOB – [2023 TMOB 6](#) – which has been appealed – Court File No. T-599-23.

(vii) *GNR Travel Centre Ltd v CWI Inc.*, 2023 FC 2

The Applicant, GNR, applied to register the mark "GNR CAMPING WORLD & DESIGN" in association with recreational vehicles and associated sales services. The application claimed use in association with the goods since 2008 and use with the services since 2007. The pre-2019 *Trademarks Act* applied in this case.

CWI opposed registration of the mark on a number of grounds. CWI alleged that the application did not comply with s.30(b) of the Act because GNR did not use the trademark in association with the goods and services as of the first dates of use claimed. (This is no longer a ground of opposition under the "new" *Trademarks Act*.) CWI also claimed that the GNR's mark was confusing with its trademark "CAMPING WORLD DESIGN".

The TMOB found that "use" had been established by GNR as of the claimed date of first use in association with the goods, but not the services. The TMOB also found that there was no likelihood of confusion. Thus, the TMOB issued a split decision and refused the application with respect to services but allowed it with respect to the goods.

Both parties appealed. There were three issues on appeal: whether the TMOB erred in granting the application with respect to the goods, whether the TMOB erred in refusing the application with respect to the services, and whether the TMOB erred in its confusion analysis.

With respect to the question of “use” related to goods, the Applicant, GNR, was a retailer of recreational vehicles (RVs). The RVs sold by GNR all had a sticker bearing the mark affixed to the RVs.

CWI noted that GNR was not a manufacturer, and argued that a sticker bearing the mark on the RVs did not constitute “use” in association with the goods, but rather, in association with the services of selling the RVs, since GNR did not manufacture the RVs themselves. In other words, the opponent was arguing that a retailer affixing a trademark to the goods produced by a third party manufacturer only constituted “use” in association with the services of selling, rather than constituting “use” in association with the goods themselves.

The Court did not accept this argument. The Court noted that a product can have two or more trademarks affixed to it. The idea that only a manufacturer can “use” a trademark in association with its goods is too narrow an interpretation.

That having been said, for the retailer’s mark to constitute “use” in association with the goods, the mark must be permanently affixed to the goods. In this case, the stickers attached to the RVs were considered to be permanently affixed to the RVs (as opposed to, for example, hang tags or price tags affixed to clothing).

With respect to the question of use in association with the services as of the claimed date of first use, GNR argued that the TMOB erred in relying on archived webpages located through the WayBack Machine. The Court noted that the evidential burden is light for this ground of opposition. The Court noted that the WayBack Machine is a reliable source to determine the state of webpages in the past.

In this case, the WayBack Machine showed that there was no website usage before 2012, thereby satisfying the CWI’s evidential burden that GNR may not have been providing the services in 2007. This conclusion was reasonable because GNR was relying on its website to support the claimed date of first use. The burden then shifted to GNR. The Court found that the evidence relied upon GNR at best showed that the services had been provided in 2008, which was insufficient to support the claimed date of use from 2007.

The Court found that the TMOB analysis contained no palpable and overriding error, resulting in the dismissal of both appeals. As both appeals were dismissed, the parties were left to their own costs.

Notice of appeal filed on February 3, 2023 – A-26-23; notice of cross-appeal filed February 15, 2023

LEGISLATION AND CIPO

A. CIPO’s Adjusted Fees

Last December, the federal government gave notice of proposed amendments to the *Trademark Regulations*, including increasing fees. Now, these proposed fees will have been implemented as of January 1, 2024. This marks the first full fee review CIPO has undertaken since 2004, and is primarily being done to match the inflation explosion in the last two decades. While the majority of fees will see a 25%

increase. For a more in-depth breakdown of the adjusted fees, readers may refer to the Practice note on CIPO’s website.

B. Ongoing Trademark Applications Backlog

The ongoing backlog of up to three years to reach examination is supposed to be addressed by the hiring of 120 new examiners, which has doubled the CIPO staff. However, these new employees need training and this will not immediately alleviate the backlog. CIPO is hopeful that the processing time to examination will eventually get back to the 6 to 9 months goal.

Part of the backlog is said to have grown because Canada has become the top 4th choice for International filings, resulting in a significant number of new filings for Canada under Madrid protocol.

C. Use of the “Picklist”

Letters have been mailed out in the past year to flag non-compliant goods and services descriptions and to recommend use of the Pre-approved “Picklist” of goods and services, in an effort to speed up examination time. Many previously approved descriptions and terms that were included in goods and services descriptions were retired and new terms have been approved, resulting in inconsistent use of terms because the older terms can no longer be used once “retired”.

Amending the goods and services to limit these to the pre-approved Picklist is resulting in significantly shorter wait times for examination and is therefore encouraged where possible.

D. Changes to Extensions at the Trademarks Opposition Board

As of December 1, 2023, CIPO has enacted changes to 2 practice notes:

- a) Practice in trademark **opposition proceedings**; and
- b) Practice in **section 45 proceedings**

Deadlines and extensions already made prior to December 1st will not be impacted by the changes. In both instances, the changes are in line with ongoing efforts by the Trademarks Opposition Board (“TMOB”) to make obtaining a hearing date and non-hearing decision timelier and more efficient.

Several changes in timing are incoming and all practitioners should be aware of the shortened timeframes for opposition and section 45 proceedings. The table below highlights the incoming changes.

Opposition Proceedings						
Current				Upcoming		
Stage of Proceedings	Deadline	Benchmark Extension	One cooling off extension for each party	Deadline	Benchmark Extension	One cooling off extension for each party

Statement of Opposition	2 months from date of advertisement of application on CIPO website	4 months		2 months from date of advertisement of application on CIPO website	2 months	
Counter Statement	2 months from date the Registrar forwards statement of opposition	2 months		2 months from date the Registrar forwards statement of opposition	1 month	
Opponent's Evidence	4 months from the effective date of service of counter statement	Up to 3 months with other party's consent	Up to 9 months (on consent)	4 months from the effective date of service of counter statement	Up to 2 months with other party's consent	Up to 7 months (on consent)
Applicant's Evidence	4 months from the effective date of service of opponent's evidence	Up to 2 months with other party's consent		4 months from the effective date of service of opponent's evidence	Up to 2 months with other party's consent	
Cross-examination	Within period specified by the Registrar	Up to 2 months with other party's consent		Within period specified by the Registrar but generally 1 month	Up to 2 months with other party's consent	
Reply Evidence	1 month from effective date of service of applicant's evidence or statement	Up to 4 months with other party's consent		1 month from effective date of service of applicant's evidence or statement	Up to 1 month with other party's consent	
Opponent's Written Representations	2 months from the effective date of Registrar's notice under s 57(1) of the Regulations	Up to 2 months with other party's consent		2 months from the effective date of Registrar's notice under s 57(1) of the Regulations	Up to 1 month with other party's consent	
Applicant's Written Representations	2 months from earlier of the effective date of service of opponent's written representations	Up to 2 months with other party's consent		2 months from earlier of the effective date of service of opponent's written representations	Up to 1 month with other party's consent	

	or statement <u>or</u> the expiry of such deadline			or statement <u>or</u> the expiry of such deadline		
Request for hearing	1 month from earlier of the effective date of service of applicant's written representations or statement <u>or</u> the expiry of such deadline	Not available	Not available	1 month from earlier of the effective date of service of applicant's written representations or statement <u>or</u> the expiry of such deadline	Not available	Not available

Section 45 Proceedings					
Current			Upcoming		
Stage of Proceeding	Deadline	Benchmark Extensions	Stage of Proceeding	Deadline	Benchmark Extensions
Registered Owner's Evidence	3 months from date of the Section 45 Notice	4 months	Registered Owner's Evidence	3 months from date of the Section 45 Notice	2 months

CONCLUSION

Our main takeaways from 2023 are that the Federal Court has been prolific in its rulings on trademark matters and has issued a number of particularly lengthy decisions that are hopefully intended to assist parties in assessing the case to meet going forward. We note in particular that bad faith expungement cases have met with mixed success and that unfair comparative advertising allegations appear to have been limited to depreciation of goodwill claims.

The year ended on a high note for anti-counterfeiting claims, since the prior established nominal damages multipliers were updated in the most recent decision to adjust for inflation and were compounded with the highest statutory damages for copyright infringement as well as punitive damages. Furthermore, the Court agreed to provide for third party orders to assist in detecting and halting counterfeiting activities. The two counterfeit cases where damages were calculated at \$1,000 per infringement have potentially been cast aside as anomalies based on specific facts where there are mitigating circumstances.

We look forward to the developments of 2024. Happy New Year!

TAB 4

28th Intellectual Property Law: The Year in Review

Views from the Bench: Best Practices for Appearing
Before the Federal Court on an IP Matter
(Power Point)

Associate Judge John Cotter
Federal Court of Canada

The Honourable Justice Angela Furlanetto
Federal Court of Canada

The Honourable Justice Ekaterina Tsimberis
Federal Court of Canada

January 22, 2024



Federal Court

Cour fédérale



28th Intellectual Property Law: The Year in Review

January 22, 2024

Useful Documents for IP Lawyers that Practice before the Federal Court:



- December 20, 2023: [Amended Consolidated General Practice Guidelines](#)
- October 18, 2023: [Case and Trial Management Guidelines for Complex Proceedings and Proceedings under the PM\(NOC\) Regulations](#)
- May 18, 2021: [Timetable Checklist for proceedings under the Patented Medicines \(Notice of Compliance\) Regulations](#)

Documents utiles pour les avocats spécialisés en PI qui exercent devant la Cour fédérale



- 20 décembre 2023: [Lignes directrices générales consolidées amendées](#)
- 18 octobre 2023: [Lignes directrices sur la gestion des instances pour les procédures complexes et les procédures visées par le Règlement sur les médicaments brevetés \(avis de conformité\)](#)
- 18 mai 2021: [Liste de contrôle de l'échéancier visant les instances au titre du Règlement sur les médicaments brevetés \(avis de conformité\)](#)

TAB 5

27th Intellectual Property Law: The Year in Review

Copyright Update (PowerPoint)

2023 Copyright Year in Review

Barry Fong

Osler, Hoskin & Harcourt LLP (Ottawa Office)

Catherine Lovrics

Marks & Clerk Canada

January 22, 2024





28th Intellectual Property Law The Year in Review

Copyright Update

Presented by:

Barry Fong

Osler, Hoskin & Harcourt

Catherine (Cat) Lovrics
Marks & Clerk

January 2024

POLICY & LEGISLATIVE UPDATES

Consultation on Copyright in the Age of Generative Artificial Intelligence

Launched October 12, 2023 and closed January 15, 2024

3 policy issues in focus:

1. text and data mining
2. authorship and ownership
3. infringement and liability



DALL·E

ChatGPT●

Technical evidence:

- how copyright-protected content is accessed, collected and encoded in training datasets;
- how training datasets are used in the development of AI systems;
- whether training datasets form part of AI systems after they are trained;
- the involvement of humans in the development and deployment of AI systems; and
- how businesses and consumers use AI systems as well as AI-assisted and AI-generated works.

Text & data mining (“TDM”)

To what extent does the current regime permit TDM activities?

- Fair dealing for research (s. 29)?
- Temporary reproductions for technological processes (s. 30.71)?

Do we need a new exception for TDM activities?

How do we address challenges of distinguishing between protected and unprotected content, and a lack of transparency, notice, credit and compensation?



GitHub Copilot



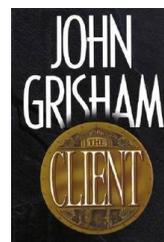
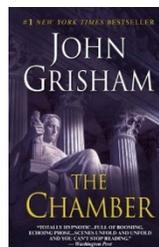
Stable Diffusion

stability.ai

gettyimages



 THE Authors Guild®




Marks&Clerk

OSLER

Authorship & ownership

Is the current regime suited to address authorship and ownership of AI-generated and AI-assisted works?
Is there uncertainty? Is clarification required?

Copyright protection requires a human author

- Originality requires exercise of skill & judgment
- General term of copyright based on life of author

Is legislative change needed?

1. Clarify that copyright protection apply only to works created by humans.
2. Attribute authorship on AI-generated works to the person who arranged for the work to be created.
3. Create a new and unique set of rights for AI-generated works.



Infringement and liability

What is the potential for AI generated works to infringe?

What challenges lie to establish primary and secondary infringement and to determine liability?

Do we need clarity on where liability lies if an AI-generated work infringes a copyright protected work?



Other Policy and Legislative Developments

Online News Act, SC 2023 c 23

- “regulate digital news intermediaries with a view to enhancing fairness in the Canadian digital news marketplace and contributing to its sustainability...”
- bargaining framework: eligible Canadian news outlets are compensated when their content is made available by regulated online platforms
- limitations and exceptions to copyright do not limit scope of bargaining process
- does linking to new content trigger copyright, in particular right to communicate to the public by making available?

Artist’s Resale Rights (“ARR”) – stay tuned!

- December 2021 Mandate Letters to ISED and Canadian Heritage to establish ARR
- March 2023 Report of Standing Committee on Canadian Heritage recommended government deliver on its commitment to implement ARR
- September 2023 government reaffirmed commitment to implement ARR
- November 2023 Survey aimed at gathering market data, closed December 2023

Right to Repair & Interoperability – stay tuned!

Bill C-244: *An Act to amend the Copyright Act (diagnosis, maintenance and repair)*

Bill C-294: *An Act to amend the Copyright Act (interoperability)*

Statutory Review of the Copyright Act (s. 92)?

COPYRIGHT BOARD UPDATES

Copyright Board Updates

New Rules of Practice and Procedure Now in Force

Copyright Board Rules of Practice and Procedure, SOR/2023-24
Published in the Canada Gazette on March 1, 2023

<https://cb-cda.gc.ca/en/tools/rules-of-practice-and-procedure>

*“... to provide more efficient tariff approval processes ...
The Rules aim to increase consistency between
processes and predictability for Parties by providing clear
and standardized rules for tariff and arbitration
proceedings.”*

Copyright Board Updates

Copyright Board Rules of Practice and Procedure, SOR/2023-24

Address the following key areas:

1. Filing of Proposed Tariffs and Filing of Objections

- Requires parties to file detailed Notice of Grounds (for proposed tariff) and Notice of Grounds for Objection

2. Conduct of Proceedings

- Statement of issues, case management, interrogatories, and hearings

3. Evidence

- Treatment of confidential information, expert witnesses and reports, and subpoena powers

4. Parties to Proceedings

- Request for leave to intervene

Copyright Board Updates

Tariffs Approved in 2023

	Tariff	Citations
1.	SOCAN Tariff 22.D.3 – Audiovisual Services Allied with Programming and Distribution Undertakings (2007-2013)	2023 CB 1 (Reasons) 2023 CB 1-T (Tariff)
2.	SOCAN Tariff 23 – Hotel and Motel In-Room Services (2018-2024)	2023 CB 2 (Reasons) 2023 CB 2-T (Tariff)
3.	Commercial Radio Reproduction (2024-2026) <ul style="list-style-type: none">• ARTIST, CMRRA, Connect, SOCAN, and SOPROQ	2023 CB 3 (Reasons) 2023 CB 3-T (Tariff)
4.	SOCAN Tariff 9 – Sports Events (2024-2026)	2023 CB 4 (Reasons) 2023 CB 4-T (Tariff)
5.	SOCAN Tariff 22.B – Commercial Radio and Satellite Radio (2007-2018) <ul style="list-style-type: none">• <i>Judicial review commenced by SOCAN (A-322-23)</i>	2023 CB 6 (Reasons) 2023 CB 6-T-1 (Tariff)
6.	SOCAN Tariff 22.C – Other Audio Websites (2007-2018)	2023 CB 6 (Reasons) 2023 CB 6-T-2 (Tariff)

Copyright Board Updates

Tariffs Approved in 2023

	Tariff	Citations
7.	SOCAN Tariff 13.A – Public Conveyances – Aircraft (2023-2025)	2023 CB 7 (Reasons) 2023 CB 7-T (Tariff)
8.	SOCAN Tariff 13.B – Public Conveyances – Passenger Ships (2023-2025)	2023 CB 8 (Reasons) 2023 CB 8-T (Tariff)
9.	SOCAN Tariff 13.C – Public Conveyances – Railroad Trains, Buses and Other Public Conveyances, Excluding Aircraft and Passenger Ships (2023-2025)	2023 CB 9 (Reasons) 2023 CB 9-T (Tariff)
10.	SOCAN Tariff 11.A – Circuses, Ice Shows, Fireworks Displays, Sound and Light Shows and Similar Events (2023-2025)	2023 CB 10 (Reasons) 2023 CB 10-T (Tariff)
11.	SOCAN Tariff 21 – Recreational Facilities Operated by a Municipality, School, College, University, Agricultural Society or Similar Community Organizations (2023-2025)	2023 CB 11 (Reasons) 2023 CB 11-T (Tariff)
12.	Re:Sound Tariff 8 – Non-Interactive and Semi-Interactive Streaming (2013-2018) <ul style="list-style-type: none">• <i>Judicial review commenced by Re:Sound (A-3-24)</i>	2023 CB 12 (Reasons) 2023 CB 12-T (Tariff)

Copyright Board Updates

Consultation on Inflation

Recently launched on January 9, 2024: “... to create a standardized approach in relation to inflationary increases in tariff proposals.”

Deadline for feedback is **Wednesday, January 31, 2024.**

Contact the Copyright Board Secretariat for further information:
secretariat@cb-cda.gc.ca

Jurisdiction & Forum

Society of Composers, Authors and Music Publishers of Canada v. Vidéotron Ltée 2023 FC 1385

FC rejected Quebecor's motion to strike Claim for lack of jurisdiction

Not “plain and obvious” FC lacked jurisdiction

- Essential nature of the claim
 - SOCAN claimed remedies under the *Copyright Act* such as payment due under copyright tariffs, or alternatively, damages for copyright infringement
 - Defences under contract did not change the essential nature of the claim
- ITO 3-part test met:
 - Statutory grant of jurisdiction: s. 41.24 of the *© Act* provides the Federal Court with jurisdiction, particularly when considered in context of s. 34(4);
 - Existing body of Federal law essential to disposition of case: not plain and obvious simply contractual; copyright tariffs at issue and may be invoked; contract is not invariably provincial, and test may be satisfied given the Federal *©* scheme applies to the contract
 - Law of Canada: no question the *© Act* is a law of Canada within the meaning of s. 101 of the *Constitution Act*

FC refused to stay the action in favour of the Superior Court of Québec

Not satisfied in the interests of justice to stay FC proceeding in favour Quebec

- risk of wasted judicial and litigant resources is effectively proportional to the degree of uncertainty on the issue, and so is not a significant consideration
- if the Court ultimately is found not to have jurisdiction, Quebecor would likely receive an award of costs that would at least partially compensate for the costs arising from the duplication
- SOCAN would suffer at least some prejudice if the stay were granted as there is some prejudice inherent in a plaintiff effectively losing its right to chose the forum in which it brings proceedings.

Other Decisions

General Entertainment and Music Inc. v. Gold Line Telemanagement Inc., 2023 FCA 148

- FCA upheld stay of Federal Court proceedings in favour of arbitration
 - Questions of fact or mixed fact and law related to the jurisdiction of the arbitrator to decide the relevant issues must first be referred to the arbitrator, including:
 - whether the Licencing Agreement was terminated
 - whether the a party is bound by this agreement.
 - Filing a defence did not amount to a waiver of right to arbitrate in this case

Lantronix Canada, ULC v Vrije Universiteit Brussel, 2023 BCSC 1218

- Ample evidence of a real and substantial connection to BC
 - contractual obligations to be performed and products and services originate in BC; improper use of software in Belgium not sufficient to oust jurisdiction
- BC Court declined to exercise its discretion to relinquish its jurisdiction in favour of the Belgian legal system on the basis of *Forum Non Conveniens*.
 - factors either neutral or favour BC

Bell Canada v. Adwokat, 2023 FCA 106

Jurisdiction to Order Incarceration (Dissent)

Background

- Appellants (Bell, Rogers and Videotron) are broadcasting companies that own copyright in satellite and cable TV programs
- Respondents, Red Rhino Entertainment and its sole director Eric Adwokat, configured, marketed and sold set-top boxes and illegal IPTV subscriptions
- In June 2016, as part of an ongoing copyright infringement action, the FC issued an interlocutory injunction against respondents
- In November 2019, the FC sentenced the respondents to a \$40,000 fine for civil contempt for willfully violating the injunction



Bell Canada v. Adwokat, 2023 FCA 106

FCA (Majority of Gleason and Boivin JJ.A.) dismissed motion to adduce new evidence and an appeal to increase the sentencing fine imposed by the FC

Motion: Appellants sought to introduce Red Rhino's bank records that suggest over \$600,000 in gross revenues from sales in violation of the injunction

- **Dismissed:** Appellants failed to show how the evidence could not have been adduced at trial with the exercise of due diligence

Appeal: Appellant sought to increase the fine from \$40,000 to \$240,000

- **Dismissed:** FC owed deference, and original fine not demonstrably unfit given the evidence before the Court (noting that if the new evidence had been before the FC, *“a stiffer penalty may well have been appropriate and might have included a period of incarceration or a much greater fine”*)

Bell Canada v. Adwokat, 2023 FCA 106

Dissenting Judge (Goyette J.A.) would have allowed the appeal (and that new evidence motion unnecessary)

- The FC either failed to apply or misunderstood the principle of deterrence in law and the \$40,000 is “demonstrably unfit” given the evasive, defiant, and egregious conduct
- **Would have ordered imprisonment**, stating that the principle of restraint in the use of incarceration cannot apply
 - Federal courts have been much more lenient compared to provincial courts: *“The Federal Court should not be a safe haven for persons in contempt.”* (para 58)
- **Would have ordered \$400,000 in costs** (compared to FC costs award of \$35,000): *“imposing low costs on contemnors in a situation similar to the present will tell victims, especially copyright owners of limited means, to not bother protecting their legal rights and assisting the Federal Court in enforcing its orders.”* (para 69)

Useful articles

French v. The Royal Canadian Legion

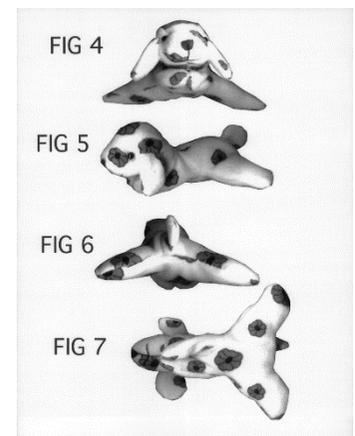
2023 FC 749

s. 64: No infringement of © or moral rights to reproduce designs applied to **mass produced useful articles**; subject to exceptions, including for **representations of fictitious beings** applied as a feature of shape, configuration, pattern or ornament

Toys are useful articles *“There is a functional and practical use for the Poppy Puppy; it is a plush toy made to be played with by children.” at para 32*

Exception does not apply – *“Poppy Puppy may in and of itself be a fictitious being, however the toy is not a representation of a fictitious being applied to an article, nor is there any evidence that it has been used in this way” at para 34*

Moral rights - false claim of authorship more egregious than failure to attribute– *“There is a stark difference between remaining silent as to the authorship of a work and, as the Legion did, falsely claiming authorship of a work. There is no valid basis whatsoever for why the Legion claimed to have developed the Poppy Puppy itself, in place of the Plaintiff, whether the Plaintiff wanted to remain anonymous or not.” (in obiter, at para 54)*



Linking

Linkletter v. Proctorio, Incorporated

2023 BCCA 160: SCC denied leave Jan 1 2024 (No. 40787)

Mr. Linkletter posted links to seven of Proctorio’s instructional videos on Twitter. The links were to unlisted videos on YouTube. Mr. Linkletter obtained links through Proctorio’s software “Help Center”, only available to registered faculty users.



Proctorio disabled links, and then obtained interim injunction, without notice to Mr. Linkletter, prohibiting him from downloading or sharing information from the Help Centre or the Academy, or encouraging others to do so, among other things.

Mr. Linkletter alleged no bona fide claim, and instead matter was strategic litigation against public participation, and applied for motion to discuss under BC’s Anti-SLAPP law. Motion was denied.

BCCA upheld denial of application under BC’s Anti-SLAPP laws to dismiss © infringement claim.

The Supreme Court denied leave.



Linkletter v. Proctorio, Incorporated

2023 BCCA 160: SCC denied leave Jan 1 2024 (No. 40787)

Does posting links to unlisted videos on YouTube amount to © infringement?

Crookes v. Newton – hyperlinks are in essence references - hyperlinking was not a “publication” of defamatory content, and that by merely conveying where that material could be found, the defendant was not repeating it because he was not thereby exerting control over it.

- distinguished: in copyright, the wrongdoing lies not in the original work itself but in the very act of sharing access to it without the owner’s authorization; and Supreme Court acknowledged that embedded or automatic links that automatically display other content may be treated differently than deep and shallow links

STAND AGAINST PROCTORIO’S SLAPP – UPDATE #32

Posted on January 11, 2024 By Ian Linkletter

Dear supporters,

Today I bring bad news. The Supreme Court of Canada dismissed my application for leave to hear the case. The anti-SLAPP application I filed on October 16th, 2020 was ultimately unsuccessful at all levels of court in Canada.

This is what I expected, but obviously not the outcome I had hoped for. The Supreme Court denies about 90% of applications for leave.

I feel let down by the *Protection of Public Participation Act* (PPPA). Passed unanimously in 2019, it has been ineffective in protecting freedom of expression. The BC Court of Appeal has never allowed a lawsuit to be dismissed under the PPPA. The PPPA was intended to reduce the time and cost of mounting a defence, but seems to

Linkletter v. Proctorio, Incorporated

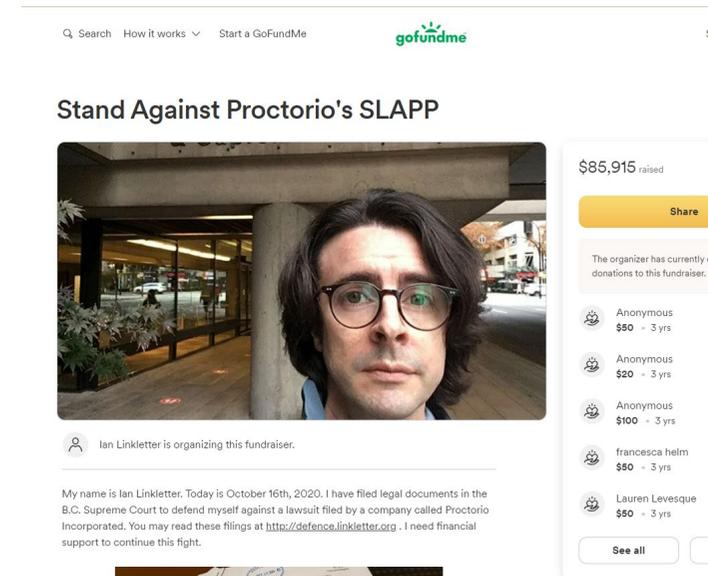
2023 BCCA 160: SCC denied leave Jan 1 2024 (No. 40787)

Does posting links to unlisted videos on YouTube amount to © infringement?

Warman v. Fournier - sharing a hyperlink to content on a copyright owner's website is not an infringement, as the communication by telecommunication was authorized by the copyright owner.

- distinguished: Proctorio had not authorized communication to the (general) public; YouTube's Terms of Service that granted a license were not overridden by Terms of Service for Proctorio's Help Center
 - see also: *CarGurus v. Trader* 2017 ONSC 1841

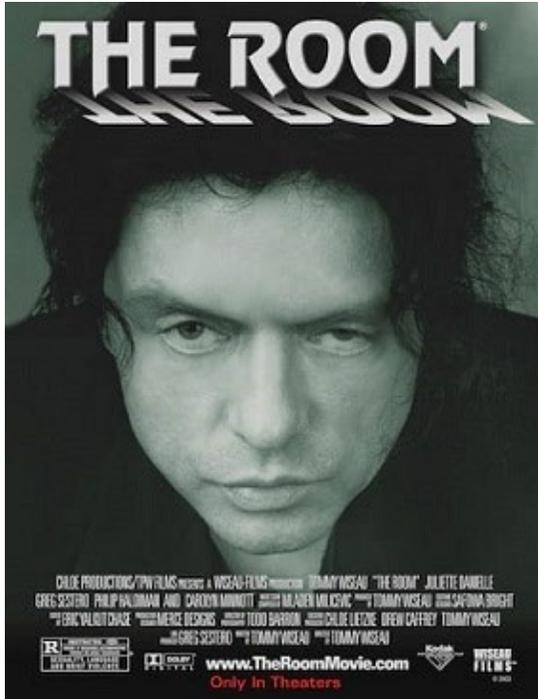
Stay tuned!



The End of the *Wiseau* Copyright Saga (...or is it?)

WisEAU Studio, LLC v. Harper

2023 FC 354



Plaintiff, WisEAU Studios, owns copyright in the film “The Room”.

Defendants made a documentary called “Room Full of Spoons” that contains footage from “The Room”, obtained by extracting it from a Blu-ray disc onto their computers.

ONSC previously dismissed plaintiff’s lawsuit for copyright infringement and breach of moral rights. Appeals were unsuccessful.

Plaintiff then launched 2 further actions:

- 1) **Ontario Court:** alleging defendants had engaged in misrepresentations that misled the court in the prior proceeding (dismissed as an abuse of process)
- 2) **Federal Court** (this action): alleging defendants breached s. 41.1 of the *Copyright Act* by circumventing TPMs (digital locks) installed on the Blu-ray discs containing “The Room”



Wiseau Studio, LLC v. Harper

2023 FC 354

Federal Court upheld the CMJ's order striking out plaintiff's claim based on cause of action estoppel

CMJ (affirmed by FC) found that the doctrinal elements of cause of action estoppel were met:

1. The earlier proceeding was finally determined (once the SCC denied leave)
2. The two matters involved the same parties
3. **The cause of action in the prior action was not separate and distinct from the current action**
 - The current action involves the same parties, the same wrongdoing, and the same harm
 - The plaintiff is not complaining that its movie has been made available to the world contrary to s. 41.1, rather it argues the defendants breached its copyright by “ripping” off portions of “The Room” from the Blu-ray disc (s. 41.1 claims not distinct from ss. 27 and 14.1/28.1 claims)
4. The basis of current action was argued or could have been argued in the prior action

Plaintiff has appealed to the FCA (A-88-23)

Notice and Notice Regime /
The *Voltage* Copyright Saga continues...

Millennium Funding, Inc. v. Bell Canada

2023 FC 764

FC strikes allegations of misuse of copyright by ISP in defence of claim for non-compliance with Notice and Notice Regime

Background

- The plaintiffs, Millennium Producers, allege that Bell failed to forward ~40,000 notices as required under the N&N Regime from February 2019 to June 2021
- Plaintiffs seek \$10,000 for each asserted failure to deliver a notice, for a total of ~\$400 million in damages under s. 41.26(3) of the *Act*
- Bell denied that it failed to comply with the N&N Regime and asserted that it had legitimate reasons for not delivering some of the notices (*i.e.*, inaccuracies, duplicates, non-compliant notices, and technical difficulties forwarding notices)
- Bell also pleaded in defence that the plaintiffs and their counsel had misused and abused the N&N Regime by using the copyright enforcement program (“CEP”) as a “tool of harassment and intimidation”

Millennium Funding, Inc. v. Bell Canada

2023 FC 764

CMJ struck out portions of Bell's Amended SOD and CC without leave to amend, including allegations that the plaintiff and their counsel (and counsel's other clients):

- abused the N&N Regime and misused their copyright;
- abused process;
- engaged in champerty and maintenance; and
- engaged in unlawful means conspiracy through their use of a Copyright Enforcement Program [CEP] to enforce the Notice and Notice Regime

Bell appealed the CMJ's order.

Several issues addressed on appeal:

- **Did the CMJ err in striking the allegations relating to misuse of copyright?**

Millennium Funding, Inc. v. Bell Canada

2023 FC 764

What is the Defence of Misuse of Copyright?

- Yet to be adjudicated under Canadian law
- Misuse of copyright recognized as a “developing doctrine” in the US:
 - “acts as a sort of equitable defence when a copyright holder attempts to extend his copyright beyond the scope of his exclusive rights in a matter that violates antitrust law or the public policy embodied in copyright law”*
 - (para 31, citing *Euro-Excellence Inc. v. Kraft Canada Inc.*, 2007 SCC 37)
- The defence of copyright misuse acts as a complete bar to maintaining an infringement action

Millennium Funding, Inc. v. Bell Canada

2023 FC 764

Insufficient Facts to Support the Defence of Misuse of Copyright

The FC took issue with the CMJ's limited approach to the defence of misuse of copyright when finding that arguments raised involving policy matters could not be asserted in support of misuse of copyright.

- FC held that it was not “plain and obvious” whether the doctrine can extend to an action under section 41.26 of the *Act*

However, the FC found a **lack of material facts** to support the allegation of misuse of copyright, namely how the CEP is set up to intimate and harass alleged infringers.

- Specifically, Bell's pleading did not explain:
 - how CEP generates notices to those who do not infringe or who are wrongfully accused of infringing activity;
 - how the notices are unreliable and unlawful; and
 - what proportion of the notices the allegation relates to.

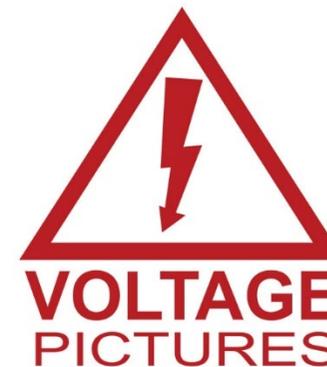
Voltage Pictures, LLC v. Salna

2023 FC 893

FC dismissed a motion for certification of a reverse class action for the 2nd time

Background

- Voltage named Mr. Salna as the class representative.
- Salna, a rental property owner, says that his tenants, whom he provides internet to, must be responsible for the alleged copyright infringement. The tenants deny this.
- Voltage alleges that the Respondent Class Members have committed one or more of three unlawful acts:
 1. making a film available for download by means of the BitTorrent network, offering the file for uploading, or actually uploading a film;
 2. advertising by way of the BitTorrent protocol that a film is available for download; and
 3. authorizing copyright infringement by failing to take reasonable steps to ensure the first and second unlawful acts did not take place in respect of an internet account controlled by a subscriber



Voltage Pictures, LLC v. Salna

2023 FC 893

History of Proceedings

- In 2019, the FC dismissed Voltage's motion for certification of the class proceeding, finding that Voltage had failed to meet any part of the conjunctive test for certification
- In 2021, the FCA allowed Voltage's appeal in part, set aside FC's decision, and found in Voltage's favour with respect to the first three parts of the certification test, namely: (a) reasonable cause of action, (b) identifiable class of two or more persons, and (c) common issues
- The FCA directed that the certification motion be returned to the FC for reconsideration of parts (d) and (e) of the test, namely, preferable procedure and suitable class representative

Voltage Pictures, LLC v. Salna

2023 FC 893

Preferable Procedure and Suitable Class Representative Established

- **(d) Preferable Procedure:** Court found that the speculative concerns about the potential for different fact scenarios and defenses do not outweigh the benefits of a reverse class action (*i.e.*, defendant anonymity, pooling of resources, and a settlement approved by the Court to protect against copyright trolls)
- **(e) Suitable Class Representative*:** Mr. Salna had shown himself to be capable of defending the proceeding in a vigorous and fair manner, and that his alleged lack of motivation or financial incentive was not a barrier to certification

* Subject to reasonable funding for Class Counsel (given that the cost to defend the action far exceeds the cost of damages for copyright infringement)

Voltage Pictures, LLC v. Salna

2023 FC 893

Motion for Certification Dismissed

Voltage's litigation plan did not set out a workable method of advancing the proceeding and of notifying class members of how the proceeding progresses, as required by Rule 334.16(1)(e)(ii), specifically:

- Voltage's proposed use of the Notice and Notice Regime to notify class members of the class action and subsequent steps in the proceeding was inconsistent with the statutory scheme and the purposes of the regime, as interpreted by the Supreme Court of Canada in *Rogers Communications Inc. v. Voltage Pictures, LLC*, 2018 SCC 38
- Voltage's litigation plan would impose unreasonable costs and burdens on the ISPs and would disrupt their relationships with their subscribers

Voltage granted leave to present a revised litigation plan that did not depend on the N&N Regime to identify and communicate with class members, and that made adequate provision for the funding of class counsel.

Voltage has appealed to the FCA (A-189-23)



Voltage Holdings, LLC v. Doe #1 et al.

2023 FCA 194

FCA upheld FC decision to dismiss motion for default judgment for © infringement

Background

- Voltage sued a group of internet subscribers for online copyright infringement of one of its films (110 “Does” identified by IP addresses)
- The respondents (default defendants) are 110 “Does” identified by IP addresses only, which were associated with BitTorrent users who had made the film available for download on BitTorrent
- Litigation Process:
 - **1st Notice:** Voltage sent warning notices through the Notice and Notice Regime to internet subscribers with IP addresses associated w/infringement
 - **2nd Notice:** If a second infringement was detected within 7 days, a second notice was sent
 - **Norwich & SOC:** Voltage then obtain *Norwich* orders requiring ISPs to provide it with information about the internet subscribers based on IP addresses; served a SOC on those who received 2 notices



Voltage Holdings, LLC v. Doe #1 et al.

2023 FCA 194

Voltage's two theories of copyright infringement:

- 1) **Direct Infringement:** The respondents (internet subscribers) directly infringed its copyright by making the film available for download online (by posting or uploading the film).
- 1) **Authorization of Infringement:** The respondents (internet subscribers) authorized an unknown person to directly infringe the appellant's copyright by providing access to their internet account.



Voltage Holdings, LLC v. Doe #1 et al.

2023 FCA 194

Federal Court dismissed motion for default judgment

Insufficient evidence to establish:

- the internet subscribers were the direct infringers themselves (direct infringement theory); or
- the internet subscribers possess sufficient control over those who posted the infringed film to have authorized infringement (authorization of infringement theory)

FC refused to draw an adverse inference against the internet subscribers for non-response to the notices and SOC, holding that some attempt to identify the infringers must be made

- Underlying theory: the Notice and Notice Regime is not an “absolute liability framework” and there was a “presumption of innocence” for subscribers (*Rogers v. Voltage*, 2018 SCC 38 at paras 26-27)



Voltage Holdings, LLC v. Doe #1 et al.

2023 FCA 194

...6 weeks later:

Society of Composers, Authors and Music Publishers of Canada v. Entertainment Software Association, 2022 SCC 30 (“ESA”):

[108] Together, the performance, reproduction, and authorization rights in s. 3(1) of the *Copyright Act* give effect to Canada’s obligations under art. 8 and they do so in a technologically neutral manner. If a work is streamed or made available for on-demand streaming, the author’s performance right is engaged. If a work is downloaded, the author’s reproduction right is engaged. If a work is made available for downloading, the author’s right to authorize reproductions is engaged. There are no gaps in protection.



Voltage Holdings, LLC v. Doe #1 et al.

2023 FCA 194

Voltage's Theory of Direct Infringement fails:

The Supreme Court's decision in *Rogers v. Voltage* (2018 SCC 38) is largely dispositive:

[41] It must be borne in mind that being associated with an IP address that is the subject of a notice under s. 41.26(1)(a) is not conclusive of guilt. As I have explained, the person to whom an IP address belonged at the time of an alleged infringement may not be the same person who has shared copyrighted content online. [...]

No adverse inference warranted (para 64, citing Rogers at paras 26 and 41):

“...drawing an adverse inference, on the basis of the link between a flagged IP address and its corresponding internet subscriber would make subscribers strictly liable for all infringing activity associated with their account, a result that the Supreme Court has clearly rejected”



Voltage Holdings, LLC v. Doe #1 et al.

2023 FCA 194

Voltage's Theory of Authorization fails:

- 1) Authorization depends on the alleged authorizer's control over the person, not the control over the supply of their technology. Allowing the "mere use of equipment that could be used to infringe copyright", does not fall within the legal definition of authorization. (para 82, citing to *CCH v. LSUC*, 2004 SCC 13)
- 2) *ESA* establishes clear guidance on legal and evidentiary requirements of infringement in the context of online infringement:

[85] ... To establish an infringing activity, there must be evidence that what the activity does to the work engages one of the three interests in s. 3(1) of the *Act* (*ESA* at paras. 56-57). Posting a work online and inviting others to view it engages the author's authorization right; however, sharing internet access after receiving notices of alleged infringement does nothing to the work in question, and does not therefore engage any copyright interest granted to the author exclusively.

Voltage has sought leave to appeal to the SCC



IP Enforcement & Platform Terms of Use

2572495 Ontario Inc. v. Vacuum Specialists (1985) Ltd.

2023 FC 345

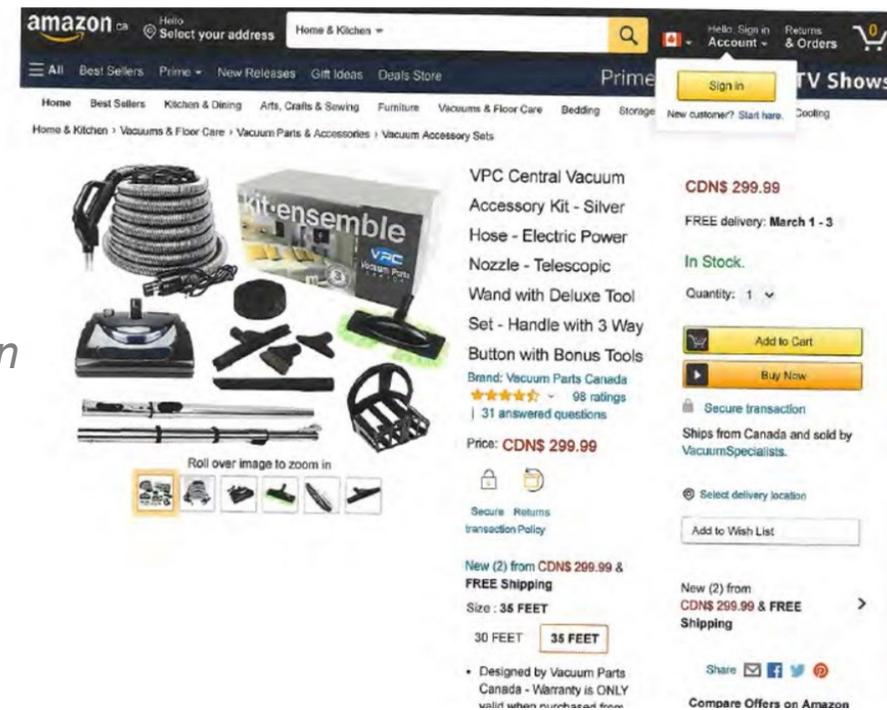
Interlocutory injunction denied (serious issue and irreparable harm)

Simply put, I find there are valid arguments on both sides of this ...

VS is not wrong to point to the Amazon Policy on Intellectual Property, and to the other policies and practices that all sides agreed to when they signed on to sell their products through the Amazon platform.

At this stage, I should underline that I am not making any final determination or pronouncement on the merits of either side's claims, nor on the strength of the evidence they presented.

at para 33-35



Stay tuned!

© and ™

Commercial disputes

Techno-Pieux Inc. v. Techno Piles Inc., 2023 FC 581

TMA562798	TMA638884	Techno Piles' Logo

Techno Pieux Work	Techno Piles Logos	Techno Piles' Alleged Model

Commercial disputes

Unitop v. Exclusive Candy, 2023 ONSC 4363



Anti-counterfeiting

Burberry Limited v. Ward, 2023 FC 1257



	Copyright	Registration No.
	TB Pattern Hero B&W	1153515
	TB Pattern Hero	1154763
	TB Pattern Hero Greyscale Upright	1153516
	TB Pattern Reverse	1154762
	TB Pattern B&W	1154764
	<u>TB Monogram</u>	

Use of counterfeit products and real advertising

Dermaspark Products Inc. v. Patel, 2023 FC 288

OXYgeneo™
3-IN-1 SUPER FACIAL™

exfoliate + oxygenate + nourish

DermaSpark | Pollogen
Products Inc. by Lumenis

#1 FACIAL IN CANADA
With Innovative OxyPod™ Technology

Other decisions ...

IMS Incorporated v. Toronto Regional Real Estate Board

2023 FCA 70

Issue estoppel and the discretionary bar against relitigation in the context of an interlocutory motion to strike copyright claims:

- necessary to assess the prior finding on originality and determine whether the works at issue in the previous case were the same
- originality can only be determined on a case-by-case basis, which is a highly contextual and factual determination

Works at issue in the TREB v. Canada were not entirely the same as those described by TRREB in its Statement of Claim in the instant proceeding:

- Several years had lapsed
- Additional elements claimed: detailed unique property descriptions, and detailed neighbourhood descriptions listing schools and community features

Plus, FCA's comments in TREB v. Canada were *obiter*

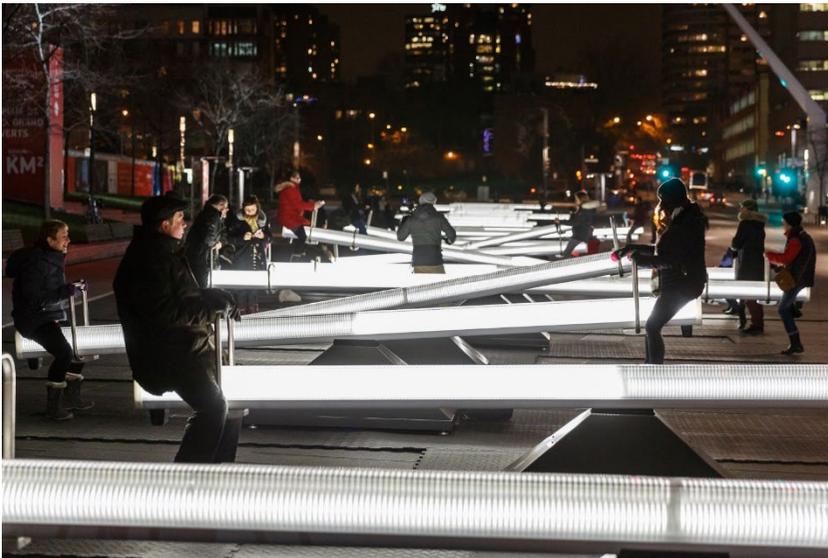
Sheppard v. C S Design Inc.

2023 FC 413



“Impulse”

“Wip Wap”



Horizon Comics Productions Inc. c. Marvel Entertainment

2023 QCCS 53

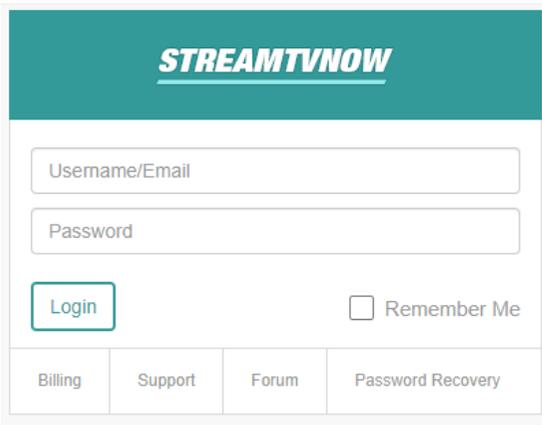


Bell Media Inc. v. Macciachera (Smoothstreams.tv)

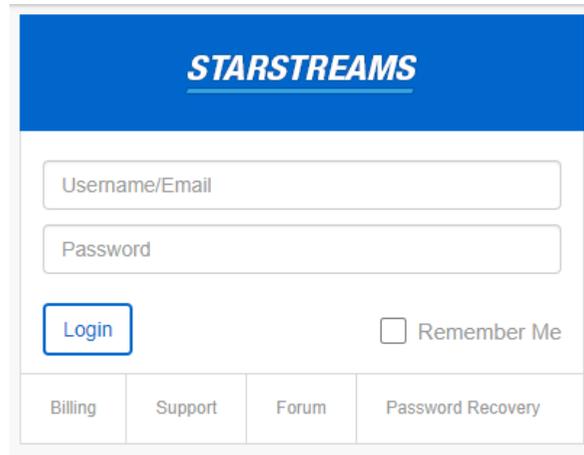
Contempt of Court for Disobeying Interim Anton Piller Order 2023 FC 801

Costs following Contempt Order 2023 FC 1698

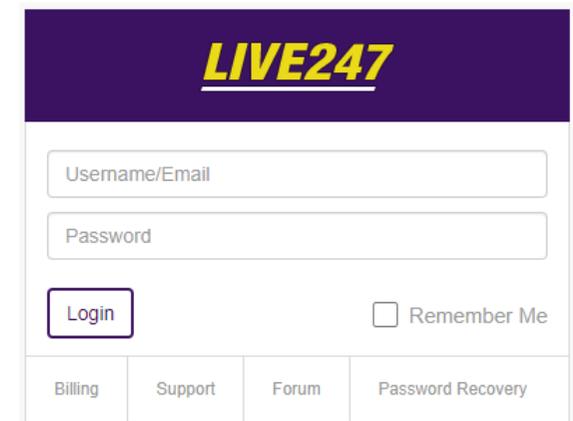
Samuelson-Glushko Canadian Internet Policy & Public Interest Clinic's Motion to Intervene 2023 FCA 180



The screenshot shows the login page for StreamTVNow. It features a green header with the text "STREAMTVNOW" in white, underlined. Below the header are two input fields: "Username/Email" and "Password". A "Login" button is positioned to the left of a "Remember Me" checkbox. At the bottom, there is a navigation bar with four links: "Billing", "Support", "Forum", and "Password Recovery".



The screenshot shows the login page for StarStreams. It features a blue header with the text "STARSTREAMS" in white, underlined. Below the header are two input fields: "Username/Email" and "Password". A "Login" button is positioned to the left of a "Remember Me" checkbox. At the bottom, there is a navigation bar with four links: "Billing", "Support", "Forum", and "Password Recovery".



The screenshot shows the login page for Live247. It features a dark purple header with the text "LIVE247" in yellow, underlined. Below the header are two input fields: "Username/Email" and "Password". A "Login" button is positioned to the left of a "Remember Me" checkbox. At the bottom, there is a navigation bar with four links: "Billing", "Support", "Forum", and "Password Recovery".

Johnson v. Canadian Tennis Association, 2023 FC 1605

Tétreault v. Boisbriand (City), 2023 FC 168

FC affirms high threshold to rebut presumption of judicial integrity and impartiality

Johnson v. Canadian Tennis Association, 2023 FC 1605:

- Plaintiff appealed order of associate judge (“AJ”) dismissing motion for further examinations for discovery in copyright infringement action; on appeal, plaintiff made unfounded allegations of bias against the AJ:
 - (1) Judge went to same law school as opposing counsel. **Court:** if this justified bias, “judges would be routinely disqualified from sitting on cases” (para 33)
 - (2) It was “unfair and unjust” that the AJ did not accept his (late) reply submissions. **Court:** AJ do not show bias by simply discharging their duty of managing the preceding and complying with the Rules (paras 37-39)

Tétreault v. Boisbriand (City), 2023 FC 168

- Plaintiff appealed order of AJ striking statement of claim and dismissing motion to amend SOC in copyright infringement action
- On appeal, plaintiff made unfounded allegations of bias against the AJ submitting that “the Court adopted the Defendants’ position and entered into a collective effort with them in order to destroy by any means what he considers to be his valid claim.”
- **Court:** “The fact that a member of the Court, ..., disagrees with and rejects a litigant’s argument is not, in and of itself, bias”.

Thank you!

Questions?

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2023 Copyright Year in Review¹

¹This paper is a joint collaboration between the presenters and their firms, Barry Fong of Osler_Hoskin & Harcourt LLP and Catherine (Cat) Lovrics of Marks & Clerk. Barry and Cat extend their sincere thanks to all contributors.

On Marks & Clerk's part, it was prepared by Catherine (Cat) Lovrics, Anna Morrish and Robert McNaughton. Robert is an associate at Marks & Clerk. He is an intellectual property lawyer with a particular focus on domestic and international trademark prosecution and portfolio management, strategic trademark and copyright enforcement, domain name disputes, and IP licensing and transactions. Anna Morrish is an associate in the litigation group at Marks & Clerk. Her practice focuses on contentious intellectual property matters, particularly in the areas of trademarks, copyright and confidential information.

On Osler's part, it was prepared by Barry Fong, Ryan Howes and Kaitlyn Margison. Kaitlyn Margison is an articling student at Osler having recently completed her JD at the University of Ottawa Faculty of Law. During law school, she interned at the Samuelson-Glushko Canadian Internet Policy and Public Interest Clinic (CIPPIC) and after completing her articles will be clerking for the Honourable Michael D. Manson at the Federal Court in 2024-2025. Ryan Howes is an associate in Osler's Intellectual Property department. His practice focuses on commercial IP matters, trademarks and copyright. Ryan has been involved in a variety of copyright and trademark matters before the Trademarks Opposition Board, the Federal Court, and the Supreme Court of Canada.

Policy & Legislative Updates

1. Consultation on Copyright in the Age of Generative Artificial Intelligence

The proliferation and popularity of generative AI technology has also raised important questions and concerns in the intellectual property field, including with respect to copyright policy.

On October 12, 2023, the Government of Canada launched the *Consultation on Copyright in the Age of Generative Artificial Intelligence* (“**Consultation**”) to garner insight from stakeholders on the potential implications of generative AI tools on the copyright framework in Canada.² The Consultation built on the fact-finding work of the Government’s 2021 *Consultation on a Modern Copyright Framework for Artificial Intelligence and the Internet of Things*, which received 38 submissions.³

The Consultation focussed on fact finding to inform copyright policy, and in particular understanding the impact of the development of AI on the creative industries, as well as economic impacts of the technology on Canadians.

The Government invited stakeholders to share views on potential copyright policy directions, including comments on legislative and jurisprudential developments in other jurisdictions. The Consultation focussed on 3 issues, consistent with the 2021 consultation, namely:

1. text and data mining – whether any clarification is needed on how the copyright framework applies to the training of AI systems through the use of copyright protected works and other subject matter (e.g. performances and sound recording);
2. authorship and ownership – how the copyright framework should apply to AI-assisted and AI-generated works; and
3. infringement and liability – who are the persons liable for infringement that might occur through the use of AI.

The Government also invited stakeholders to share technical evidence, such as:

- information about how copyright-protected content is accessed, collected and encoded in training datasets;
- how training datasets are used in the development of AI systems;
- whether training datasets form part of AI systems after they are trained;
- the involvement of humans in the development and deployment of AI systems; and

² Innovation, Science and Economic Development Canada, October 12, 2023, *Consultation on Copyright in the Age of Generative Artificial Intelligence*, <https://ised-isde.canada.ca/site/strategic-policy-sector/en/marketplace-framework-policy/consultation-copyright-age-generative-artificial-intelligence>; <https://ised-isde.canada.ca/site/strategic-policy-sector/en/marketplace-framework-policy/consultation-paper-consultation-copyright-age-generative-artificial-intelligence>

³ Innovation, Science and Economic Development Canada, July 15, 2021, *Consultation on a Modern Copyright Framework for Artificial Intelligence and the Internet of Things*, <https://ised-isde.canada.ca/site/strategic-policy-sector/en/marketplace-framework-policy/copyright-policy/consultation-modern-copyright-framework-artificial-intelligence-and-internet-things>; <https://ised-isde.canada.ca/site/strategic-policy-sector/en/marketplace-framework-policy/copyright-policy/consultation-modern-copyright-framework-artificial-intelligence-and-internet-things-0> and Submissions <https://ised-isde.canada.ca/site/strategic-policy-sector/en/marketplace-framework-policy/copyright-policy/submissions-consultation-modern-copyright-framework-artificial-intelligence-and-internet-things>

- how businesses and consumers use AI systems as well as AI-assisted and AI-generated works.

The Government has committed to balancing two main objectives in considering possible copyright policy options relating to AI:

- Supporting innovation and investment in AI and other digital and emerging technologies in all sectors in Canada: The Government recognized that AI has tremendous potential for society if used ethically and responsibly and can also drive productivity growth across the economy.
- Supporting Canada's creative industries and preserving the incentive to create and invest provided by copyright, including the right to be adequately remunerated for the use of copyright-protected works or other subject matter.

Broadly speaking, concerns about the impacts of AI that have been expressed by stakeholders in creative industries relate to the inability of rights' holders to consent to the use of their creative works and to receive appropriate credit and compensation for use of their copyright-protected works, and the potential of AI systems to infringe copyright-protected works without practical enforcement remedies. Through considerable investment, the Government has positioned Canada as a world leader in AI. The AI industry has expressed concerns over uncertainty of copyright law's application in the context of AI, and consequent concerns over chilling domestic investment and restricting opportunities for Canada including as a destination for AI model development and training.

The Consultation closed on January 15, 2024 (extended from December 4, 2023), and submissions will be published by the Government in time⁴. Certain stakeholders have published their submissions in the interim. It will be interesting to see the views expressed, and whether the Consultation results in the Government considering legislative change.

Below, we briefly canvass some background with respect to each of the 3 issues outlined above.

Issue 1: Text and Data Mining (“TDM”)

TDM refers to the automated process of analysing large amounts of text and data. TDM forms the foundation of machine learning models, which train technology to recognize and reproduce patterns through the introduction of large data sets. TDM is used in generative AI technology, among other things.

TDM has tremendous potential to positively impact science, technology, and innovation in general. However, it also presents unique challenges when it involves copyright-protected works, including:

- distinguishing protected content from unprotected content;
- determining to what extent TDM activities may constitute “fair dealing” or qualify for the exception for temporary reproductions for technological processes in Section 30.71 of the *Copyright Act*⁵;

⁴ It is anticipated that submissions will be published and available through the Innovation, Science and Economic Development Canada Copyright policy page here: <https://ised-isde.canada.ca/site/strategic-policy-sector/en/marketplace-framework-policy/copyright-policy>

⁵ Unless otherwise specified, all references hereunder to “*Copyright Act*” refer to the Canadian *Copyright Act* (R.S.C., 1985, c. C-42)

- determining whether there is need for a new exception for TDM activities, and if so, what conditions should be set for the exception to apply, and whether such an exception may risk supplanting market-based solutions; and,
- a lack of transparency over what works are used to train AI, and a lack of notice, credit, and compensation.

In respect of TDM activities, the Consultation aimed to answer the following questions:

- i. What would more clarity around copyright and TDM in Canada mean for the AI industry and the creative industry?
- ii. Are TDM activities being conducted in Canada? Why is it the case or not?
- iii. Are rights holders facing challenges in licensing their works for TDM activities? If so, what is the nature and extent of those challenges?
- iv. What kind of copyright licenses for TDM activities are available, and do these licenses meet the needs of those conducting TDM activities?
- v. If the Government were to amend the *Copyright Act* to clarify the scope of permissible TDM activities, what should be its scope and safeguards? What would be the expected impact of such an exception on your industry and activities?
- vi. Should there be any obligations on AI developers to keep records of or disclose what copyright-protected content was used in the training of AI systems?
- vii. What level of remuneration would be appropriate for the use of a given work in TDM activities?
- viii. Are there TDM approaches in other jurisdictions that could inform a Canadian consideration of this issue?

In addition to views on potential copyright policy directions, the Government invited stakeholders to present technical evidence related to TDM. Such technical evidence is intended to inform and guide policy. For example, in terms of expanding current exceptions, the Government noted there is uncertainty as to whether, and to what extent, they would apply to various TDM activities. While some require making ephemeral copies, others require copies of works to be stored indefinitely.

In response to the 2021 consultation, many stakeholders provided views on the application of the copyright framework in respect of text and data mining. The results of the 2021 consultation, which mirror the views expressed before the Standing Committee on Industry and Technology during the 2018-2019 parliamentary review of the *Copyright Act*, make it clear there is a tension between stakeholders in the technology sector and stakeholders in creative industries. Stakeholders in the technological sector generally assert that TDM falls outside the scope of copyright protection, and that the fair dealing exception should be expanded to include TDM, or that a new exception should be created. From their viewpoint, AI processes do not rely on or exploit the creative expression underlying the copyright-protected content. Alternatively, stakeholders from the creative industries argue that an explicit exception for TDM would preclude rights holders from receiving fair compensation for the use of their copyright-protected works in this industry.

In response to the 2021 consultation, many stakeholders, including those in the technology and education sectors, argued that a TDM exception should apply, and that TDM licensing could

impede innovation and research.⁶ For example, in their submission, Microsoft and Github argued that TDM drives machine learning and is the backbone for AI, and that providing an exception for TDM would allow Canada to remain competitive in AI, support Canadian researchers and innovators, and ensure that Canada's economy takes advantages of the opportunities in this sector, among other things.⁷

On the other hand, stakeholders in the creative industry generally expressed concern that creating a copyright framework which provides for exceptions for TDM has the potential to undermine the rights of copyright owners and to destroy the growing and thriving market for TDM licensing.⁸ For example, in its submission, Access Copyright argued that the existing marketplace for TDM licensing is robust, "should not be supplanted by a regime allowing TDM actors to use copyright-protected works without obtaining authorization or paying compensation" and should be protected as it ensures that creators can control how their works are used and remain incentivized to invest in the creative community, copyright owners can exploit their works, and provides legal certainty to users of copyright-protected works without imposing meaningful barriers to doing business.⁹

Stakeholders also expressed views related to transparency in terms of how AI systems collect, interpret and use data. For example, the Screen Composers Guild of Canada submitted that determining authorship and enforcing related rights depends on administrative visibility over source inputs and other creative inputs, and that regulations should include certain disclosure obligations on AI-enabled works, including an obligation to identify creators/owners of any constituent elements of an AI-enabled work which is the subject of a copyright registration.¹⁰

Looking to other jurisdictions, some countries have introduced specific exceptions for TDM activities, like Japan, Singapore, Switzerland and the UK. Others, like the US, have not. Even where exceptions have been explicitly included in legislation, the breadth of their application is inconsistent. For example, Japan and Singapore have introduced broad exceptions for TDM activities, and Switzerland and the UK have included narrow exceptions limited to TDM activities conducted for scientific research and non-commercial research, respectively.

Issue 2: Authorship and ownership of works created by or with AI

Technology in the world of AI is rapidly developing and AI systems are being created which require little to no human involvement in production of outputs. Currently, the wording of the *Copyright Act*, which ties the term of copyright protection to the life and death of an author, and Canadian

⁶ Canadian Federation of Library Associations and Canadian Association of Research Libraries, "Consultation on a Modern Framework for Artificial Intelligence and the Internet of Things"; Microsoft and Github, "Submission of Microsoft and Github to Innovation, Science and Economic Development Canada on the Government of Canada's "Consultation on a Modern Copyright Framework for Artificial Intelligence and the Internet of Things", September 17, 2021 ["Microsoft and Gitlab's 2021 Submission"].

⁷ Microsoft and Gitlab's 2021 Submission, *supra* note 7.

⁸ Access Copyright, "Submission to the Consultation on a Modern Copyright Framework for Artificial Intelligence and the Internet of Things", submitted September 13, 2021 ["Access Copyright's 2021 Submission"]; Association of Canadian Publishers (ACP), "Consultation on a Modern Copyright Framework for Artificial intelligence and the Internet of Things", September 2021; Canadian Copyright Institute, "Consultation on a Modern Copyright Framework for Artificial intelligence and the Internet of Things", September 17, 2021; International Publishers Association, "Ref: Canada – A Consultation on a Modern Copyright Framework for Artificial intelligence and the Internet of Things", September 17, 2021.

⁹ Access Copyright's 2021 Submission, *supra*.

¹⁰ Screen Composers Guild of Canada (SCGC), Submission of the Screen Guild of Canada In response to: Consultation on a Modern Copyright Framework for Artificial Intelligence and the Internet of Things", September 17, 2021.

jurisprudence on the issue, suggests that “authorship” must be attributed to a natural person (a human) who exercises skill and judgment in creating a work.

The Consultation aimed to address whether the *Copyright Act* is currently suited to address questions related to authorship and ownership of AI-generated works, and works created with AI-assistance, and whether additional clarity regarding authorship and ownership would allow for more certainty in the marketplace. The Consultation aimed to answer the following questions:

- i. Is the uncertainty surrounding authorship or ownership of AI-assisted and AI-generated works and other subject matter impacting the development and adoption of AI technologies? If so, how?
- ii. Should the Government propose any clarification or modification of the copyright ownership and authorship regimes in light of AI-assisted or AI-generated works? If so, how?
- iii. Are there approaches in other jurisdictions that could inform a Canadian consideration of this issue?

The Government also sought views from stakeholders on the following three potential approaches and their potential impacts, noting the difficulties in differentiating human from non-human contributions to AI assisted works:

- A. Clarify that copyright protection apply only to works created by humans.

Under this approach, works generated by AI without a minimum creative contribution from a human author would immediately fall into the public domain and works created with AI by a human exercising the requisite amount of skill and judgment would not, with that human being granted authorship and first ownership.

- B. Attribute authorship on AI-generated works to the person who arranged for the work to be created.

The approach of attributing authorship of computer-generated works to the person who arranged for the work to be created mirrors a provision in the UK *Copyright Designs and Patents Act*, which the UK Intellectual Property Office recently announced it would not change following a consultation on copyright protection for computer-generated works without a human author. The “arranger” of a computer-generated work being deemed an author is also consistent with the approaches currently taken in Ireland and New Zealand. In contrast, the US requires a human author, and does not provide any protection for works created without any creative contribution from a human.

- C. Create a new and unique set of rights for AI-generated works.

Under this approach, economic rights on AI-generated works would be granted to a person who did not provide any original contribution to the work and would require establishing which new and different right would subsist in applicable works, the appropriate term of protection, and remedies for infringement.

Views on this issue expressed in response to the 2021 consultation were varied and again mirrored the views expressed before the Standing Committee on Industry and Technology during the 2018-2019 parliamentary review of the *Copyright Act*. While many stakeholders were of the

view that the question should be reserved for when AI was further developed and implemented to prevent unforeseen consequences, others, including those from creative industries, were open to exploring the possibility of providing limited protection. There were also stakeholders who argued that granting protection to AI-generated works would be a shift from promoting human creativity, which, in their view, is central to the Canadian copyright framework.

Issue 3: Infringement and liability regarding works created by or with AI

The Consultation also aimed to address the potential for AI to generate works that infringe the copyright of other works, or for an AI application itself to be found to infringe copyright.

The Government also aimed to address the unique uncertainties and challenges pertaining to liability and establishing liability in primary and secondary infringement. For example, uncertainties may arise in respect of liability for secondary infringement when a user distributes a work which they requested an AI system to create. Plaintiffs may face challenges in enforcement in cases of infringement by reproduction, which requires them to establish that the infringing party had access to the original copyrighted work, that the original work was the source of the copy, and that all or a substantial portion of the work was reproduced.

In respect of infringement and liability, the Consultation aimed to answer the following questions:

- i. Are there concerns about existing legal tests for demonstrating that an AI-generated work infringes copyright (e.g. AI-generated works including complete reproductions or a substantial part of the works that were used in TDM, licensed or otherwise)?
- ii. What are the barriers to determining whether an AI system accessed or copied a specific copyright-protected content when generating an infringing output?
- iii. When commercialising AI applications, what measures are businesses taking to mitigate risks of liability for infringing AI-generated works?
- iv. Should there be greater clarity on where liability lies when AI-generated works infringe existing copyright-protected works?
- v. Are there approaches in other jurisdictions that could inform a Canadian consideration of this issue?

The 2021 consultation yielded only brief responses on these issues.

2. Artificial Intelligence and Data Act & the Voluntary Code of Conduct on the Responsible Development and Management of Advanced Generative AI Systems

Other legislative developments related to AI include the Government introducing the *Artificial Intelligence and Data Act* (“**AIDA**”) through bill C-27.¹¹ While this paper does not delve into *AIDA* in detail, it is noteworthy that *AIDA* proposes to “set the foundation for the responsible design, development and deployment of AI systems that impact the lives of Canadians” and if enacted, would be the first AI-specific regulatory framework in Canada. *AIDA* successfully passed second reading and was referred to the House Standing Committee on Industry, Science and Technology on April 24, 2023. On November 28, 2023, the Minister of Innovation, Science and Industry

¹¹ *An Act to enact the Consumer Privacy Protection Act, the Personal Information and Data Protection Tribunal Act and the Artificial Intelligence and Data Act and to make consequential and related amendments to other Acts* (“*Digital Charter Implementation Act, 2022*”).

presented the House Standing Committee with the Government's proposed amendments to *AIDA*.¹² Consideration in Committee remains in progress.¹³

As it will take time for *AIDA* to receive Royal Assent and for a regulatory framework to be in effect, the Government has published the *Voluntary Code of Conduct on Advanced Generative AI Systems* ("**Code**"), which is intended to provide a bridge to regulations under *AIDA* by providing clear guidelines that can be implemented immediately.¹⁴ As of January 2024, there are 22 signatories to the *Code*.

The *Code* was introduced based on feedback received during the *Consultation on the development of a Canadian code of practice for generative artificial systems*¹⁵, encouraging organizations to apply certain identified measures when developing and managing general-purpose generative AI systems. As noted, the purpose of the *Code* is to bridge the gap until the proposed *AIDA* comes into force, and to allow Canadian companies the opportunity to voluntarily demonstrate that they are developing and using generative AI systems responsibly by becoming signatories to the *Code*. The *Code* provides measures aimed to promote accountability, safety, fairness and equity, transparency, human oversight and monitoring, and validity and robustness.

From a copyright perspective, the transparency measures are noteworthy. Generally, they require signatories to publish information on the capabilities and limitations of the system; develop and implement reliably and freely available methods to detect content generated by the system, with a near-term focus on audio-visual content; publish a description of the types of training data used to develop the system and measures taken to identify and mitigate risks; and to ensure that systems that could be mistaken for humans are clearly and prominently identified as AI systems.

Other required measures include implementation of risk management frameworks; sharing information about best practices on risk management; employing multiple lines of defence; performing comprehensive assessments of reasonably foreseeable potential adverse impacts of the system and implementing measures to mitigate risk; providing downstream developers and managers with guidance on appropriate system usage; assessing and curating training datasets to manage data quality and potential biases; implementing diverse testing methods and measures to assess and mitigate risks of biased outputs prior to release; monitoring, documenting and reporting, via human oversight, harmful uses or impacts of the system; and committing to using a wide variety of testing methods across a spectrum of tasks and contexts, including employing adversarial testing to identify vulnerabilities, performing cyber-security risk assessments, and benchmarking to measure the model's performance against recognized standards.

¹²<https://www.ourcommons.ca/content/Committee/441/INDU/WebDoc/WD12751351/12751351/MinisterOfInnovationScienceAndIndustry-2023-11-28-Combined-e.pdf>

¹³ <https://www.ourcommons.ca/Committees/en/INDU/StudyActivity?studyActivityId=12157763>

¹⁴ Innovation, Science and Economic Development Canada, *Voluntary Code of Conduct on the Responsible Development and Management of Advanced Generative AI Systems* <https://ised-isde.canada.ca/site/ised/en/voluntary-code-conduct-responsible-development-and-management-advanced-generative-ai-systems> FAQ: <https://ised-isde.canada.ca/site/ised/en/frequently-asked-questions-voluntary-code-conduct-advanced-generative-ai-systems>

¹⁵ Innovation, Science and Economic Development Canada, *Consultation on the development of a Canadian code of practice for generative artificial intelligence systems*, <https://ised-isde.canada.ca/site/ised/en/consultation-development-canadian-code-practice-generative-artificial-intelligence-systems>; Report <https://ised-isde.canada.ca/site/ised/en/what-we-heard-consultation-development-canadian-code-practice-generative-artificial-intelligence>

3. Consultation on Artist's Resale Rights

In November 2023, the Government launched a survey on the artists' resale right to gather perspectives on the implementation of a scheme whereby artists would receive a royalty for subsequent sales of artistic works during the work's term of copyright.¹⁶ The survey closed on December 23, 2023. The objective of the survey was to gather market data to better understand Canada's art market. Questions surrounding the practices of buying art, selling art, and creating art in Canada and throughout the world were aimed at the Government gathering valuable data about how Canada's art market functions.

The survey stems from earlier legislative efforts and consultation, including in relation to the 2019 Statutory Review of the *Copyright Act* and the later December 2021 mandate letter to the Ministers of Canadian Heritage, and Innovation, Science and Industry to establish an Artist's Resale Right or "ARR". In the mandate letters, the Ministers were assigned the task of working together to amend the *Copyright Act* to further protect artists and copyright holders, including allowing resale rights for artists. Earlier consultations received varying perspectives regarding the advisability of introducing ARR. Some proponents supported the establishment of an ARR, noting that it allows artists to promote their work and benefit from its ongoing profits, which can be substantial as the value of art sometimes increases over time. On the other hand, detractors noted an ARR may be an inappropriate tool to help low-income visual artists given barriers to entry for sale in galleries, the potential for lower prices in initial sales, the shifting of art sales to jurisdictions without an ARR, as well as flagging possible constitutional challenges to a copyright-based framework.

Resale rights are included in the *Berne Convention* as an optional, inalienable right for artists. More than 90 countries worldwide have adopted resale rights.

In March 2023, the Report of the Standing Committee on Canadian Heritage issued, entitled *Strengthening the Status of the Artist In Canada*, following its study of the *Status of the Artist Act*, and its impact on improving basic working conditions for artist.¹⁷ The Report's recommendations include the Government undertaking an in-depth review of both the *Status of the Artist Act*, and the *Copyright Act*, and that the Government of Canada deliver on its commitments to amend the *Copyright Act* and introduce the ARR, to ensure artists are paid their fair due and achieve a more sustainable living income based on the value of their work. In its Response of September 18, 2023,¹⁸ the Government, on behalf of both the Minister of Canadian Heritage, and the Minister of Innovation, Science and Industry reaffirmed the commitment to implement an Artist's Resale Right.

¹⁶ Canadian Heritage, Government of Canada launches survey on resale rights for Artists, <https://www.canada.ca/en/canadian-heritage/news/2023/11/government-of-canada-launches-survey-on-resale-rights-for-artists.html>; <https://www.canada.ca/en/services/culture/arts-media/performing-visual-arts/arts-market-survey.html>

¹⁷ House of Commons, 44th Parliament, 1st Session, March 2023, Report of the Standing Committee on Canadian Heritage, *Strengthening the Status of the Artist in Canada* <https://www.ourcommons.ca/DocumentViewer/en/44-1/CHPC/report-5/>

¹⁸ Government Response to the Fifth Report of the Standign Committee on Canadian Heritage, https://www.ourcommons.ca/content/Committee/441/CHPC/GovResponse/RP12567138/441_CHPC_Rpt05_GR/DepartmentOfCanadianHeritage-e.pdf

4. Online News Act

On February 16, 2016, the House of Commons Standing Committee on Canadian Heritage (the “**Committee**”) passed the following motion: “That the Committee undertake a study of not fewer than ten (10) meetings on how Canadians, and especially local communities, are informed about local and regional experiences through news, broadcasting, digital and print media; the unintended consequences of news media concentration and the erosion of local news reporting and the impact of new media; [and] that the Committee make recommendations and report its findings to the House.”¹⁹ The results of the study, which was extended to 44 meetings, and a list of recommendations, were published in June 2017 in a report entitled *Disruption: Change and Churning in Canada’s Media Landscape*. Among other things, the report indicated that advertising revenues of community and daily newspapers were declining while digital advertising revenues of digital platforms were growing exponentially.

On April 5, 2022, the Honourable Pablo Rodriguez, the Minister of Canadian Heritage, introduced Bill C-18, *An Act respecting online communications platforms that make news content available to persons in Canada* (short title: *Online News Act*), with the aims of rebalancing the power dynamics in the digital news marketplace and ensuring fair compensation for Canadian media outlets and journalists.²⁰ The *Online News Act* received Royal Assent on June 22, 2023.

“The purpose of [the] Act is to regulate digital news intermediaries with a view to enhancing fairness in the Canadian digital news marketplace and contributing to its sustainability...”²¹ In line with this purpose, the *Online News Act* creates a bargaining framework to ensure that eligible Canadian news outlets are compensated when their content is made available by dominant online platforms. Under the *Online News Act*, online communications platforms, which are subject to the legislative authority of Parliament and that make news content produced by eligible news outlets available in Canada, are required to participate in its bargaining process once initiated by an eligible news business. Among other things, the bargaining framework requires online platforms, who are subject to the Act, to attend mediation sessions when parties are unable to reach a voluntary agreement following the initiation of a bargaining process. It also provides for final offer arbitration of monetary disputes in circumstances where the parties have not reached an agreement following mediation and one of the parties wishes to initiate arbitration.

While the focus of the *Online News Act* is not copyright, it includes several copyright provisions in ss. 23 to 26, reproduced below:²²

¹⁹ Standing Committee on Canadian Heritage, “Disruption: Change and Churning in Canada’s Media Landscape, June 2017, p 3, available online at

<https://www.ourcommons.ca/Content/Committee/421/CHPC/Reports/RP9045583/chpcrp06/chpcrp06-e.pdf>.

²⁰ Library of Parliament, Bill C-18, *An Act Respecting Online Communications Platforms That Make News Content Available To Persons In Canada*, Publication No. 44-1-118-E, 13 October 2022, p 1, available at

<https://lop.parl.ca/staticfiles/PublicWebsite/Home/ResearchPublications/LegislativeSummaries/PDF/44-1/44-1-C18-E.pdf>.

²¹ *Online News Act*, SC 2023 c 23, s. 4.

²² *Online News Act*, SC 2023 c 23, ss. 23-26.

Copyright

Initiation of bargaining process

(23) For greater certainty, an eligible news business or a group of eligible news businesses may initiate the bargaining process in relation to news content in which copyright subsists only if

- (1) the business or a member of the group owns the copyright or is otherwise authorized to bargain in relation to the content; or
- (2) the group is authorized to bargain in relation to the content.

Limitations and exceptions

(24) For greater certainty, limitations and exceptions to copyright under the [Copyright Act](#) do not limit the scope of the bargaining process.

Mediation and final offer arbitration

(25) For greater certainty, the use of news content is not to be the subject of mediation sessions or final offer arbitration during the bargaining process if the operator in question

- (1) has made payments to the eligible news business in question for the use of that content in accordance with a licence or agreement between the operator and the business; or
- (2) has made payments or has offered to make payments to the business in question for the use of that content in accordance with the relevant tariff approved by the Copyright Board for the use of that content.

Liability of operators

(26) (1) If news content is made available by a digital news intermediary and its operator is a party to a covered agreement in relation to the making available of the news content by the intermediary, the operator is not liable under the [Copyright Act](#) for an infringement of copyright in relation to activities that are subjects of that agreement.

For greater certainty

(2) For greater certainty, nothing in this Act limits the liability of an eligible news business under the [Copyright Act](#) for an infringement of copyright.

The *Online News Act's* copyright provisions reflect the bargaining framework applying in respect of copyright-protected content, and make it clear that online platforms cannot circumvent their obligations under the *Online News Act* by relying on the limitations and exceptions to copyright provided under the *Copyright Act*, and that eligible news businesses cannot leverage the framework under the *Online News Act* to obtain higher fees for use of works that are already subject to a licensing agreement or a tariff approved by the Copyright Board.

5. Bill C-244: An Act to amend the Copyright Act (diagnosis, maintenance and repair)

On October 18, 2023, the House of Commons unanimously passed Bill C-244, a private member's bill, which seeks to amend s. 41 and introduce a new exception under 41.12 of the *Copyright Act*. As of the writing of this paper, Bill C-244 remains at second reading before Senate, with first

reading in the Senate having occurred on October 19, 2023²³. The purpose of Bill C-244 is to amend the *Copyright Act* to allow the circumvention of a technological protection measure if the circumvention is solely for the purpose of the diagnosis, maintenance or repair of certain types of products.

Section 41 of the Copyright Act relates to technological protection measures (“TPM”), which are devices, components or technology used to prevent unauthorized access or copying of copyright-protected material. Generally speaking, the Copyright Act prohibits circumvention of TPMs that control access to a work, and also prohibits manufacturing, importing, distributing offering for sale or rental any technology, device or component or offering or providing services to the public that are primarily for the purpose of circumventing a TPM, that do not have a commercially significant use or purpose other than circumventing a TPM, or that are marketed as being for TPM circumvention. The prohibition against providing services and/or trafficking in TPM circumvention devices applies to TPMs that both control access to and restrict doing acts for which copyrights or remuneration rights apply.

The amendment to Section 41 would amend certain definitions to specifically mention computer programs. In particular, amendments are proposed to the definition that applies to technological protection measures that control access to a work, as well as the definition of circumvent with respect to TPMs that control access to a work (i.e. with respect to the definition of technological protection measures, “controls access to a work, including a computer program”, and with respect to the definition of circumvent “to descramble a scrambled work or computer program, or decrypt an encrypted work or computer program). As a computer program is a type of work it is unclear what this amendment is aimed at achieving.

The *Copyright Act* sets out certain exceptions to the prohibitions relating to TPM circumvention. Bill C-244 proposes to introduce of a new exception for circumvention of access controls for the sole purpose of diagnosis, maintenance and repair. In particular, if passed in its current form, Bill C-244 would exempt a person that circumvents a TPM that controls access to a work for the sole purpose of maintaining or repairing a product, including any related diagnosing, if the work, performer’s performance fixed in a sound recording or sound recording to which the technological protection measure controls access forms a part of the product. The exception would apply to someone circumventing for another person. The exception would not apply if the person does an act that constitutes an infringement of copyright.

Bill C-244 is consistent with a larger trend to facilitate consumers having a meaningful right to repair. Consumer advocacy groups have called for consumers being entitled to have a meaningful right to repair of products that are lawfully owned. There have also been various concerns expressed surrounding sustainable consumerism and environmental concerns flowing from the inability of consumers to repair smart devices, and so-called planned obsolescence. For example, the Quebec Government introduced Bill 29, *An Act to protect consumers from planned obsolescence and to promote the durability, repairability and maintenance of goods*, which

²³ Bill C-244, *An Act to amend the Copyright Act (diagnosis, maintenance and repair)*, sponsored by M.P. Wilson Miao (Richmond Centre), Parliament of Canada, LEGISinfo <https://www.parl.ca/legisinfo/en/bill/44-1/c-294>

passed and received assent in October 2023.²⁴ Various stakeholders have expressed concern surrounding unintended consequences if Bill C-244 is enacted in its current form.

6. Bill C-294: *An Act to amend the Copyright Act (interoperability)*

On June 14, 2023, the House of Commons unanimously passed Bill C-294, a private member's bill, which seeks to amend s. 41.12 of the *Copyright Act*. As of the writing of this paper, the Bill remains at second reading before Senate, with first reading in the Senate having occurred on June 15, 2023.²⁵ The purpose of Bill C-294 is to amend the *Copyright Act* to allow a person, in certain circumstances, to circumvent a technological protection measure to make a computer program or a device in which it is embedded interoperable with any other computer program, device or component.

As noted, the Copyright Act sets out certain exceptions to the prohibitions relating to TPM circumvention. Presently, Section 41.12 of the Copyright Act permits the circumvention of TPMs for the sole purpose of obtaining information that would allow the person to make the program and any other computer program interoperable. The provision also permits offering of providing TPM circumvention purposes for the purpose of making the computer program and any other computer program interoperable. It also permits the manufacture, import or provision of TPM circumvention technology for the purpose of making the computer program and any other computer program interoperable, provided the use and purpose are limited to interoperability.

Bill C-294 proposes to amend the Copyright Act to broaden permitted circumvention for the purpose of interoperability. In particular, Bill C-294 proposes to permit circumvention of TPMs that protect a lawfully obtained computer program to obtain information to enable interoperability between computer programs and devices embedded with computer programs and any other computer program, device or component, and to make the program or device in which it is embedded interoperable with any other program, device or component. The amendments would also permit sharing of information obtained for such interoperability purposes. In certain circumstances, exceptions would not apply if the person does an act of infringement or contravenes any Act of Parliament or a provincial legislature.

Bill C-294 (as well as Bill C-244) appears to have been proposed largely in response to concerns by the agricultural industry that TPMs were stifling innovation and competition by preventing access to underlying software embedded in devices/hardware. This had the effect of restricting the development of interoperable products, with overall dependence on the products, services and general cooperation of original equipment manufacturers. The broadening of the exception to include a "device or component" is argued to be necessary to address these concerns given the distinction between the computer program and the computing hardware is less clear than in the past. Various stakeholders have expressed concern surrounding unintended consequences if Bill C-294 is enacted in its current form.

²⁴ Assemblée Nationale du Quebec, Bill 29, Sponsored by Jolin-Barrette, Simon, Minister of Justice <https://www.assnat.qc.ca/en/travaux-parlementaires/projets-loi/projet-loi-29-43-1.html?appelant=MC>

²⁵ Bill C-294, *An Act to amend the Copyright Act (interoperability)*, sponsored by M.P. Jeremy Patzer (Cypress Hills-Grasslands), Parliament of Canada, LEGISinfo <https://www.parl.ca/legisinfo/en/bill/44-1/c-294>

7. Copyright Act s. 92 – Statutory Review

Section 92 of the *Copyright Act* provides for review of the *Copyright Act*, and in particular states: *Five years after the day on which this section comes into force and at the end of each subsequent period of five years, a committee of the Senate, of the House of Commons or of both Houses of Parliament is to be designated or established for the purpose of reviewing this Act.*

The House of Commons initiated the last review on December 13, 2017, when it designated its Standing Committee on Industry, Science and Technology (the “**Committee**”). The review consisted of 52 meetings and involved consultation with a broad range of stakeholders including creators, educational institutions, industry representatives, interest groups, online service providers, collective societies, and lawyers, among others. In total, the Committee heard 263 witnesses, collected 192 briefs, and received over 6,000 emails and other correspondence.²⁶

Following the review, the Committee adopted its report entitled *Statutory Review of the Copyright Act* on May 16, 2019, wherein it identified 36 recommendations, including the recommendation that the Government repeal s. 92. The report was presented to the House of Commons on June 3, 2019.²⁷ The Standing Committee on Canadian Heritage also published a report, entitled *Shifting Paradigms*, containing numerous recommended changes to the copyright regime.²⁸

At present, s. 92 remains in force and there is no indication when the next statutory review will take place, though timing does appear ripe. While s. 92 of the *Copyright Act* is specific about Parliament undertaking the review, it is not prescriptive regarding how the review is to be undertaken, nor what results are required. As a result, the next copyright review would not have to be the undertaken in the same manner as the previous review.

Copyright Decisions

Jurisdiction & Forum

1. *Society of Composers, Authors and Music Publishers of Canada v. Vidéotron Ltée*, 2023 FC 1385

Overview:

In this case, the Federal Court rejected the motion brought by the Defendants, Vidéotron Lté and Québecor (together, “**Québecor**”) to strike the Statement of Claim for lack of jurisdiction, or, alternatively, to stay the action in favour of the Superior Court of Québec. The Court held that it was not “plain and obvious” it lacked jurisdiction, and it was not satisfied that it was in the interests of justice to stay the proceeding in favour of proceedings in the Superior Court of Québec.

²⁶ Standing Committee on Industry, Science and Technology, *Statutory Review of the Copyright Act*, June 2019, p 1, available online at <https://www.ourcommons.ca/content/committee/421/indu/reports/rp10537003/indurp16/indurp16-e.pdf>. See also: <https://www.ourcommons.ca/Committees/en/INDU/StudyActivity?studyActivityId=9897131>

²⁷ House of Commons Canada, 42nd Parliament, 1st Session, *Statutory Review of the Copyright Act*, <https://www.ourcommons.ca/Committees/en/INDU/StudyActivity?studyActivityId=9897131#2019-05-16>.

²⁸ House of Commons Canada, 42nd Parliament, 1st Session, *Shifting Paradigms*, Report of the Standing Committee on Canadian Heritage <https://www.ourcommons.ca/Content/Committee/421/CHPC/Reports/RP10481650/chpcrp19/chpcrp19-e.pdf>

Background:

The claim of the Plaintiff, the Society of Composers, Authors and Music Publishers of Canada (“**SOCAN**”), arose from a dispute over royalties payable for Québecor’s use of works in SOCAN’s repertoire in 2018. Québecor accepted it owed royalties for that use; however, at the end of 2018 it deducted from its royalty payment amounts it claimed it overpaid in 2014 to 2018. Québecor’s position was that the overpayment stemmed from a 2018 agreement between SOCAN, Québecor, and other broadcast distribution undertakings (BDUs) addressing certain obligations regarding copyright tariffs (the “**2018 Agreement**”). SOCAN agreed there was an overpayment beginning in April 2018, but disagreed there was an overpayment in 2014 to March 2018 and disagreed that Québecor had the right to unilaterally set off any such overpayments against amounts owing in 2018.

Québecor conceded copyright related claims being advanced by SOCAN, and argued that the only disputed issues between the parties pertained to the interpretation of the 2018 Agreement, and therefore the matter was essentially a claim in breach of contract that raised issues related to the doctrine of equitable set-off, and as a result the Federal Court did not have jurisdiction to hear the matter. In the alternative, Québecor argued there was uncertainty as to the Federal Court’s jurisdiction such that the interests of justice favoured having the matter proceed in the Superior Court of Québec.

Decision:

Jurisdiction:

Justice McHaffie sitting in the Federal Court confirmed the jurisdictional inquiry requires two steps:

Step 1: Characterize the “essential nature of the claim”:

When assessing whether the Court has jurisdiction over an action, a Statement of Claim is not “blindly read at its face meaning”, rather the Court looks at the nature of the claim itself to ensure it is not a “disguised attempt” to create jurisdiction in the Federal Court (*Canada v. Roitman*, 2006 FCA 266). This first step involves a “realistic appreciation of the practical result sought by the claimant” and consideration of their “principal objective” (*Canada v. Domtar Inc.*, 2009 FCA 218 and *JPMorgan Asset Management (Canada) Inc. v. Canada (National Revenue)*, 2013 FCA 250).

This approach has been confirmed by the Supreme Court of Canada (“**SCC**”) in *Windsor (City) v. Canadian Transit Co.*, 2016 SCC 54 (“*Windsor Bridge*”), where it was noted that the Court may have jurisdiction over part of a claim but not other parts, and may have jurisdiction over the subject matter of a claim but not that of a particular defence or of a third-party claim.

The focus is on the plaintiff’s cause of action, the basis for it, and their right to seek the remedy sought.

Step 2: Apply the following three-part test established by the SCC in *ITO—International Terminal Operators Ltd v Miida Electronics Inc.*, [1986] 1 SCR 752 at p 766 to determine that all are satisfied:

- (a) There must be a statutory grant of jurisdiction by the Federal Parliament.
- (b) There must be an existing body of Federal law which is essential to the disposition of the case and which nourishes the statutory grant of jurisdiction.
- (c) The law on which the case is based must be “a law of Canada” as the phrase is used in s. 101 of the *Constitution Act, 1867*.

Step 1:

The Court noted the Plaintiff claimed remedies pursuant to the *Copyright Act* in its Statement of Claim, such as payment of amounts due under copyright tariffs, or alternatively, damages or statutory damages for infringement of copyright. Therefore, although parts of the claim and the defence would require interpretation of a contract, it was not plain and obvious that it changed the essential nature or character of the claim, or otherwise took it outside the jurisdiction conferred on the Federal Court by the *Copyright Act*.

Step 2:

(a) Statutory Grant of Jurisdiction:

Subsection 20(2) of the *Federal Courts Act* grants the Federal Court concurrent jurisdiction in cases in which “a remedy is sought under the authority of an Act of Parliament or at law or in equity respecting any [...] copyright [...]”, while s. 26 provides that the Federal Court has original jurisdiction in respect of any matter over which “jurisdiction has been conferred by an Act of Parliament on the [...] Federal Court.” The *Copyright Act* contains a number of specific provisions granting jurisdiction to the Federal Court, including s. 41.24 which gives the Federal Court concurrent jurisdiction “to hear and determine all proceedings, other than the prosecution of offences under sections 42 and 43, for the enforcement of a provision of this Act or of the civil remedies provided by this Act.”

The Court held that the essential nature of SOCAN’s claim is to enforce copyright or a copyright tariff, and so s. 41.24 clearly grants the Court jurisdiction over such a claim; however, even if it was characterized as a claim by a collective society for the enforcement of a contract pertaining to copyright royalties, it was not plain and obvious that the claim fell beyond the statutory grant in s. 41.24. The civil remedies provided by the *Copyright Act* are found in Part IV, entitled “Remedies”, and in particular the section entitled “Civil Remedies” which includes subsection 34(4). Section 34(4) provides that certain proceedings for civil remedies may be commenced by way of application or action. The Court held that while procedural in nature, this subsection suggests that Parliament considered proceedings taken in respect of either an approved tariff or an agreement referred to in subsection 67(3) (i.e., an agreement by a collective society for the purpose of establishing royalties with respects to rights administered by the collective society) to be proceedings in respect of civil remedies under the *Copyright Act*. Even if the 2018 Agreement was *not* one referred to in subsection 67(3) of the *Copyright Act*, as it was entered into before that subsection came into force, the provision nevertheless reinforced the proposition that SOCAN’s claim was for the enforcement of a statutory tariff approved and enforceable under the *Copyright Act*.

(b) Existing Body of Federal Law

Québecor argued that the body of copyright law was not “essential to the disposition of the case” given its concessions about SOCAN’s right to enforce its members’ copyright and its obligation to pay subject to its set-off and limitations defences. Québecor argued the importance of this arm was underscored by the SCC in *Windsor Bridge* and claimed the dispute between the parties only required application of the doctrine of set-off, which it claimed is one of provincial law.

The Court held it was not plain and obvious in light of the 2018 Agreement that Québecor’s obligation to pay royalties, the question of whether it overpaid under a statutory tariff in 2014-

2018, or its ability to use any such amounts as satisfying current royalty payments are simply “contractual” rather than invoking terms of applicable prior and proposed tariffs. The *Copyright Act* creates the scheme for the collective administration of copyright through collective societies like SOCAN and it allows SOCAN to file tariffs to establish royalties, and to collect and recover them in court where a tariff has been previously approved. Québecor relied on *Inuksuk I (Ship) v. Sealand Marine Electronics Sales and Services Ltd*, 2023 FCA 170 in which the Federal Court did not have jurisdiction to address the defendant’s defence of equitable set-off; however, as noted by the Court, the Federal Court could not address set-off in that case *because* of its inability to deal with the subject matter of the Defendants’ claim on which the asserted set-off was based, not because the doctrine of set-off fell under the exclusive jurisdiction of the provincial court.

The Court relied on *Rhine v. The Queen*, [1980] 2 SCR 442 wherein the SCC found the Federal Court had jurisdiction over two claims to recover funds that had been advanced under two federal statutes, despite that a contract had been entered into, and in which Justice Laskin noted the following at p. 447: “contract’ or other legal institutions, such as ‘tort’ cannot be invariably attributed to sole provincial legislative regulation or be deemed to be, as common law, solely matters of provincial law”. The Court also noted a similar determination by the FCA in *Peter G White Management Ltd v Canada (Minister of Canadian Heritage)*, 2006 FCA 190, wherein Justice Woods found that in applying the second step of the test to a breach of contract claim, “the test may be satisfied if there is a sufficiently detailed federal regulatory scheme that applies to the contract.”

(c) *Law of Canada*

As recognized by the SCC in *Windsor Bridge*, there is overlap between the second and third part of the test, which both address the need to stay within the constitutional limits of s. 101 of the *Constitution Act, 1867*. There is no question that the *Copyright Act* is a law of Canada within the meaning of s. 101. As already determined, it was not plain and obvious that the matter was one of contract and set-off rather than of copyright, and therefore it was not plain and obvious that the Court had no jurisdiction over SOCAN’s claim.

Staying the Proceeding

Paragraph 50(1)(b) of the *Federal Courts Act* permits the Court to stay proceedings in any matter where it is “in the interest of justice” to do so. Where the Federal Court is asked to stay one of its own proceedings the test it applies is “whether, in all the circumstances, the interests of justice support the [proceeding] being delayed”. In considering this question the Court takes account of broad discretionary considerations, including the particular factual circumstances of the case, principles of economy, and the general principle in Rule 3 of the *Federal Courts Rules*.

Québecor did not establish that a stay was in the interests of justice. Québecor argued that a stay would favour judicial economy, that it would face prejudice if a stay were not granted, and that SOCAN would suffer no prejudice if a stay were granted. Arguments on this point rested on the argument on the jurisdictional issue, i.e., a stay would favour judicial economy since there was a risk of wasted resources if the parties proceeded with the action in the Federal Court only to have it ultimately dismissed for lack of jurisdiction, and it would face prejudice if it had to defend the claim in two courts. The Court rejected these arguments and held the following: it was not clear that mere uncertainty as to the Federal Court’s jurisdiction ought to be a material factor to be considered. Québecor chose to raise the arguments in a motion to strike under Rule 221 and therefore had to establish it is “plain and obvious” the Court does not have jurisdiction; the risk of

wasted judicial and litigant resources is effectively proportional to the degree of uncertainty on the issue, and so is not a significant consideration; if the Court ultimately is found not to have jurisdiction, Quebecor would likely receive an award of costs that would at least partially compensate for the costs arising from the duplication; and SOCAN would suffer at least some prejudice if the stay were granted as there is some prejudice inherent in a plaintiff effectively losing its right to choose the forum in which it brings proceedings.

2. *General Entertainment and Music Inc. v. Gold Line Telemanagement Inc.*, [2023 FCA 148](#)

Overview:

The Appellants, General Entertainment Media (“**GEM**”), appealed the decision of the Federal Court to stay the proceedings in favour of arbitration in Bermuda. The appeal was dismissed by the Federal Court of Appeal.

Background:

The underlying claim was brought by GEM against the Respondents for copyright infringement and trademark infringement. GEM claimed it owned title to the copyright and trademarks alleged to be infringed, and that General Entertainment and Media Advertising Agency LLC (“**GEMCO**”), one corporation of the GEM group of companies based outside of Canada, was the predecessor-in-title.

The three related corporate Defendants collectively provided streaming services for television channels and video on demand. Ava, one of the corporate Defendants, entered into a content acquisition and licensing agreement, wherein it was identified as the “Licensee” and “General Entertainment Media” was identified as the “Licensor”. The licensing agreement included a clause permitting either party to terminate the agreement upon six months’ notice and a clause stipulating that any dispute was to be settled by arbitration in Bermuda. In evidence was an email sent in October of 2015 from the General Manager of “Gem Group TV” to Ava purporting to terminate the licensing agreement effective immediately and a letter, sent soon after, addressed to “General Entertainment and Media” wherein Ava’s VP of operations indicated that Ava did not accept the notice to terminate, pursuant to the agreement’s notice requirement, that an amount was still payable by “General Entertainment and Media” and that it would continue to broadcast the content until the account was cleared. Gold Line, the parent company of the other two corporate Defendants, continued to treat the licensing agreement as being in place until March 2019.

After GEM filed its Statement of Claim, Gold Line sent a request to GEM to stay the proceedings in favour of arbitration in Bermuda, but GEM refused, after which Gold Line delivered its Defence to Counterclaim. The Respondents then brought a motion for stay of the proceedings pending arbitration in Bermuda, which was dismissed by the lower court. In her decision, the Associate Justice noted: she was not satisfied that GEM was bound by the licensing agreement, the Defendants had taken steps to advance the litigation, the licensing agreement had been terminated, and claim included copyright in works created after January 2018, which could not have been owned by GEMCO or subject to the licensing agreement. This decision was appealed to the Federal Court who granted the appeal and the stay and held the following: there are complex issues of mixed fact and law raised by the parties which must first be considered by the arbitrator; the validity of the arbitration clause could not be determined on a superficial review of the record;

and the Associate Judge did not make a specific finding that Gold Line had attorned to the jurisdiction of the Federal Court.

Decision:

Justice Webb (with Justices Rennie and Locke in concurrence) sitting in the Federal Court of Appeal dismissed the appeal, finding the Federal Court did not err in failing to consider and apply the finding of the Associate Judge that GEM was not bound by the licensing agreement and that the agreement was terminated, as those issues should not have been addressed by the Associate Judge since they could not be determined on a superficial review of the record. Questions of fact or mixed fact and law related to the jurisdiction of the arbitrator to decide the relevant issues must first be referred to the arbitrator. This would include, in this matter, whether the Licencing Agreement was terminated and whether GEM is bound by this agreement. As noted by the Associate Judge, “[t]he relationship between the parties and the various contractual arrangements are certainly complicated”. Sorting through the evidence to determine whether GEM is bound by the Licencing Agreement, and hence by the arbitration clause, is not a matter that should have been addressed by the Associate Judge. The questions of fact and mixed fact and law that must be addressed in order to determine if the Licencing Agreement was terminated and if GEM is bound by the Licencing Agreement cannot be resolved by a superficial examination of the documentary proof given the complexity of the arrangements among the various entities and the use of multiple names used by the GEM group.

The Court also held that the Federal Court did not err in failing to consider the conduct of Gold Line in filing a Statement of Defence when granting the stay. In so holding, the Court noted that neither party referred to any *Arbitration Act* that would be applicable in the case at hand; the question of whether a party has taken a step in the Federal Court proceeding does not arise under the *United Nations Foreign Arbitral Awards Convention Act*, which is in force in Canada, and therefore that technical prerequisite does not apply, as argued by the appellants. The Court noted that requirement, which is one of four set out in *Peace River Hydro Partners v. Petrowest Corp.*, 2022 SCC 41 for stays in favour of arbitration, was a result of the provisions of the *Arbitration Act* of British Columbia, which was the governing act in that case and did not apply in this case. As Gold Line was not bound by that pre-requisite, and since it sent a request to GEM requesting GEM to consent to a stay in favour of arbitration and specifically pled that the Federal Court was not the proper jurisdiction, it was held not to have waived its right to arbitration.

3. *Lantronix Canada, ULC v Vrije Universiteit Brussel*, [2023 BCSC 1218](#)

Overview:

Underlying this matter were claims of breach of contract and related copyright infringement claims in relation to alleged misuse of licensed software. The Defendant, a Belgium based university, applied to the Court to resist the Plaintiff’s selection of the British Columbia Court as the adjudicating forum. The Court reviewed the relevant legislation and found that there was sufficient real and substantial connection between British Columbia and the facts upon which the action against the Defendant was based to maintain the application before the Court. In addition, the Court declined to exercise its discretion to relinquish its jurisdiction over this matter in favour of the Belgian legal system on the basis of *Forum Non Conveniens*.

Background:

Lantronix Canada, ULC (the Plaintiff) is a BC-based computer software company and wholly owned subsidiary of an international software company called Lantronix Inc. headquartered in the United States of America. The Plaintiff created a software program called “J-Integra”, which enables data flow between computer systems so that the systems can synchronize and operate together (the “Software”).

Vrije Universiteit Brussels (the Defendant) also known as the University of Brussels is a large research-oriented university located in Brussels, Belgium.

The Defendant downloaded a copy of the Software on a 30-day evaluation basis and so doing agreed to an Evaluation License Agreement (“ELA”) to which a Software License Agreement (“SLA”) was annexed. The Defendant wished to continue using the Software and contacted the Plaintiff for a standard license in accordance with the terms of the ELA. The parties then negotiated an SLA for continued use of the Software. Later, the Plaintiff undertook an audit of the Defendant’s use of the Software and discovered that the defendant had used the Software on 1,543 more machines than the SLA permitted.

The Plaintiff alleged a binding contract with the Defendant permitting use of the Plaintiff’s software in exchange for payment by the Defendant of a licensing fee. The Plaintiff sued the Defendant for breach of contract as well as copyright claims.

The Defendant then applied seeking an order dismissing or staying the Plaintiff’s action on the ground that the Supreme Court of British Columbia did not have jurisdiction over the Defendant in respect to the Plaintiff’s claims. In the alternative and in the event the Court found it has territorial competence in this case, the Defendant contended the Court should decline to exercise that jurisdiction on the basis of *forum non conveniens*.

Decision:

Justice Gaul sitting in the Supreme Court of British Columbia considered Sections 3 and 10 of the *Court Jurisdiction and Proceedings Transfer Act, SBC2003, c 28* (“*CJPTA*”) in evaluating whether the Court had sufficient territorial competence to assume jurisdiction over the matter, and focussed its analysis on the following:

(a) Forum Selection Clause (CJPTA, s. 3(c))

The Defendant argued that the Plaintiff had not, on the evidence presented on this application, shown that the Defendant was bound by any agreement that contains a forum selection clause identifying British Columbia as the jurisdiction of choice.

The Court analysed the leading cases in determining the relevance of a forum selection clause,^{[11](#)} referring to the two-stage inquiry focused on (i) whether the clause is “valid, clear and enforceable and that it applies to the cause of action before the court” and if so, (ii) it is then necessary for the party seeking to displace the clause to show that there is “strong cause” to not give it effect.

The Court was sympathetic to the Defendant’s argument that the status of the applicability of the clause in the context of the contractual arrangement was sufficiently unclear such that it was not certain the clause was “valid, clear and enforceable”. Given the preliminary nature of the application and state of the evidence, the Court was therefore not willing to assume jurisdiction of

the main action based on this factor; however, this finding was not material to the success of the application, as further discussed below.

(b) Real and Substantial Connection (CJPTA, s. 3(e))

The Court then went on to consider the Plaintiff's argument that there was "ample evidence" before the Court to establish that there was a real and substantial connection between British Columbia and the facts upon which the action against the Defendant was based.

The Court noted that it is necessary to show that one of the "connecting factors" listed in s. 10 *CJPTA* exists. If so, a "mandatory presumption" of a real and substantial connection (and, therefore, territorial competence) is triggered. Once triggered, it is necessary for the party attempting to oust the Court's jurisdiction to show why a real and substantial connection does not follow despite a strong presumption that it does. The Court looked to facts pertaining to whether the contractual obligations, to a substantial extent, were to be performed in British Columbia (s. 10(e) *CJPTA*) and whether the dispute concerns a business carried on in British Columbia (s. 10(h) *CJPTA*).

The Court found that the Plaintiff had shown a good arguable case that the contractual obligations to be performed under the parties' agreement were, to a substantial extent, to be performed in British Columbia. This was based on evidence that the Plaintiff's offices and all of its operations located in BC, that technical assistance was provided by personnel located in BC, that updates to the Software were made by personnel in BC, and that the Software's source code is kept and maintained in BC, such that the "delivery of the product and services that [Plaintiff] is obligated to provide to the [Defendant] pursuant to the parties' agreement all originates from a location in...British Columbia".

The Defendant failed to rebut the presumption established by the connecting factor. In particular, the Court pointed to the Defendant's argument that the allegedly improper use of the Software in Belgium points to the fact that the action concerns the Defendant's business in Belgium and not the Plaintiff's business in British Columbia. While this was a key and critical facet of the Plaintiff's action, the action itself principally concerned the Plaintiff's business in BC for the reasons noted above.

The Court was found that it has territorial competence to hear and adjudicate Plaintiff's claims against the Defendant accordingly.

(c) Forum Non Conveniens

The Court went on to consider the Defendant's request that the current forum be adjudicated *forum non conveniens* and that a court in Belgium is the appropriate forum to hear the matter. The Court reviewed s. 11 of the *CJPTA*, which governs the Court's discretion to decline to exercise its territorial competence on the basis that another jurisdiction is the more appropriate forum to adjudicate. The Court considered the provisions of s11(2) of the *CJPTA*, which sets out the relevant factors to be considered: the comparative convenience and expense; the law to be applied; avoiding a multiplicity of proceedings; enforcement of an eventual judgment; and the fair and efficient working of the Canadian legal system. Ultimately, the Court found that each factor was either neutral or in support of the matter remaining before the Supreme Court of British Columbia.

4. *Bell Canada v. Adwokat*, [2023 FCA 106](#)

Overview:

In this decision, the Federal Court of Appeal dismissed a motion to adduce new evidence and an appeal from the sentence for contempt imposed by the Federal Court in which the appellants sought to have the imposed fine increased. The Court reviewed the standard of appeal of penalties for contempt, and in a split decision, found no basis to interfere with the Federal Court's Order.

Background:

The Appellants are broadcasting companies that own the copyright in various television programs that they distribute through satellite and cable services. The Respondents are a corporation, Red Rhino Entertainment Inc. ("Red Rhino"), and its sole director, Mr. Eric Adwokat, who were in the business of configuring, marketing and selling devices (set-top boxes) and subscriptions to internet protocol television (IPTV) services that provided unauthorized access to the appellants' programs.

In June 2016, as part of an ongoing copyright infringement action, the Court issued an interlocutory injunction against the Respondents and other defendants, ordering them to refrain from selling or offering for sale any devices or services that would enable users to receive the appellants' programs without authorization. In November 2019, the Court sentenced the respondents to a \$40,000 fine for civil contempt for willfully violating the injunction. The Court also found that the respondents evaded service of court documents, filed notices of intention to make a proposal under the Bankruptcy and Insolvency Act (BIA) to frustrate the contempt proceedings, failed to disclose their assets and earnings to the trustee in bankruptcy, and lied to the court about their involvement with copycat companies that continued to sell similar products after the contempt decision.

Decision:

Justice Gleason (with Justice Boivin concurring and Justice Goyette in dissent), sitting in the Federal Court of Appeal dismissed both the motion and the appeal, finding that the Appellants failed to show due diligence in obtaining the new evidence they sought to tender on appeal and that the Federal Court did not err in applying the principles of sentencing or in imposing a fine of \$40,000 on the respondents.

The Court dismissed the Appellants' motion to adduce new evidence, primarily consisting of Red Rhino's banking records revealing revenues of at least \$600,000 from sales in violation of the injunction. The Court held that the Appellant failed to meet the first criterion of the test for allowing fresh evidence on appeal that requires that the evidence could not have been adduced at trial with the exercise of due diligence. The Court noted the Appellants could have sought an order to examine Mr. Adwokat or the bank under the Bankruptcy and Insolvency Act, or cross-examined Mr. Adwokat on his affidavit filed on the sentencing motion. The Court also declined to exercise its residual discretion to admit the new evidence, as there were no rare and exceptional circumstances that would warrant such intervention.

The Court also dismissed the Appellants' appeal to increase the fine imposed by the Federal Court from \$40,000 to \$240,000. The Court applied the principles from the criminal sentencing context, which require deference, and permit an appellate court to intervene only where there is

an extricable error of law or if the sentence was demonstrably unfit or clearly unreasonable. The Court concluded that the fine of \$40,000 was not demonstrably unfit, considering the evidence that was before the Federal Court and similar cases imposing penalties for acts of contempt for breach of an injunction protecting a plaintiff's intellectual property rights. However, the Court noted, that if the new evidence had been before the Federal Court, a stiffer penalty may have been appropriate.

The dissenting judge would have allowed the appeal and imposed a sentence of imprisonment on Mr. Adwokat, as well as increased the costs award in favour of the Appellants. The dissenting judge found that the Federal Court either failed to apply or misunderstood the principle of deterrence that a fine was meaningless due to the respondents' evasive, defiant, and egregious conduct, their refusal to provide financial information, and their continued contempt. Additionally, the dissenting reasons found the Federal Court made a palpable error in fact by not inferring that the respondents continued their contemptuous conduct through copycat companies after the contempt decision. The majority commented on these reasons noting that they fundamentally misconceive the role and authority of this Court. The majority held that a court cannot raise new legal issues or award remedies that were not requested without giving the parties a right to make submissions, and the Court cannot draw the inference the Federal Court refused to draw, which is the sole province of a trial court.

Useful articles & moral rights

5. *French v. The Royal Canadian Legion*, [2023 FC 749](#)

Overview:

In this decision, the Federal Court considered the applicability of the deemed non-infringement provisions found in subsection 64(2) of the *Copyright Act* in the context of a mass-produced children's toy, finding the Defendant protected by operation of this section from both the Plaintiff's copyright and moral rights claims. The Court found that toys are useful articles, and that neither the exception for graphic representations applied to the face of an article nor the exception for representations of fictitious being applied as a feature of shape, configuration, pattern or ornament applied.

Background:

The Plaintiff, Leonard B French aka Leonard Da Vancouver E had registered copyright to a stuffed animal modelled after a Dalmatian dog with black-centred red poppies replacing the typical black spots. The toy is called the "Poppy Puppy".

The Defendant, the Royal Canadian Legion (Dominion Command) (the "**Legion**"), is an organization that advocates for veterans and their dependents. As a source of fundraising, the Defendant sells "Poppy" and "Legion" branded items.

The Defendant had contracted with the Plaintiff for the license and supply of 150,000 units of the Poppy Puppy toy. Later the Plaintiff claimed that he believed that Defendant switched to an alternative supplier and induced that supplier to create and supply Poppy Puppy toys, and by doing so, infringed his copyright. The Plaintiff further alleged that the Defendant claimed that it

developed the Poppy Puppy in advertisements promoting the toy in its supply catalogue, breaching his moral rights.

Decision:

Justice Manson sitting in the Federal Court considered:

- (i) Whether the Defendant is protected from copyright and moral rights infringement given that the Poppy Puppy is a “useful article” of which more than fifty have been produced under subsection 64(2) of the *Copyright Act*.
- (ii) Whether, as argued by the Plaintiff, the Poppy Puppy is not a useful article as it does not serve a “utilitarian function” and is merely a substrate or carrier for artistic matter; and
- (iii) Whether, in the alternative, subsection 64(2) is not applicable by virtue of the applicability of the exceptions under paragraphs 64(3)(a) and (e) of the *Act*.

The Court found that the toy was a useful article, as there was a functional and practical use for the Poppy Puppy being a plush toy made to be played with by children. The Court then considered the exceptions under subsection 64(3)(a) and (e) of the *Act*, which preserve a copyright owner’s right to enforce their copyright in a mass-produced useful article. It held that neither exception applied.

Subsection 64(3)(a) provides an exception for graphic or photographic representations applied to the face of an article. The Court found that this exception did not apply given that Plaintiff’s copyright subsisted in the toy as a whole. The Plaintiff testified that its copyright registration related to the toy in its entirety and not to a graphic representation of a Poppy or pattern of Poppies that was applied to the toy.

Subsection 64(3)(e) provides an exception for representations of real or fictitious beings applied to an article as a feature of shape, configuration, pattern or ornament. The Court also held that the exception was equally inapplicable. While the Poppy Puppy may be in and of itself a fictitious being, the toy was not a representation of a fictitious being applied to an article, nor was there any evidence that it has been used in this way. In obiter,²⁹ the Court went on to find that even if the toy were constructed to be a graphic representation or representation of a fictitious being applied to an article, the exception would operate only to protect the copyright in the underlying representation and not the article to which it has been applied, citing the Quebec Court of Appeal in *Import-Export René Derhy (Canada) inc c Magasins Greenberg Itée*, [2004] JQ No 2705 (QCCA) at para 50:

Article 64(3) is intended, *inter alia*, to protect the design reproduced on a utilitarian object. For example, if an artist allows a t-shirt manufacturer to reproduce one of his designs, the t-shirts sold in thousands of copies will not be protected by copyright, but the artist’s design will be protected and cannot be reproduced on another t-shirt, dress, coat or coffee cup...

²⁹ *Import-Export René Derhy (Canada) inc c Magasins Greenberg Itée*, [2004] JQ No 2705 (QCCA) involved an embroidery detail applied to jackets, and seemingly not as features of shape/configuration, which may be a distinguishing factor to the present matter and the weight given to this prior finding is likely an issue to be considered in a future matter.

The Court held that the Defendant was protected from the Plaintiff's infringement claims related to the Poppy Puppy by operation of subsection 64(2) of the Act. The Plaintiff's copyright and moral rights claims were dismissed accordingly.

While obiter, it is noteworthy that in considering moral rights, the Court commented as follows, suggesting that false claims of authorship are more egregious than failure to attribute authorship:

There is a stark difference between remaining silent as to the authorship of a work and, as the Legion did, falsely claiming authorship of a work. There is no valid basis whatsoever for why the Legion claimed to have developed the Poppy Puppy itself, in place of the Plaintiff, whether the Plaintiff wanted to remain anonymous or not.³⁰

Anti-SLAPP + Linking & Publication at Copyright

6. *Linkletter v. Proctorio, Incorporated*, [2023 BCCA 160](#)

Overview:

The Court of Appeal for British Columbia analysed copyright claims in the context of an application brought under BC's "Anti-SLAPP" laws to dismiss an underlying claim for copyright infringement. The underlying action stemmed from the disclosure by the Appellant, Linkletter of unlisted YouTube video links that were accessed from behind the Respondent, Proctorio's software platform. The case involves claims of copyright infringement, as well as breach of confidence. The Court of Appeal noted it was necessary to give deference to the hearing judge's findings. With respect to the copyright claims, the Court of Appeal noted that the Respondent's novel copyright claims met the "substantial merit" standard and were not suitable for dismissal under the relevant "Anti-SLAPP" laws. The Court of Appeal also upheld the hearing judge's finding that the applicant's defence of fair dealing was not valid.

Background:

During the course of the COVID-19 pandemic, the Respondent, Proctorio, Incorporated had developed a software product designed to monitor or proctor students writing examinations on their computers at home. The Appellant, Ian Linkletter was employed by the University of British Columbia (UBC) as a learning technology specialist in the Faculty of Education. The Appellant took issue with the way the Respondent and its CEO dealt with a UBC student's complaint about the quality of service received from the Respondent's helpline during an exam. He expressed his concerns publicly, and was critical of the company and its CEO. He continued to express his opinions on Twitter that the software was causing students emotional distress and harm. Then, to learn more, he created a test course, which allowed him to access the Respondent's instructional videos contained in the software's "Help Centre". The videos are embedded in the "Help Centre" and can also be accessed by clicking links, which takes the user to YouTube. The videos on YouTube are unlisted, so cannot be accessed other than by those who have been provided with the correct link. The Appellant posted the links to seven of the unlisted instructional videos on Twitter. Over two days, the Appellant used Twitter to publish the links to seven of the instructional videos. When the Respondent discovered this, it immediately disabled the links. The Appellant responded by tweeting that the links were no longer working and criticized the

³⁰ *French v. The Royal Canadian Legion*, 2023 FC 749 at para 54

Respondent for disabling them. In one post, he shared a screenshot of the Academy webpage showing the original links to be unavailable.

The Respondent brought an action against the Appellant in breach of confidence and infringement of copyright contrary to ss. 3 and 27 of the *Copyright Act*, and circumventing a technological protection measure contrary to s. 41.1 of the *Act* in connection with the Appellant's sharing of the video links. The Respondent obtained an interim injunction, without notice to the Appellant, prohibiting the Appellant from downloading or sharing information from the Help Centre or the Academy, or encouraging others to do so, among other things. The Appellant alleged that the Respondent was not advancing a bona fide claim, and instead the matter was one of strategic litigation against public participation. He applied for an order to dismiss the action under Section 4 of the *Protection of Public Participation Act* (BC's "Anti-SLAPP" law), which was denied (though court did dismiss the claims that the Appellant had circumvented a technological protection measure under s. 41.1 of the *Copyright Act* and that the Academy screenshot infringed the *Copyright Act*). The Appellant then appealed to the Court of Appeal for British Columbia, bringing a general appeal seeking dismissal of the Respondent's action, which would, if successful, negate the basis for the injunction. The appeal was dismissed. The Appellant applied for leave to appeal to the Supreme Court of Canada. On January 11, 2024, the Supreme Court of Canada denied leave to appeal. The summary discusses the Court of Appeal's decision with respect to copyright issues.

Decision:

Among the issues on appeal was whether the judge erred in concluding that there were grounds to believe the breach of copyright claim had substantial merit. Justice Fenlon sitting in the Court of Appeal for British Columbia (with Justices Groberman and Skolrood in concurrence) held that the judge did not err.

The relevant standard of proof for the Anti-SLAPP application was whether there were "grounds to believe," a proceeding has "substantial merit", that the applicant has "no valid defence", and that the harm suffered by the respondent is "serious enough that the public interest in continuing the proceeding outweighs the public interest in protecting that expression". For the first element, there must be a basis in the record and the law for finding "a real prospect of success—in other words, a prospect of success that, while not amounting to a demonstrated likelihood of success, tends to weigh more in favour of the plaintiff". Having "no valid defence" means a basis in the record and the law for finding "that the defences do not tend to weigh more in favour" of the applicant. The Court of Appeal noted that determinations of this nature are entitled to deference on appeal.

The Respondent had claimed the Appellant breached its copyright in the videos by either communicating, reproducing, or publishing them. The Appellant claimed that it is not an infringement of copyright to share a hyperlink to content already on the internet. Further, he claimed the Respondent granted an implied license to viewers of the video to share the links without restriction. - the Respondent posted the videos on YouTube and thereby accepted YouTube's Terms of Service, which provide for the implied license. He further defended on the basis of fair dealing and non-commercial user generated content.

The Appellant argued that sharing a link merely communicates that something exists and does not actually convey the copyrighted content, arguing that a link is merely a reference letting others know where that publicly available performance of the work could be found - he did not transmit

the work to the user. Further, the Appellant argued that the Respondent continued to control the ability of the public to view the videos, because it could remove them; the Appellant did not control the content. He relied on the reasoning in *Crookes v. Newton*, [2011 SCC 47](#) finding hyperlinking was not a “publication” of defamatory content, and that by merely conveying where that material could be found, the defendant was not repeating it because he was not thereby exerting control over it. The Supreme Court of British Columbia found that *Crookes v. Newton* was distinguishable, and in the context of copyright law, the same reasoning does not apply, finding: “[t]he wrongdoing lies not in the original work itself but in the very act of sharing access to it without the owner’s authorization.”³¹ Further, noting that the Supreme Court itself noted that links that embedded or automatic links that “automatically display other content” may be treated differently than deep and shallow links such as those at issue in *Crookes*.

The Appellant also relied on *Warman v. Fournier*, [2012 FC 803](#). In that case, the Federal Court found that sharing a hyperlink to content on a copyright owner’s website is not an infringement, as the communication by telecommunication was authorized by the copyright owner. The copyright owner had full control and if he did not wish it to be communicated by telecommunication, he could remove it from his website, as he eventually did. The Court also distinguished *Warman v. Fournier* on the basis that in that case the copyright owner had implicitly authorized the public to view the work on his website, apparently without restriction. Conversely, the Respondent did not display the links to the videos on its website in a manner that made them generally available to the public. Rather, they were accessible in the Help Center only to users who had logged in as an accredited instructor or administrator, having previously acknowledged and agreed to abide by the Respondent’s Terms of Service. The Court had found that the YouTube Terms of Service which Appellant alleged granted a license, did not override the Terms of Use for the Respondent’s Help Center.

The Court also found that the Appellant’s fair dealing defence shows no real prospect of success, as the dealing was not “fair”. The Court also found no real prospect of success based on the “non-commercial user generated content” exception on the basis it was simply not applicable in the circumstances.

On appeal, the Court was not persuaded that the hearing judge had erred in finding there were grounds to believe the breach of copyright claim had substantial merit. The Court noted that the “sharing a controlled link to an unlisted video amounts to a publication of the video rather than a mere direction or reference appears to be a novel question which should not be ruled out at this early stage of the proceeding... [nor] is it evident that YouTube’s terms of service could not be overridden by an acceptance to maintain as confidential a link that would otherwise be shareable under the YouTube terms of service”. Accordingly, The Court deferred to the hearing judge’s finding that there were grounds to believe the breach of copyright claim had substantial merit.

The Appellant also appealed on the basis that the Judge failed to assess the fairness of his use of the material in light of the overarching purpose of the *Copyright Act* of balancing protection of the creator’s economic objectives and the rights of users with regard to the public interest. The Court saw no merit to this ground of appeal, finding Mr. Linkletter was in effect challenging the judge’s findings of fact, and such findings are afforded deference. The Court found that the criticism would have been equally effective if it did not actually reproduce the copyrighted work it

³¹ Proctorio, Incorporated v Linkletter, 2022 BCSC 400 see paras 85 to 101
https://www.canlii.org/en/bc/bcsc/doc/2022/2022bcsc400/2022bcsc400.html?resultIndex=4#_Toc97811573

was criticizing, and all but one of the relevant six factors to be considered favoured a finding that the sharing of the unlisted videos was not fair and was not necessary to serve the public interest.

The end of the *Wiseau* copyright saga in Canada (...or is it?)

7. *Wiseau Studio, LLC v. Harper*, [2023 FC 354](#)

Overview:

This decision is the latest in a series of proceedings between the two parties over the last six years. In this decision, the Federal Court dismissed an appeal from an order of an associate judge that struck out a claim against the defendants for copyright infringement based on circumventing technological protection measures (“TPMs”) under section 41.1 of the *Copyright Act*. The Court applied the doctrine of cause of action estoppel and reviewed the case law and dictionaries to determine what constitutes a separate and distinct “cause of action”.

Background:

The Plaintiff, Wiseau Studio, is a corporation that claims to own the copyright in a movie called “The Room”, made by Tommy Wiseau. The Defendants are the makers of a documentary about “The Room” called “Room Full of Spoons” that contains footage from the Plaintiff’s movie, which the Defendants obtained by extracting it from a Blu-ray disc onto their computer.

In 2017, Wiseau first brought a lawsuit against the Defendants in the Ontario Superior Court for copyright infringement, infringement of moral rights, and misappropriation of personality, among other claims. That action was dismissed in its entirety by the trial court and unsuccessful on appeal.

The current appeal arises from one of two most recent actions initiated by the plaintiff – one in the Ontario Superior Court, and the present one in the Federal Court. The Ontario action alleged that the Defendants had engaged in misrepresentations that misled the court in the prior proceeding. The Federal Court action alleged that the Defendants had breached section 41.1 of the *Copyright Act* by circumventing the TPMs that were installed on the Blu-ray discs containing the Plaintiff’s movie. The Ontario action was dismissed as an abuse of process. The Defendants then brought a motion before an associate judge, asking that the Federal Court action be dismissed or permanently stayed on the ground of cause of action estoppel. The associate judge granted the Defendant’s motion and struck the plaintiff’s action.

Decision:

Justice Pentney sitting in the Federal Court dismissed the Plaintiff’s appeal and awarded costs to the Defendants. The Court found that the associate judge made no palpable and overriding error in his determination on the elements of a cause of action estoppel (as set out in the leading authority *Grandview v Doering*, [1976] SCR 621).

On appeal, the Plaintiff’s main complaint was with respect to the associate judge’s finding that causes of action in the former action (copyright infringement) and the current matter (circumvention of TPMs) were not separate and distinct. In reviewing the decision, the Federal Court applied the definition of a cause of action as comprising every fact which it would be necessary for the Plaintiff to prove, if disputed, in order to support its right to the judgment of the

court. The Federal Court affirmed the associate's judge's finding that the Plaintiff's claim underlying both actions were based on substantially the same facts: the same parties, the same original works, the same documentary that was alleged to have infringed the original works, and the same harm.

On March 24, 2023, the Plaintiff commenced an appeal of this decision to the Federal Court of Appeal (Court File Number A-88-23).

Online copyright infringement cases / The Voltage copyright saga continues...

8. *Millennium Funding, Inc. v. Bell Canada*, [2023 FC 764](#)

Overview:

In this decision, the Federal Court dismissed an appeal of an order of a case management judge that struck portions of the amended defence and counterclaim. The present action is the first of its kind where the Plaintiff producers have taken action against Internet Service Providers for alleged failure to deliver notices to potential defendants under the Notice and Notice Regime. The Court addressed the novel defence of misuse of copyright, as well as other allegations of abuse of process, champerty and maintenance, unlawful means conspiracy, and a Charter violation.

Background:

The Plaintiffs, a group of film studios, Millennium Producers, allege that they sent over 81,000 notices to Bell between February 9, 2019 and June 15, 2021 under the Notice and Notice Regime, which requires internet service providers (ISPs) to forward notices of claimed copyright infringement to their customers and inform the claimants of the forwarding or the reason why it was not possible. The Millennium Producers claim that Bell failed to comply with this obligation with respect to almost 40,000 notices and seek \$10,000 for each asserted failure, for a total of approximately \$400 million in damages.

The Defendant, Bell, denied that it failed to comply with the Notice and Notice Regime and asserts that it had legitimate reasons for not delivering some of the notices from the Millennium Producers, such as inaccuracies, duplicates, non-compliance, or technical difficulties. Bell also pleaded in defence that the Millennium Producers, together with Aird and Berlis ("AB") and other AB clients, abused the Notice and Notice Regime and misused their copyright through their use of a Copyright Enforcement Program ("CEP") that sent out large numbers of unreliable and automatically generated notices, in an effort to intimidate alleged infringers and extract unwarranted and disproportionate settlements and to obtain exorbitant statutory damages from ISPs. Bell alleges that these abuses of the Notice and Notice Regime through the CEP also constituted: copyright misuse by AB and its clients, including the Millennium Producers; an abuse of process that was against public policy, the public interest and the purposes of the Copyright Act; champerty or maintenance; and an unlawful means conspiracy. Bell also argued that if statutory damages could be awarded on a "per notice" basis, such provisions were contrary to sections 7 and 12 of the Canadian Charter of Rights and Freedoms ("Charter") and should not be enforced.

In an order, the case management judge ("CMJ") struck out portions of Bell's Amended Statement of Defence and Counterclaim which included all allegations against AB, and the allegations of

misuse of copyright, abuse of process, champerty and maintenance, and the alternative allegation that conduct was contrary to sections 7 and 12 of the Charter (the “Impugned Paragraphs”).

Decision:

Justice Furlanetto sitting in the Federal Court dismissed Bell’s appeal and upheld the CMJ’s order that struck the Impugned Paragraphs, without leave to amend. The Court found that the CMJ did not err in applying the legal principles for motions to strike, which require that the Court should only strike pleadings where it is “plain and obvious” that the allegations have no reasonable prospect of success and that the facts set out must be accepted as true, unless they are clearly incapable of proof or amount to mere speculation. The Court also found that the CMJ did not err in requiring that allegations in a pleading be supported by sufficient material facts such that the Court and opposing parties are not left to speculate as to how the facts might be variously arranged to support the allegations made.

Misuse of Copyright Defence:

The Court agreed with Bell that the CMJ erred in taking too limited an approach to the misuse of copyright defence, which is a developing doctrine in the United States that acts as a sort of equitable defence when a copyright holder attempts to extend his copyright beyond the scope of his exclusive rights in a manner that violates antitrust law or the public policy embodied in copyright law. The Court held that the CMJ erred in suggesting that because the arguments raised involve matters of policy that they cannot be asserted in support of a misuse of copyright defence, and that the doctrine of misuse of copyright could never extend to a section 41.26 action. However, the Court also held that the CMJ did not err in finding that there was a lack of material facts to support the allegation of misuse of copyright. The Court found that the pleading did not explain how the CEP is used to generate notices to members of the public who do not infringe or who are wrongfully accused of infringing, nor did it clarify the basis for asserting that the notices are unreliable and unlawful and what proportion of the notices the allegation relates to.

The Court also upheld the CMJ’s decision to strike the counterclaim for declaratory and injunctive relief based on the misuse of copyright defence. The Court agreed with the CMJ that a statutory breach of sections 41.25 and 41.26 of the Copyright Act does not give rise to an independent cause of action or permit parties to seek remedies outside of the legislation.

The Court further upheld the CMJ’s decision to strike all allegations against AB, finding that the actions that Bell describes that AB undertakes in managing the CEP are consistent with steps that counsel would take in a solicitor and client relationship and do not provide sufficient support for the assertion that AB unreasonably, unfairly and/or disproportionately shared in any profits of the CEP, that AB has fostered frivolous and improper litigation, or that AB induced such activities by the Millennium Producers.

The Court also upheld the CMJ’s decision to strike the allegations relating to champerty and maintenance, finding that there were no material facts in Bell’s pleading that supported a sale or assignment of a bare right of action or that sought to nullify any form of agreement. The Court found that there were no material facts to support a claim that AB had acted outside the scope of its capacity as legal counsel to the Millennium Producers or other film production clients. The Court also found that Bell did not plead that it seeks to nullify any form of agreement, nor did it outline how any purported agreement between AB and the Millennium Producers is fundamentally different from a contingency agreement, which is not champertous.

The Court also upheld the CMJ's decision to strike the allegations of abuse of process and unlawful means conspiracy, finding that there were no material facts pleaded showing how AB and the Millennium Producers were involved in anything other than a solicitor-client relationship or how their actions amounted to the torts of abuse of process or unlawful means conspiracy. The Court found that none of the paragraphs cited by Bell purport to assert how in advancing a statutory right under subsection 41.26(3) of the Copyright Act on behalf of the Millennium Producers, this action advances an illegal purpose. The Court found that the alleged abusive conduct is with respect to the generation of notices against third parties (the alleged infringers), not Bell. The Court also found that nowhere in Bell's pleading does Bell claim that it has suffered any damage arising from the action.

Finally, the Court upheld the CMJ's decision to strike the *Charter* allegation, finding that the full nature of any constitutional challenge that Bell might opt to allege and the authority for doing so has not been established

9. *Voltage Pictures, LLC v. Salna*, [2023 FC 893](#)

Overview:

In this decision, the Federal Court dismissed a motion for certification of a reverse class action brought by the plaintiff for online copyright infringement. This was the second hearing of the certification motion in these proceedings between these parties which has been appealed to Federal Court of Appeal three times and to the Supreme Court of Canada once. In this decision, the Federal Court considered the last two parts of the test for certification of a proposed class action, namely preferable procedure and suitable representative respondent

Background:

The Applicants, Voltage Pictures LLC and a group of film production companies, commenced this application in 2016, after identifying the IP addresses of BitTorrent users who had uploaded or downloaded their films without authorization. Voltage obtained a Norwich order to compel Rogers, one of the ISPs, to disclose the identity of the subscriber who had been assigned an IP address that was used to infringe all five films. Rogers identified Mr. Salna, who owned several rental properties and provided internet access to his tenants. Voltage named Mr. Salna as the class representative. The proposed respondent class was limited to internet account subscribers who had received notice from their ISP within a specified time period.

The first certification motion was dismissed by Justice Boswell in 2019, who found that Voltage had failed to meet any part of the test for certification under Rule 334.16 of the Federal Courts Rules. Voltage appealed that decision and the Federal Court of Appeal allowed the appeal in part in 2021. The Federal Court of Appeal found in Voltage's favour with respect to the first three parts of the test, namely reasonable cause of action, identifiable class, and common issues. The Federal Court of Appeal directed that the certification motion be returned to the Federal Court for reconsideration of the last two parts of the test, namely preferable procedure and suitable representative respondent.

Decision:

Justice Fothergill sitting in the Federal Court dismissed the motion for certification with leave to amend and awarded costs to Mr. Salna on the basis of exceptional circumstances of the reverse class action.

The Court found that Voltage had discharged its onus of demonstrating “some basis in fact” that a class action was the preferable procedure for resolving its claims of copyright infringement against hundreds of unidentified class members. The Court considered the advantages of a class action in terms of judicial economy, behaviour modification, and access to justice, and rejected the arguments that the myriad individual issues would overwhelm the common issues or render the class action unworkable. The Court also held that the risk that class members may opt out in sufficient numbers to undermine the viability of the proceeding was speculative and could be addressed through case management as the proceeding unfolded.

The Court also found that Mr. Salna was a suitable representative respondent, subject to a reasonable assurance of funding for class counsel. The Court noted that Mr. Salna had shown himself to be capable of defending the proceeding in a vigorous and fair manner, and that his alleged lack of motivation or financial incentive was not a barrier to certification. The Court acknowledged that the funding of class counsel was of paramount importance and that this issue had to be sufficiently addressed in the litigation plan.

The Court, however, dismissed the motion for certification on the ground that the litigation plan was deficient and contrary to law. The Court held that Voltage’s proposed use of the “notice-and-notice” regime under the Copyright Act to notify class members of the class action and subsequent steps in the proceeding was inconsistent with the statutory scheme and the purposes of the regime, as interpreted by the Supreme Court of Canada in *Rogers Communications Inc. v. Voltage Pictures, LLC*, 2018 SCC 38. The Court also agreed with the ISP interveners that Voltage’s litigation plan would impose unreasonable costs and burdens on them and would disrupt their relationships with their subscribers. The Court concluded that Voltage’s litigation plan did not set out a workable method of advancing the proceeding on behalf of the class and of notifying class members of how the proceeding was progressing, as required by Rule 334.16(1)(e)(ii).

The Court granted Voltage leave to present a revised litigation plan that did not depend on the notice-and-notice regime to identify and communicate with class members, and that made adequate provision for the funding of class counsel.

10. *Voltage Holdings, LLC v Doe #1*, [2023 FCA 194](#)

Overview:

In this decision, the Federal Court of Appeal reviewed a decision by the Federal Court dismissing a motion for default judgment for copyright infringement. In dismissing the appeal, the Federal Court of Appeal addressed what constitutes direct infringement and authorizing infringement in the context of online copyright infringement in accordance with the jurisprudence, and the recent decision of the Supreme Court of Canada in *Society of Composers, Authors and Music Publishers of Canada v. Entertainment Software Association*, 2022 SCC 30 (“ESA”). The Federal Court of Appeal also considered the burden of proof and the drawing of adverse inferences based on failure to defend or respond to notices of claimed infringement under the notice and notice regime.

Background:

Voltage Holdings, LLC (“Voltage”), a movie production company and copyright owner, appealed a decision of the Federal Court that denied its motion for default judgment against a group of internet subscribers (the default defendants) for copyright infringement of one of its films by making it available for download using BitTorrent software. Voltage detected internet users were making available its film through a peer-to-peer network and sent warning notices to the internet subscribers associated with the IP address. If a second instance of infringement occurred at the same IP address within seven days of the first notice, Voltage sent a second warning notice. Voltage then obtained Norwich orders requiring internet service providers (ISPs) to provide it with information about the internet subscribers’ identities based on the IP addresses at which the infringement was occurring. Voltage then served the respondents (internet subscribers) with a statement of claim.

The Federal Court dismissed the motion for default judgment. The Federal Court held that there was insufficient evidence to establish that the respondents either were the direct infringers themselves, or possessed sufficient control over those who posted the work to have authorized it. The Court found that the identification of IP address alone was not sufficient to prove that they were the ones who infringed Voltage’s work. Similarly, Voltage failed to provide evidence to establish a sufficient degree of control between the internet subscribers and those that actually uploaded the unauthorized content to establish their authorization claim.

No response was filed. The Samuelson-Glushko Canadian Internet Policy and Public Interest Clinic (CIPPIC) was granted leave to intervene and provided written submissions and oral argument at the hearing of the motion.

Decision:

On appeal, Voltage raised two arguments concerning direct infringement and authorizing infringement. First, Voltage argued that the Federal Court erred by failing to draw the adverse inference that the defendants were the ones who uploaded the work and hence were the ones to directly infringe the copyright. Second, with respect to authorization, Voltage argued that the Federal Court erred by requiring additional evidence of the respondent’s personal control over those who posted the work through the BitTorrent network.

Justice Stratas (with Justices Webb and Rennie in concurrence) sitting in the Federal Court of Appeal upheld the Federal Court’s decision and dismissed the appeal. The Court found that the Supreme Court of Canada’s decision in *Rogers Communications Inc. v. Voltage Pictures, LLC*, 2018 SCC 38, was dispositive of the appellant’s argument and held that “an internet subscriber cannot be assumed to be the individual responsible for any infringing activity connected to their internet account.” Accordingly, the Court held that the Federal Court did not err in concluding that it was premature to draw an adverse inference against the respondents, as Voltage had not yet attempted to compel discovery of the respondents and their potential evidence.

The Court found that Voltage’s theory of what it characterized as “third party authorization” – which involved a subscriber’s consent to sharing access to their internet account, and indifference to the purposes for which it is used – did not fit into the law of copyright as it is currently understood. The Court also found that Voltage’s arguments were inconsistent with ESA, which clarified that making a work available for downloading engages an author’s authorization right, and that an authorizer is the individual directly engaging with the copyrighted material. The Court

held that to establish an infringing activity, the activity must do something to the work, and since sharing internet access after receiving a notice of alleged infringement does nothing to the work, no copyright interest is engaged.

Voltage has sought leave to appeal to the Supreme Court of Canada and CIPPIC has sought leave to be added as a party in that appeal (SCC Case Number 41026).

Copyright & Trademark Claims Working Together

11. *2572495 Ontario Inc. v. Vacuum Specialists (1985) Ltd.*, [2023 FC 345](#)

Overview:

The Plaintiff sought an interlocutory injunction to stop the Defendants from copying its photographs, or using its trademark “VPC” or its tradename “Vacuum Parts Canada.” The Plaintiff claimed copyright infringement on the basis of the Defendant having copied its advertisements, including photographs and product descriptions. It alleged that the Defendant’s activities undercut its market causing it irreparable harm.

The Plaintiff’s injunction was denied. The Court noted that the Plaintiff did not present a strong prima facie case, which is required for interlocutory injunctions of a mandatory nature. The Court further noted that the Plaintiff’s claims of irreparable harm speculative and any harm would likely quantifiable and compensable following a trial on the merits.

Background:

Both Parties are in the business of selling parts for vacuum cleaners, including components used in conjunction with a central vacuum system in a residential home. They advertise and sell their products on Amazon.ca.

In addition to trademark claims, the Plaintiff claimed that the Defendant was infringing its copyright alleging the Defendant copied its advertisements, including photographs and product descriptions. The claims centered on the Defendant’s posting of advertisements on Amazon purporting to offer the same products as the Plaintiff but at a lower price. As part of these activities, the Defendant had linked the product profiles created for Plaintiff’s products. The Defendant claimed that it complied with the rules set by Amazon.ca. Amazon assigns new products a unique product identifier, an Amazon Standard Identification Number (ASIN). Other sellers can link their product to the ASIN if they are selling the identical product.

The Plaintiff claimed that the Defendant was likely to cause confusion in the marketplace because purchasers would not realize that, although they are looking at product pages showing Plaintiff branded vacuum parts, the order will actually be filled by the Defendant. The Defendant argued that it was following Amazon’s policies, which expressly permit sellers to link to existing product pages, and allow other sellers to offer products at a lower price as long as they don’t go below the supplier’s minimum advertised, and that suppliers can opt to be notified of price drops through a price matching function. The Defendant argued that the parties were engaged in a highly competitive industry with the action an attempt by the Plaintiff to stifle competition by asserting frail intellectual property rights.

The Plaintiff claimed that its activities were undercutting its market and causing it irreparable harm. Accordingly, it sought an interlocutory injunction preventing the Defendant from continuing the allegedly infringing activity until a trial occurs.

Decision:

The Plaintiff's motion was dismissed. Justice Pentney sitting in the Federal Court considered the usual conjunctive test posited in the RJR-MacDonald case in determining whether to grant the Plaintiff's motion.

In considering the "serious issue to be tried" branch of the test, in the context of mandatory injunctions, the Court noted that a strong prima facie case is required to succeed. This meant that the Plaintiff had to show "a strong likelihood on the law and the evidence presented that, at trial, [Plaintiff] will be ultimately successful in proving the allegations set out in [its claim]". The Parties disagreed on whether the injunction was mandatory or not. The Plaintiff argued it was seeking a narrow order which would only prevent the Defendant from continuing to link to its product pages. It does not seek to prevent it from advertising its own products on Amazon using its own ASIN. The Defendant argued that it was a mandatory interlocutory because it is asking the Court to issue an order that would compel it to do a positive act, namely to actively de-list all of the product pages that are linked via an ASIN. The Court found that compliance with the order would require the Defendant to do something, rather than refrain from doing something, so the order was in the nature of a mandatory order.

The Court was not persuaded on the limited record before it that the Plaintiff had demonstrated a strong prima facie case, finding there were valid arguments on both sides. There was some evidence that the Defendant had appeared to "cut and paste" product information from the Plaintiff's product pages into its own, though the Defendant claimed this occurred only on a few occasions and was inadvertent. On the other hand, the Court noted that the Defendant was not wrong to rely on its compliance with Amazon's policies, which both parties had agreed to for the purposes of selling their products on the platform. The Court was clear that it could not make a final determination or pronouncement on the merits or strength of the evidence.

In considering the "irreparable harm" branch of the conjunctive test, the Court cast doubt on the Plaintiff's claim that the Defendant would not be in a position to quantify sales resulting from the infringing activity should the Plaintiff be successful. The Court noted that it was an early stage of litigation and that the Defendant was a longstanding and successful business, such that it was reasonable to infer that this information could be produced at trial. Other claims of non-quantifiable or compensable harm connected to alleged reputational harm and price reductions resulting from Amazon's pricing structure were similarly not persuasive.

Finally, in relation to the "balance of convenience" branch of the test, given the Court's findings in the preceding branches, absent an overarching determinative factor, not present in this case, the balance of convenience favoured the Defendant.

12. *Techno-Pieux Inc. v. Techno Piles Inc.*, [2023 FC 581](#)

Overview:

Motion for summary trial brought by the Plaintiffs in which the Plaintiffs sought declaratory, injunctive and mandatory relief in addition to damages in relation to trademark infringement, passing off and infringement of copyright.

Background:

The Plaintiff, a Québec-based supplier of helical piles and other associated materials and machinery, filed a statement of claim against three corporate defendants and two individual defendants (who were the owners of the corporate defendants), alleging violations of ss. 19, 20, 22, and s. 7(b) of the *Trademarks Act*, as well as ss. 3 and 27 of the *Copyright Act* as a result of their use of the trade names TECHNO PILES MEDICINE HAT, TECHNO PILES FORT MCMURRY, and TECHNO PILES and associated trademarks.

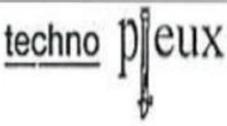
Previously, two of the corporate defendants (the “Corporate Defendants”) had distributed the Plaintiff’s goods under a distributorship and procurement agreement which the Plaintiff unilaterally terminated in 2021. Following the termination of the agreement, the Corporate Defendants commenced an action for breach of contract in Alberta and announced a “rebranding” through a variety of public announcements.

Prior to the motion for summary trial, the parties appeared before the judge on a motion for summary judgment, which was dismissed, but through which several issues were determined. The remaining issues were dealt with via the motion for summary trial.

The Plaintiff’s Trademarks and Post Design:

Logo TMA562798	Logo TMA638884	Post Design
		

The Plaintiff’s Copyrighted Works (TMA562798 and TMA638884) and the Defendant’s Infringing Logo:

TMA562798	TMA638884	Techno Piles’ Logo
		

With respect to the copyright claims, The Court held that the Plaintiff established there was no genuine issue for trial with respect to whether its design mark and its stylized helical pile design were original artistic works. The Court granted declaratory, injunctive, and mandatory relief except in relation to one of the Plaintiff's copyright works, which was not found to be infringed.

Decision:

Chief Justice Crampton sitting in the Federal Court highlighted the following principles relevant to the claim of infringement of copyright, which were reproduced in the decision on the summary trial: the *Copyright Act* protects the expression of ideas in original works, but not the ideas themselves; for a work to be "original" within the meaning of the *Copyright Act* it need not be "creative" but it must be the result of the exercise of a requisite amount of skill and judgment, which is more than a purely mechanical exercise; copyright in relation to a work includes the sole right to produce or reproduce the work or any substantial part thereof in any material form whatsoever, and infringement occurs whenever anyone reproduces the copyrighted work, or a substantial part thereof, without the consent of the owner; what constitutes a "substantial part" of a work is a flexible notion, a matter of fact and degree, and as a general proposition is a part of the work that represents a substantial portion of the author's skill and judgment expressed therein; in considering whether a substantial part of a work has been reproduced, regard must be had to the work as a whole, rather than to isolated parts of the work; a "colourable imitation" of a work is a form of the original work that has been altered or modified in such a way as to deceive; in the absence of evidence of actual copying, an allegation of copyright infringement may be inferred from evidence of substantial similarity and access to the work; and pursuant to s. 34.1(1)(b), in any civil proceedings taken under the *Copyright Act*, the author is presumed to be the owner of the copyright.

At issue in the motion for summary trial was whether a presumption of copying could be made due to the Defendants' access to the copyrighted works, and whether the Defendants copied a "substantial" part of the works.

Inference of Copying

As the Defendants tendered evidence demonstrating widespread use of helical piles in market participants' logos in the industry, the Court held mere access was not enough to support a strong inference of copying.

On the motion for summary trial, the Plaintiff argued copying should be inferred from the Defendants' access to the copyrighted works and as a result of the substantial similarity between the works, including the orientation of the vertical points, the shading, and the proportions.

The Defendants argued one of the individual Defendants independently created the impugned design while in a ceramics class prior to the relationship breakdown between the parties. In support of this argument, the Defendants produced an image from a coaster containing a helical pile design and the words "screw this", as depicted below.

Techno Pieux Work	Techno Piles Logos	Techno Piles' Alleged Model
		
		

The Defendants also argued the marks were different and there was a common source material widely available in the industry, which was supported by examples of third-party logos that incorporated a prominent stylized screw pile. The differences highlighted by the Defendants between their design and that of the Plaintiff were: the colour; the Defendants' design contained a mathematical sign, which they claimed was added to "convey the ideal of engineering technology"; the screw portion of the depicted piles; and the number of holes at the top of the piles.

The Logos

The Court held that the Defendants copied a substantial portion of the Plaintiff's copyrighted works and therefore infringed the design marks of the Plaintiff, notwithstanding the differences between the stylized pile designs, due to the substantial similarity between the marks and the fact that the design logo of the Defendants more closely resembled the Plaintiff's marks than did those of third parties. In coming to this determination, the Court highlighted the following similarities: a stylized helical pile placed within the second word, which begins with a capital letter "P"; grey shading around the words, in a similar rectangular shape; and somewhat similar stylized piles in terms of their shape, proportions relative to the words, their orientation (with the point coming down on the left-hand side), white shading going down the left-hand side, and their dual rings at the top. Given the similarities, and that the Defendants failed to show evidence of independent creation of their logo, the Defendants were unable to rebut the presumption of copying that arose from a demonstration of such similarity and access to the Plaintiff's logos.

The Helical Pile Images

With respect to the Defendants' helical pile image, The Court held it did not infringe the Plaintiff's copyrighted work as: when viewed side-by-side the presence of the mathematical sign in the Defendants' helical pile image was striking, the side-by-side comparison did not leave the viewer with an impression of a degree of similarity that is materially greater than each of them had to various stylized piles of third parties; the Plaintiff's stylized pile was closer in resemblance to at least two other piles found in the marks of third parties; the differences in the designs were accentuated by the differences in colour (red versus green) and to a lesser extent by the number of holes depicted at the top of the pile. The Defendants' stylized pile was found to have been created independently, without any conscious or unconscious copying of the Plaintiff's stylized helical pile. The Defendants had rebutted any presumption of copying that may have arisen based on their access to the Plaintiff's works. To the extent that the Plaintiff suggested that it wishes to prevent the continued use of the stylized helical pile image that is used in the Screw Pile Pros

logo, that request was denied given the finding that the Defendant's helical pile image does not infringe the Plaintiff's copyright.

Liability of the Personal Defendants

The Court, citing the Federal Court of Appeal in *Mentmore Manufacturing Co. v. National Merchandise Manufacturing Co.*, 1978 CarswellNat 14, highlighted that in order to establish personal liability of an officer or director of a corporation, "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 this risk of it.*"

The Court held the evidence did not establish on a balance of probabilities that the individual defendants deliberately, willfully or knowingly engaged in any conduct that was directed towards infringing the registered marks or the copyrighted works, or that the individual Defendants were indifferent to the risk of infringement. In coming to this determination, particular weight was placed on the following evidence: the individual Defendants believed the Plaintiff had breached the terms of the distribution agreements which remained a matter of dispute; the individual Defendants believed the Defendants' marks were sufficiently different from the Plaintiff's registered marks and the copyrighted works not to constitute infringement and that the Corporate Defendants believed they were entitled to use the certification number that applied to the Plaintiff's products. It was also noted that while the individual defendants made posts on their personal social media accounts about the rebranding that were inaccurate, sloppy, and found to contribute to the confusion, there was no evidence the posts were intended to deceive or that they rose to the level of being reckless. Lastly, it was held that the individual Defendants did not "exhibit a separate identity or interest" from the interests of the Corporate Defendants as they appeared, at all times, to have been entirely focused on the interests of the Corporate Defendants.

13. *Burberry Limited v. Ward*, [2023 FC 1257](#)

Overview:

The Plaintiffs, Burberry Limited, Burberry Canada Inc. ("Burberry") and Chanel Limited and Chanel ULC ("Chanel") brought an *ex parte* motion for default judgment against the Defendants.

Background:

The Defendants sold counterfeit Burberry and Chanel merchandise online through several platforms via several names, alias, and pages, which changed over time. Their online presence was also expanding. Chanel and Burberry were alerted to the Defendants' activities when the Canada Border Services Agency ("CBSA") notified them it had intercepted shipments of counterfeit products.

The Plaintiffs filed a Statement of Claim against the Defendants, alleging the Defendants were importing, offering for sale and selling counterfeit Burberry and Chanel clothing and fashion accessories, which was delivered to the residential address of the Defendants. The Plaintiffs claimed trademark infringement, passing off, and in the case of Burberry, copyright infringement. The Defendants failed to file a Statement of Defence.

The Plaintiffs requested comprehensive relief intended to deter and stop the Defendants' infringing and harmful activities and attempts to evade detection, including a third-party order, which the Plaintiffs argued was necessary as the Defendants relied on third parties to conduct their infringing activities.

The third-party order requested by the Plaintiffs included the following two elements:

- (a) an order enjoining third parties who have notice of the judgment from knowingly assisting the Defendants; and
- (b) an order requiring such third parties to provide information regarding the Defendants' infringing activities (the "Third-Party Order").

The Court found the Plaintiffs established trademark infringement, passing off, and in the case of Burberry, copyright infringement, and granted the order above, introducing a novel remedy, namely (b), above.

Decision:

Justice Walker sitting in the Federal Court found the Defendants were in default of their obligation to file a Statement of Defence and that the Plaintiffs established trademark infringement, passing off, and in the case of the Burberry Plaintiffs, copyright infringement pursuant to sections 3 and 27 of the *Copyright Act*. The Court found the Plaintiffs established multiple causes of action as claimed.

With respect to copyright, Burberry is the owner of copyright in Canada in association with different versions of its TB monograms, including the works shown below. The Defendants had never been authorized to import, distribute, offer for sale, seal or otherwise deal in any products bearing the works. The Court found that the Defendants knew or should have known, that the items they were selling infringed Burberry's copyright. Consequently, the Defendants infringed Burberry's copyrights.

	Copyright	Registration No.
	TB Pattern Hero B&W	1153515
	TB Pattern Hero	1154763
	TB Pattern Hero Greyscale Upright	1153516
	TB Pattern Reverse	1154762
	TB Pattern B&W	1154764
	<u>TB Monogram</u>	

The Court found that the evidence established the Defendants operated online in a low risk, low cost arena that facilitated instant rebranding with little to no interruption or out-of-pocket expense; infringing activities were ongoing despite one of the individual Defendant's agreement to cease her trade in the counterfeit merchandise; the Defendants' conduct demonstrated the intention to avoid the Plaintiffs' efforts to enforce their intellectual property rights and therefore the Plaintiffs established and demonstrated the necessity of injunctive relief; there was no way to predict the names the Defendants would use if they resumed their counterfeit business despite the injunction ("Future Names"); the Defendants are reliant on continuing deliveries of counterfeit merchandise from offshore suppliers to sustain their infringing activities and income and the evidence demonstrates the central role of CBSA in intercepting the counterfeit merchandise arriving in Canada, but the CBSA is unable to release and deliver such merchandise seized in the future ("Future Detentions") without a signed Relinquishment by the Defendants or a court order.

Burberry elected statutory damages, and the Court awarded maximum statutory damages of \$20,000 per work infringed, for a total of \$120,000. The Court considered: the conduct of the Defendant before and during the proceeding and whether they have continued the infringing activity through the proceeding; whether the Defendants had acted in bad faith or has been dismissive of the law; and the importance of deterrence. The Court found that Defendants acted in bad faith, having chosen to continue their infringing activities despite knowledge of the Plaintiff's demands that they cease. The Defendants were found to have acted with disrespect for the law for wilfully trying to evade detection by the Plaintiffs and CBSA. Such conduct warrants a higher aware of statutory damages. Further, the erosion of the market for which Burberry had worked very hard is serious consequence of the continuing behaviour.

In addition to ordering permanent injunctive relief against the Defendants and substantial damages, the Court granted the following:

- (a) the Third-Party order;
- (b) a rolling order to provide a mechanism to facilitate the detention and release of counterfeit goods by the CBSA in Future Detentions and to fold in Additional Names into the injunctive relief granted to the Plaintiffs (the “Rolling Order”);
- (c) an order that any future unauthorized shipments or attempted importations detained by the CBSA be delivered up to the Plaintiff or its counsel upon presentation of the judgment to the CBSA and written confirmation from the Plaintiff or its counsel that the goods are infringing.

The Third-Party Order was granted subject to the following conditions: as in the case of a party requesting a *Norwich* order, the Plaintiffs must have a *bona fide* belief that the third party in question has information linked to the Defendants that pertained to their importation, shipment and/or sale of the counterfeit merchandise; and before making a request for information to a third party, the Plaintiffs will be required to establish to the Court by *ex parte* informal motion and affidavit evidence that the third party is in possession of information that is connected to one or more of the Defendants.

The Rolling Order was granted subject to the following conditions: if the Plaintiffs identified any Additional Names or Future Detentions they may file an *ex parte* informal motion and affidavit evidence with the Court to extend the Injunction to the Additional Names and/or Future Detentions and the counterfeit merchandise they contain. The Rolling Order extended to: Future Detention made under one of the names previously used by the Defendants, Future Detentions under Future Names upon establishing to the Court that the shipment or importation is connected to one or more of the Defendants and that the goods bear unauthorized reproductions of any Burberry or Chanel trademarks, or confusingly similar trademarks thereto, or unauthorized reproductions of the Burberry copyrighted works; and additional shipments identified not by name but by shipping, CBSA or other reference number upon establishing to the Court that the shipment or importation is connected to one or more of the Defendants and that the goods bear unauthorized reproductions of any Burberry or Chanel trademarks, or confusingly similar trademarks thereto, or unauthorized reproductions of the Burberry copyrighted works.

14. *Boubala v. Khwaja*, [2023 FC 658](#)

Overview:

The Applicants brought an application seeking, inter alia, a declaration that the Defendants infringed their copyrights in a menu and photographs, and their common law trademark rights relating to a restaurant concept and menus. The Applicants abandoned all relief initially sought, and sought new relief, namely that they had the right to register the trademark “Lazare’s BBQ House” and, an order confirming the Respondents had no title or rights in the trademark “Lazare’s BBQ House”.

Background:

Lazare Boubala, one of the Applicants, and Mussa Siddiqui Khwaja, one of the Respondents, incorporated 11675109 Canada Inc. (“**109 Canada**”) for the purpose of operating an African

charcoal barbeque restaurant together, which they called “Lazare’s BBQ House” (the “**First Restaurant**”), which they ceased operating in August of 2020 following conflict about the management of the business. In December 2020, Mr. Khwaja opened a new restaurant on his own in the same premises and called it “African BBQ House”, and created African BBQ House Inc., the other Respondent, to operate it. In February 2021, Mr. Boubala also opened his own restaurant and called it “Lazare’s BBQ House” and created Lazare’s BBQ House Inc., without Mr. Khwaja’s knowledge or consent, and in which entity’s name he filed a trademark application for “Lazare’s BBQ House”, which Mr. Khwaja and 109 Canada opposed. (At the time of the Application, the trademark application had been abandoned; though the application now appears to be revived and returned to opposition; with a subsequent application having been filed, and pending examination.)

In their Notice of Application, the Applicants originally alleged the Respondents infringed their copyrights with respect to the menu of “Lazare’s BBQ House” and the photographs of Mr. Boubala’s dishes and that the Respondents infringed their common law trademark rights by essentially using the restaurant concept that Mr. Boubala had designed for the First Restaurant, including the outdoor signage of “African BBQ House” and its menus.

The Applicants served affidavits from five affiants, most of which were cross examined by the Respondents, and the Respondents served evidence from four affiants, all of which were cross examined by the Applicants. The Applicants’ Application Record contained a new affidavit, none of the previously served affidavits, and a Memorandum of Fact and Law (the “**Memorandum**”) which addressed none of the issues raised, or the relief sought, in their Notice of Application. In the Memorandum, the Applicants submitted that the sole issue was whether the Applicants had the right to register and use the trademark “Lazare’s BBQ House” and sought orders confirming the Applicants had the right to register the trademark “Lazare’s BBQ House” and that the Respondents had no title or rights in the trademark “Lazare’s BBQ House”.

At the hearing, the Applicants confirmed they abandoned all the relief they initially sought in the Notice of Application but argued they had not abandoned their requests for injunctive relief, which they claimed were contained in a particular paragraph of the Memorandum. The Applicants did not seek to amend their Notice of Application prior to the hearing; however, at the hearing they asked the Court to allow them to amend their documents without specifying how or what they would amend.

Decision:

The Application was dismissed.

As the copyright claims were abandoned, the Justice St-Louis sitting in the Federal Court did not discuss issues related to copyright in menus and photographs.

The Court denied the Applicants’ open-ended leave to amend, holding that denying the request was more consonant with the interests of justice.

The Court also held the Applicants had abandoned *all* claims for relief originally sought in their Notice of Application, noting the paragraph referred to by the Applicants in respect of their claim for injunctive relief actually referred to a claim for declaratory relief; the new affidavit was inadmissible; the new relief sought in the Applicants’ Memorandum was not ancillary to the relief sought in the Notice of Application, and was improperly before the Court; and that it lacked jurisdiction over the new relief sought.

With respect to the new affidavit, the Court held that pursuant to Rule 306 of the *Federal Court Rules*, the Applicants had a timeline of 30 days to serve an application, and although Rule 312 provided for the service of additional affidavits under some circumstances, the Applicants had not moved for leave to file the new affidavit under this Rule. The Court also held that in any event, the new affidavit would not meet the test for admission of new evidence as it was available to the Applicants when they filed affidavits under Rule 306, it could have been adduced at an earlier date, and it was not relevant to warrant admission.

With respect to the new claims, the Court held that Rule 301 of the *Federal Court Rules*, which mandates that a Notice of Application shall contain a precise statement of the relief sought as well as a complete and concise statement of the grounds intended to be argued, including a reference to any statutory provision or rule to be relied on, is a mandatory provision subject to limited exceptions, which were not applicable in the case at hand. Exceptions include cases where relevant matters have arisen after the notice was filed, the new issues have some merit, are related to those set out in the Notice of Application, are supported in the evidentiary record, and in which the Respondent would not be prejudiced and no undue delay would result. In coming to its determination, the Court noted that the Applicants' Notice of Application did not contain a "basket clause", the Applicants unequivocally abandoned the relief outlined in their Notice of Application, and the new relief was not ancillary or incidental to the relief outlined in the Notice of Application. The Court also held that with respect to the declaration of entitlement, the Court did not have jurisdiction as any issues related to the Applicants' trademark applications are to be addressed at the first instance by the Registrar of Trademarks, and the declaratory relief sought was not grounded in any rights or remedies under the *Trademarks Act* as the Applicants did not have a registered trademark and had abandoned their passing off claims under s. 7(b) of the *Trademarks Act*.

15. *Unitop v. Exclusive Candy*, [2023 ONSC 4363](#)

Overview:

Unitop Spolka Z Organiczna Odpowiedzialnoscia ("**Unitop**") brought an application seeking a declaration that Exclusive Candy and Novelty Distributing Limited ("**Exclusive**") breached a default judgment Order previously obtained by its predecessor, issued as a result of the sale and marketing of ORIGINAL SESAME products by the Defendant in that case, which was stated to apply to "any and all persons with notice of this Judgment", as well as injunctive and other relief, as a result of Exclusive's offering for sale and the sale of a similar product called ORIGINAL SESAME.

Background:

Unitop's predecessor obtained a default judgment Order in an action it brought against a former authorized distributor of its sesame snack products, SESAME SNAPS, in which, it successfully claimed for trademark infringement, passing off and copyright infringement against the initial Defendant for its offering for sale and the sale of a product called CLASSIC SESAME. Among other things, the default judgment Order stated:

This Court orders and adjudges that...any and all persons with notice of this Judgment be and are hereby restrained from directly or indirectly, by any means whatsoever:

Advertising, selling or otherwise distributing sesame candies identified as “Classic Sesame” and any other name and packaging which infringe the trade-marks of the plaintiff;

Advertising, selling or otherwise distributing sesame candies identified as “Classic Sesame” and any other name and packaging which infringe the copyrighted works of the plaintiff;

Advertising, selling or otherwise distributing sesame candies identified as “Classic Sesame” and any other name and packaging which pass off the defendant’s goods as being those of, associates with, endorsed or approved by the plaintiff...

The products at issue in the default judgment were Classic Sesame, pictured below alongside SESAME SNAPS:



The updated packaging for Exclusive's Original Sesame product at issue is shown below:



In 2018, following the default judgment Order, Unitop acquired the rights in the IP with respect to SESAME SNAPS. In 2020, Unitop changed the packaging of its SESAME SNAPS sold in Canada.

Several years after the default judgment Order was obtained, Unitop became aware that Exclusive Candy, another former authorized distributor of SESAME SNAPS, was selling a product called ORIGINAL SESAME, which it alleged used similar packaging as that used in Unitop's SESAME SNAPS product and was sold in similar locations. Unitop sought to schedule a contempt motion in Civil Practice Court, following which an endorsement was issued stating that a contempt motion was not appropriate, and that Unitop should bring an application requesting a declaration that the Exclusive breached the judgment.

Exclusive then brought a motion to set aside the default judgment Order on the basis that it was affected by the decision as a seller of a product called CLASSIC SESAME. The motion was dismissed and in the judgment several findings of fact were made against Exclusive in respect of its CLASSIC SESAME product, which Unitop sought to rely on in the application, which related to Exclusive's ORIGINAL SESAME product.

In its application, Unitop also claimed that a registered trademark was obtained in 2008 for the blue, white and red clear cellophane wrapper design, with red lettering surrounded by a blue border and that its new packaging, created in 2020, kept its distinctive red and white lettering with a navy blue and clear background.

Decision:

With respect to the findings made against Exclusive in its motion to set aside the default judgment, Justice Pollak sitting in the Ontario Superior Court of Justice held they could not be relied on in the application as they were made in respect of a different product with different packaging than the product at issue in the current application.

In its submissions Exclusive argued, among other things, that: Unitop's trademark covering its packaging was not applicable to its new packaging; Unitop sought to improperly extend trademark rights relating to its SESAME SNAPS prospectively via the default judgment; and the default judgment was vague and not applicable to the case at hand as it did not identify which trademarks or copyrighted works were covered by the judgment, it only identified CLASSIC SESAME as an infringing product, Exclusive wasn't named as a party in the judgment, the judgment did not refer to Exclusive's use of its ORIGINAL SESAME name and packaging because they did not exist in 2015, and the judgment did not apply to Unitop's new packaging design as it did not exist until 2020.

The Court agreed with Exclusive, stating it was important to note that Unitop's new design, on which the application was based, did not exist until five years after the default judgment. The Court also held that Unitop's trademark registration did not cover the blue, white and red colour scheme as claimed by Unitop in its application, the scope of the application was limited to a claim that the Respondent was in breach of the default judgment, as the grounds identified by Unitop for its application were largely based on the default judgment, which did not deal with trademark rights or copyright rights in and to its new packaging, and the evidentiary record did not support the alleged trademark or copyright rights in the colour scheme and overall packaging get-up as claimed by Unitop in its affidavit evidence. The Court highlighted that the burden of proof was on Unitop to establish that it had valid and enforceable trademark or copyright rights in the SESAME SNAPS packaging at the time Exclusive began offering for sale and selling its product, the evidence was that Unitop's new design was significantly different in appearance from the old design and its new trademark application did not claim colour. With respect to passing off, the Court held the new design was too new to have acquired the requisite acquired distinctiveness to act as a source identifier, and therefore the claim failed. Lastly, the Court agreed with Exclusive's position that there was no resemblance between its packaging and that of Unitop, both old and new.

16. Dunns Famous International Holdings Inc. v. Devine, [2023 FC 908](#)

Overview:

The estate of a deceased individual (the "Smith Estate") and 2474234 Ontario corporation ("257 Ontario"; together, the "Moving Defendants"), brought a motion pursuant to Rule 399(1) of the *Federal Court Rules* for the following orders, among other things: setting aside the default judgment; an extension of time to serve and file a Statement of Defence or any motion in respect of the Statement of Claim; and striking the writ of seizure and sale against the Moving Defendants (defined below). The motion was dismissed by the Federal Court.

Background:

The Plaintiff, Dunn's Famous International Holdings Inc. ("**Dunns**"), a Canadian consumer retail food product development, marketing, licensing, and wholesale distribution business, asserted causes of action under the *Trademarks Act* and the *Copyright Act* against various corporate and individual defendants, including a couple and several numbered Ontario companies they owned and controlled (the "**Devine Defendants**"). Dunns claimed that between 2007 and 2018 the Devine Defendants had entered into several agreements with third parties, without Dunn's authority, purporting to provide licenses to those third parties in relation to trademarks which were

the subject of the action. Some of the defendants, including the Devine Defendants consented to judgments in which they recognized the validity of, and the Plaintiff's ownership of, the subject trademarks. The Plaintiff subsequently filed a Notice of Motion on an *ex parte* basis seeking default judgment against Defendants who did not consent to judgment and who had not filed a Statement of Defence within the prescribed time under the Federal Court Rules, which included the Moving Defendants. The Plaintiff's motion for a default judgment against the Defaulting Defendants was granted in part. The court subsequently issued a writ of seizure and sale against the Moving Defendants.

Decision:

Justice Southcott sitting in the Federal court dismissed the motion to set aside the default judgment because the Moving Defendants had not shown they had a reasonable explanation for their failure to file a Statement of Defence. For example, there was no basis for concluding that the Plaintiff's claim against the Defendants was resolved as a result of the Plaintiff having settled with other defendants in the proceeding. The Defendants offered no evidence of confusion about the state of litigation, and there was no basis to infer such confusion. Further, the Defendants could not defend on the basis of the parties working towards a settlement, as there was no evidence to suggest that settlement was likely or even that settlement discussions were progressing. Settlement discussions had not advanced with the last exchange seemingly being nine months before the Default Judgment issued and there was no evidence that the Defendants had followed up, and to the extent there were settlement discussions, they were very general in nature.

17. *Dermapark Products Inc. v. Patel*, [2023 FC 388](#)

Overview:

In this decision, the Federal Court dismissed the defendant's motion for summary trial, finding that a summary trial was appropriate, but granted judgment in favor of the plaintiffs. The Court departed from the conventional method of deciding a motion for summary trial by refraining from addressing the substantive arguments on the motion. Instead, the Court based its decision on the allegations put forth by the parties in their initial pleadings. The Court awarded the plaintiffs statutory and nominal damages for copyright and trademark infringement, as well as punitive damages and injunctive relief.

Background:

The Plaintiffs, DermaSpark Products Inc. and Pollogen Ltd., are manufacturers and distributors of professional facial treatment products, including the OxyGeneo machine. The defendants, Binal Patel and Balsam Spa, purchased a counterfeit OxyGeneo machine and related products online from unauthorized sellers and used them at Balsam Spa from February 2018 to March 2020. The Plaintiffs alleged that the defendants' use of counterfeit products and the Plaintiffs' advertising and marketing material infringed their trademarks and copyright.

The Defendants denied infringement of the Plaintiffs' copyright and trademark rights, instead contended that they purchased a "real" machine, albeit from a different seller via Alibaba (an online retailer) at a much lower cost. The Defendants added that they immediately complied with the Plaintiffs' cease and desist letter upon receipt. The Defendants counterclaimed that the

Plaintiffs' action was an abuse of process because the Plaintiffs failed to take prompt action to prevent infringement and threatened legal action against small businesses while encouraging them to buy the Plaintiffs' products. The Defendants sought damages from the Plaintiffs and elevated costs.

Decision:

Justice Kane sitting in the Federal Court found that summary trial was appropriate and granted judgment in favour of the Plaintiffs. The Court found that the Defendants had known or ought to have known that they purchased and used a counterfeit machine and therefore infringed copyright, engaged in passing off, depreciation of goodwill, and unfair competition by misrepresenting to the public that they were offering the Plaintiffs' products and services.

On the issue of copyright infringement, the Plaintiffs had established that they owned the copyright in the various promotional works and that the Defendants had posted those works on their website without permission. The Defendants only argument on defense was that the OxyGeno machine was real, and because it was real, they were permitted to use the advertising and promotional materials. The Court rejected the Defendants' arguments that they were unaware of the counterfeit nature of the products in light of the evidence demonstrating that it was counterfeit and the Defendants were aware of that fact.

The Court awarded the Plaintiffs statutory damages of \$5,000 for copyright infringement (\$1,000 per infringement), nominal damages of \$20,000 for trademark infringement, and punitive damages of \$20,000. The Court also granted the Plaintiffs a permanent injunction, an order for delivery up or destruction of infringing material, and an order for disclosure of the suppliers of the counterfeit products. The Court held the individual Defendant, Ms. Patel, jointly and severally liable for the damages, as she was the directing mind of the spa and was reckless or willfully blind to the risks of purchasing and using counterfeit products. The Court dismissed the defendants' counterclaim for abuse of process, as it had no merit.

Other - Interlocutory Injunctions / Bar against Relitigation / Anton Piller Orders / Pre-trial Orders for Discovery

18. Sheppard v. C S Design Inc., 2023 FC 413

Overview:

The Federal Court refused to grant an interim injunction that would have required the Defendants to take down a currently installed art installation finding that the Plaintiffs had not satisfied the "irreparable harm" and "balance of convenience" branches of the relevant test. The Plaintiffs had not established harm that was not quantifiable or compensable in damages, while the Defendants would have suffered significant prejudice and financial losses should the injunction have been granted.

Background:

The Plaintiffs have a Toronto-based architecture practice. The Defendant is a Montreal-based architecture firm specialized in lighting design.

In March 2015, the Plaintiffs communicated with the Defendant to form a team to participate in the Luminothérapie competition run by the Partenariat du Quartier des spectacles in Montreal. Their collaboration resulted in an audio-visual art installation and work called “*Impulse*” which won that year’s competition.

The “*Impulse*” work consists of 30 luminous seesaws of two different lengths specifically arranged, 80 distinct sounds divided into 8 original sound families that would be heard when the seesaws were in use, and specially curated video projections. Later, the Defendant created a different installation called “*WIP WAP*”, which, while having a different arrangement/layout and using different sounds and luminous effects, contained the same physical luminous seesaws as the Plaintiff’s earlier works.

The Plaintiffs claimed that “*WIP WAP*” was a substantial reproduction of “*Impulse*” and another of the Plaintiffs’ works, titled “*Wave-field*” and claimed copyright and moral right infringement. It also brought a motion for an interim injunction seeking to force the Defendants to take down the exhibition of “*WIP WAP*” being held in the city of Oakville. It is this motion that is the subject of the decision at issue.

Decision:

Justice Régimbald sitting in the Federal Court considered the usual conjunctive test posited in the *RJR-MacDonald* case in determining whether to grant the Plaintiff’s motion. In refusing to grant the injunction, the Court held that the Plaintiffs had not satisfied the “irreparable harm” branch of the test. In particular, the Court found that the evidence of copying did not establish that it was sufficiently “blatant” to infer irreparable harm to the Plaintiffs. The Plaintiffs argued that the copyright infringement was “blatant” and therefore the threshold for demonstrating irreparable harm is less stringent. The Defendants cited *Geophysical Services Incorporated v. Canada-Nova-Scotia Offshore Petroleum Board*, 2014 FC 450: “‘blatant’ goes beyond an objective finding of clear copying ... [and] is intended to impute some degree of knowledge or recklessness.” The Court did not accept that the copyright infringement, to the extent there is one, is so “blatant” that it is not necessary to find irreparable harm. The Plaintiffs asserted harm caused to its moral rights, control over the original work, loss of clients, dilution, or any commercial viability, and the Court found the evidence was not sufficiently clear and compelling evidence to demonstrate harm that would not be quantifiable and compensable in monetary damages. The Court noted that because the “*WIP WAP*” work was being exploited in a commercial manner, and that damages are available under the *Copyright Act* for copyright infringement, compensable monetary damages were potentially quantifiable. Further, in relation to the “moral rights” claims, the Plaintiffs’ claim that they were “hurt” and “horrifie[d]” because of the association of the “*WIP WAP*” work was not explained in sufficient detail to demonstrate irreparable harm.

Finally, the Court found that the “balance of convenience” factor favoured the Defendants because the Plaintiffs had not readily established irreparable harm, while, on the hand, the “evidence of the prejudice that could be suffered by the Defendants if the relief sought [was] granted [was] very important and could lead to significant financial losses”. The Defendants filed evidence that the immediate consequences of an order forcing removal of the “*WIP WAP*” exhibition would result in it being liable for contractual damages for failure to present the work for the agreed-upon period, and would destroy the reputation of integrity and trustworthiness of the Defendants with future clients and artists. The Defendants submitted the consequences could

result in freezing discussions with potential clients and potentially lead to the closure of the business.

19. IMS Incorporated v Toronto Regional Real Estate Board, 2023 FCA 70

Overview:

The Appellants appealed an order from the Federal Court overturning a portion of an earlier order that struck out the Statement of Claim of the Respondent (with leave to amend certain claims that are not relevant to the instant decision). The Federal Court of Appeal upheld the Federal Court's determination setting aside the portion order that struck out the copyright claims without leave to amend. (The Federal Court of Appeal did grant the appeal only to the extent required to correct a technical flaw in the order.) The decision considers principles of issue estoppel and the discretionary bar against relitigation in the context of an interlocutory motion to strike copyright claims. In determining whether issue estoppel applies to whether a work at issue is protected by copyright, it is necessary to assess the prior finding on originality by determining whether the works at issue in the previous case were the same and thus whether what is being attempted is to reargue a decided matter.

Background:

The Respondent, the Toronto Regional Real Estate Board ("TRREB") is a non-profit professional association of registered real estate brokers and salespeople in and about the Greater Toronto Area. TRREB operates a "Multiple Listing Service" online system (the "TRREB MLS® System"), providing access to services and information on active real estate sale listings, property purchase prices, detailed unique property descriptions and neighbourhood descriptions. The Appellants, IMS Incorporated ("IMS"), is a provider of a suite of software tools directed towards real estate agents and brokers.

The Parties had been litigating an underlying dispute related to the TRREB MLS® System. In that dispute, TRREB had sought a declaration that it was "... the creator, author and custodian of a substantial curated online system operated as the TRREB MLS® for access by TRREB members, and TRREB's partner real estate boards' members...". TRREB further sought a declaration that it was the owner and/or exclusive licensee of the copyrights associated with the TRREB MLS® System and related materials.

IMS' motion to strike with respect to the copyright issues was premised on the assertion that the Federal Court of Appeal in *Toronto Real Estate Board v. Canada (Commissioner of Competition)*, 2017 FCA 236 had finally decided the issue that the Toronto Real Estate Board possesses no copyright in its MLS® system. In obiter dicta or a non-binding portion of the *TREB v. Canada* decision, the Federal Court of Appeal had endorsed the conclusion of the Competition Tribunal that the components of the Toronto Real Estate Board's MLS® system at issue in that case were not subject to copyright because they lacked originality.

The Appeal related to a motion order of the Federal Court overturning a portion of an unreported interlocutory speaking order of the prothonotary (acting as case management judge) that had granted IMS' motion to strike TRREB's statement of claim without leave under rr221(1)(a) and 221(1)(f) of the Federal Courts Rules. The FCA granted the appeal in part to correct a technical flaw in the motion judge's order, but upheld the motion judge's decision to set aside the portion of the prothonotary's order striking TRREB's copyright claims without leave to amend.

Decision:

Justice Gleason sitting in the Federal Court of Appeal (with Justices Mactavish and Monaghan in concurrence) assessed the motion judge's reasoning, which was centred on the determination that the prothonotary's order being premised on an inappropriate assumption that the works to which TRREB's Statement of Claim applied were the same as those considered in *TREB v. Canada*³² and thus the underlying claim disclosed no reasonable cause of action given that the claims at issue had already been finally determined.

The motion judge held that it was inappropriate of the prothonotary to use judicial notice to assume the underlying works were the same. In finding that the motion judge had not erred in this determination, the Court stated that the requisite assessment involves consideration of the particular work in question and that originality can only be determined on a case-by-case basis, which is a "... a highly contextual and factual determination".

The Court noted that a party may move to strike a pleading if it raises an issue that has been finally determined in an earlier proceeding. In doing so, the court "must assess whether the same issues were determined in the earlier case by comparing what was decided in the earlier case with what is pleaded in the statement of claim". This is an assessment of what was decided in a previous proceeding and whether issue estoppel applies. In the case of copyright infringement, it is necessary to assess the prior finding on originality by determining whether the works at issue in the previous case were the same and thus whether what is being attempted is to reargue a decided matter.

The Court found that the works at issue in the *TREB v. Canada* case were not entirely the same as those described by TRREB in the underlying statement of claim. The Court pointed to additional elements in the underlying claim, including the alleged "detailed unique property descriptions", and "detailed neighbourhood descriptions listing schools and community features", further noting that several years have elapsed since the *TREB v. Canada* decision was rendered. The Court further noted that the Federal Court of Appeal's comments in *TREB v. Canada* were obiter and therefore not conclusively determine the copyright issue so as to prevent relitigation. The Court therefore held that there was no basis for concluding that the works at issue in *TREB v. Canada* are the same as those referred to in TRREB's underlying statement of claim.

20. Bell Media Inc. v. Macciachera (Smoothstreams.tv) - [2023 FC 801](#); [2023 FC 1698](#); [2023 FCA 180](#)

The three (3) decisions discussed below relate to an underlying action for infringement of copyright brought by the Plaintiffs. The Defendants were involved in the operation of the Smoothstreams.tv Internet Protocol Television [IPTV] service network, including smoothstreams.tv, live247.tv, streamtvnow.tv and starstreams.tv (collectively "**SSTV**"), which provided subscribers with unauthorized access to hundreds or thousands of movies and live television channels which they obtained from illegitimate sources or from legitimate sources that had been transmitted without authorization.

As a result, the Plaintiffs commenced an action for infringement of copyright in a large number of entertainment works. The Plaintiffs sought a number of interim orders via an *ex parte* motion, and in particular an Anton Piller order and a range of injunctive and other relief, which was

³² *Toronto Real Estate Board v. Canada (Commissioner of Competition)*, [2017 FCA 236](#), [2018] 3 F.C.R. 563

granted. Among other things, the Interim Order: included extensive provisions for the search, seizure and preservation of evidence and equipment related to the SSTV services; required the Plaintiffs to appoint independent solicitors to supervise the service and execution of the Order; and included a provision that the execution of the Order be reviewed by the Federal Court on a motion by the Plaintiffs within 14 days of the execution.

The Plaintiffs were unsuccessful in their attempts to execute the Anton Piller Order against the Defendants, including one of the Defendants at issue in this action, Antonio Macciachera (“Antonio”).

In the first case discussed below, the Federal Court found Antonio in contempt of four of ten alleged acts of contempt of the Anton Piller Order. Similar proceedings were brought against the other Defendants and were dealt with separately.

In the second case, the Federal Court awarded the Plaintiffs’ costs in the contempt proceeding.

In the third case, the Federal Court of Appeal denied a motion brought by The Samuelson-Glushko Canadian Internet Policy & Public Interest Clinic (CIPPIC) seeking leave to intervene on an appeal related to the execution of the Anton Piller Order. CIPPIC’s motion to intervene related largely to policy issues related to Anton Piller orders in intellectual property matters.

(i) 2023 FC 801; Contempt of Court for Disobeying Interim Anton Piller Order

Overview:

The individual Defendant, Antonio Macciachera (“**Antonio**”), was found in contempt of court for disobeying certain aspects of an Interim Anton Piller Order (“**Interim Order**”) that had been issued.

Background:

Among other things, the Interim Order: included extensive provisions for the search, seizure and preservation of evidence and equipment related to the SSTV services; required the Defendants to disclose certain information related to the SSTV services, as well as their financial and other assets; required the Plaintiffs to appoint an independent lawyer to supervise the service and execution of the Anton Piller Order (the “**ISS**”); and stipulated the execution of the Anton Piller Order was not to be delayed by more than two hours.

The Plaintiffs appointed an ISS, who unsuccessfully attempted to execute the Anton Piller Order. The attempt to execute the Order was captured by video recording which showed: Antonio was served with the requisite materials, which included the Statement of Claim, the Interim Order, and redacted versions of the materials filed in support of the Plaintiffs’ motion for the Interim Order; the ISS allowed Antonio the opportunity to contact legal counsel; Antonio spoke with at least two different legal counsel, but determined he needed an IP specialist; Antonio closed the door, leaving the ISS and his team outside, despite that he was told he was not permitted to do so according to the Anton Piller Order; Antonio refused to read the box of materials that was served on him or to allow the ISS to explain any provisions of the Interim Order to him; the ISS explained that the execution of the Anton Piller Order was not to be delayed by more than two hours; and

the ISS and his team waited for five hours before leaving, and were not permitted to enter Antonio's home or to execute any part of the Interim Order.

In addition to the video recording, the evidence tendered at the contempt hearing included testimony of the ISS, the Interim Order, two affidavits by the ISS summarizing the service and attempted execution of the Anton Piller Order, the ISS's execution script, notes the ISS took contemporaneously of the attempt, and two emails sent by Antonio's legal counsel to the Plaintiff's counsel.

Following the unsuccessful attempt, a series of orders and decisions were issued, as follows:

- (1) An Order was issued by Associate Judge Benoit Duchesne following an *ex parte* motion brought by the Plaintiffs requiring Antonio to attend a hearing to hear proof of ten acts of contempt with which he was charged and requiring the Plaintiffs to file a copy of the documents they intended to adduce into evidence at the contempt hearing (the "**Charging Order**").
- (2) A decision was issued by Justice Lafrenière with an accompanying Order that charged the other individual Defendant and the corporate Defendants with many of the same counts of contempt.
- (3) A decision was issued by Justice Lafrenière wherein the executions of the Interim Order at the residences of each of the Individual Defendants were found to be lawful, and it was found that the ISS fully complied with the terms of the Interim Order and conducted themselves in a manner that adequately protected the Defendants' rights.

Decision:

Antonio was found in civil contempt of four of ten charges in the Charging Order. With respect to five of the charges (the "**Failed Charges**"), it was found that the Plaintiffs failed to tender any evidence, as the evidence they tendered was found to be inadmissible, to connect Antonio to any of the technical information, undisclosed assets, financial information or other information that was specifically required to be disclosed or delivered up as contemplated in the charges. In respect of the sixth charge, it was found that no evidence was tendered to demonstrate Antonio had concealed anything that was specifically described in the Interim Order.

In the decision, Chief Justice Crampton sitting in the Federal Court noted that in order to establish civil contempt, the following three elements must be met: the order or judgment that is alleged to have been breached must state clearly and unequivocally what should and should not be done; the party alleged to be in breach must have actual knowledge of the order or judgment in question; and the alleged contemnor must have intentionally done the act the order or judgment prohibits, or intentionally failed to do the act that the order or judgment compels, which can be established by demonstrating the defendant knowingly contravened the order or judgment.

In respect of the Failed Charges, the only evidence available that linked Antonio to the charges was an affidavit that was initially tendered by the Plaintiffs in their motion seeking interlocutory relief. The Court noted that contempt motions are brought pursuant to Rules 467 and 470 of the *Federal Court Rules*, and pursuant to Rule 470 evidence must be oral unless the Court otherwise directs. The Court also noted that Justice Rochester did not direct the Plaintiffs to use documentary evidence, and held, as a result, the affidavit was inadmissible in the contempt hearing. The Court also noted that it would be procedurally unfair to rely on evidence not provided to Antonio.

With respect to the remaining charges, The Court found that the Interim Order was clear and that the evidence established, beyond a reasonable doubt, that Antonio refused to comply with the execution of the Interim Order in any way.

In attempting to resist the whole of the charges, Antonio argued that the Plaintiffs could not rely on evidence that was tendered before Justice Rochester generally, as a contempt hearing is not a motion brought within a larger proceeding. The Court disagreed with this argument, and stated that since Rules 467 and 470 contemplate that contempt proceedings are brought by way of motion, it inferred they were interlocutory proceedings, which was supported by the jurisprudence of the Court.³³ Therefore, the evidence would have been admissible if the Court directed the Plaintiff to rely on documentary evidence and it was provided to Antonio prior to the hearing, as required by the Order.

(ii) [2023 FC 1698](#); Costs following Contempt Order

Overview:

This decision relates to costs following the decision discussed above, wherein the Plaintiffs were successful in proving four of ten charges of contempt of court against the Individual Defendant, Antonio. Antonio was ordered to pay a lump sum of \$91,742.86 to the Plaintiffs in relation to contempt of court proceedings

Background:

As discussed above, the Plaintiffs were unsuccessful in their attempt to execute the Anton Piller Order against the Defendants, including the Defendant at issue in this action, Antonio. Antonio was subsequently charged with ten acts of contempt of the Interim Order, and the Plaintiffs successfully proved four of the charges.

The Plaintiffs sought a lump sum of \$121,124.74, comprised of \$100,038.55 in legal fees, which represented 100% of the legal fees incurred by the Plaintiffs in connection with the contempt proceeding, \$8,670.00 in HST, and \$12,416.19 in disbursements, payable forthwith. Antonio sought a lower lump sum payable “in any event of the cause”. In support, Antonio argued that the Plaintiffs were unsuccessful in proving six of the ten charges, the penalty ultimately imposed in the contempt proceedings would likely be lower or similar to any cost award that may be imposed by the Court, and ordering the costs be payable “forthwith” would effectively function as a penalty without the benefit of sentencing submissions. Antonio also argued that the determination of the costs award should be held until the hearing of the appeal related to the execution of the Interim Order.

Decision:

Chief Justice Crampton sitting in the Federal Court ordered Antonio to pay a lump sum of \$91,742.86 to the Plaintiffs payable forthwith, which consisted of \$73,000 in legal fees (approximately 73% of the fees incurred by the Plaintiffs in connection with the contempt proceedings), \$12,416.19 in disbursements, and HST.

In coming to this decision, The Court noted the following, among other things: the Court has been trending toward granting lump sum awards; costs awards in intellectual property cases have been

³³ Referring to *ASICS Corporation v. 9153-2267 Québec Inc et al.*, 2017 FC 5 at paras 22-29.

increasingly well in excess of Tarriff B of the *Federal Court Rules* (the “*Rules*”) – typically in the range of 25%-50% of actual fees, plus reasonable disbursements; disbursements are typically awarded in full, provided they are reasonable; the principle objective of civil contempt is to foster compliance with court orders, which is essential to maintaining public confidence in the administration of justice, supporting the rule of law, and ensuring that social order prevails; an additional objective is to ensure that a party acting to support compliance with a court order does not bear the costs of the proceedings; and in determining costs, it is incumbent on the Court to consider the factors in Rule 400(3) of the *Rules*. Factors that were specifically considered were the result of the proceeding, the importance and complexity of the issues, the amount of work, the public interest, and the conduct of the parties during the proceeding.

The Court held that the costs in Tariff B would be inadequate and fail to achieve the aforementioned objectives and that the fixing of a lump sum award would be consistent with the trend of the Court and serve the goal set out in Rule 3 of the *Rules*, which requires the just, most expeditious and least expensive determination of a proceeding on its merits by avoiding the time and expense involved in preparing, reviewing and making submissions on the type of detailed bill of costs that would be required for an assessment under Tariff B.

In respect of the work involved, the disbursements and legal fees claimed by the Plaintiffs were held to be reasonable, particularly given the time sensitive nature of the proceedings.

Weighing in favour of the Plaintiffs’ cost requests were Antonio’s conduct during the contempt proceeding and the public interest. During the proceeding Antonio failed to admit certain facts that should not have been contested at the hearing, causing the Plaintiffs to call a witness to testify to those facts, and he failed to admit other uncontroversial facts ahead of the hearing, which were later admitted, requiring the Plaintiffs’ counsel to prepare two witnesses unnecessarily. Regarding the public interest, the Court noted that a finding of guilt imparted no benefit on the Plaintiffs, apart from eventual compliance, and Antonio’s refusal to permit the execution of the orders deprived the Plaintiffs of the element of surprise, permanently defeating the important public interest objective of preventing the destruction or removal of relevant evidence and ill-gotten gains from Canada.

The Court held the importance and complexity of the issues did not favour a downward adjustment in the costs, highlighting that the contempt charges related to the Plaintiffs’ attempt to execute extensive orders and that the SSTV services involved a very complex and sophisticated business operation that had been operating over a number of years, involving offshore entities and a large number of Internet domains, subdomains, servers and hosting providers, requiring the Plaintiffs and Court to familiarize themselves with a complex record.

Weighing in favour of a downward adjustment was the result of the proceeding, as the Plaintiffs failed to establish six of the ten contempt charges due to their failure to request the Court to permit documentary evidence that had been put before Justice Rochester when obtaining the Interim Order. The Court applied a 25% reduction, holding that the downward adjustment should not be proportionate to the number of unsuccessful charges as Antonio had persistently refused to cooperate with the execution of the Interim Order, frustrating its execution, and should not indirectly and fully benefit from the Plaintiffs’ inability to prevail on the unsuccessful charges. A further marginal deduction was applied to account for duplications in the entries.

The Court rejected Antonio's argument that a downward adjustment should be applied as he could not challenge the Plaintiffs' claims related to costs as he did not know what would be claimed at the time he was required to file submissions, noting the Court's *Consolidated General Practice Guidelines*, wherein it states that "parties should be prepared to inform the Court as to whether they have agreed on the disposition and/or quantum of costs" or "make submissions on those issues... before the end of the hearing."

Lastly, the Court held that Antonio's ongoing breach of the Interim Order justified exercising the Court's discretion to order the costs be payable "forthwith" and that Antonio's argument regarding the underlying proceeding failed as the judgement concerned issues that were substantively different from those in the underlying action.

(iii) 2023 FCA 180; Samuelson-Glushko Canadian Internet Policy & Public Interest Clinic's Motion to Intervene

Overview:

The Samuelson-Glushko Canadian Internet Policy & Public Interest Clinic (CIPPIC) brought a motion seeking leave to intervene on the appeal of the Federal Court's decision that the execution of the Anton Piller Order against the various Defendants was lawful. The Federal Court of Appeal denied leave.

Background:

In its motion, CIPPIC stated it would argue the following, if granted intervener status: the Federal Court should adopt a standard Anton Piller Order model that would provide explicit terms of Anton Piller Orders, like other Canadian and non-Canadian common law jurisdictions have adopted; the Federal Court should adopt a roster of pre-approved independent supervising solicitors that specialize in the execution of Anton Piller Orders; and the Federal Court should adopt a list of pre-approved solicitors available to defendants during the execution of Anton Piller orders.

Decision:

Intervener status was not granted to CIPPIC.

Justice Mactavish sitting in the Federal Court of Appeal noted that interveners are "guests at the party" and not permitted to raise new issues. The Court also noted the following three elements that should be considered in determining whether leave should be granted: the usefulness of the intervener's participation with respect to issues before the Court, whether the proposed intervener has genuine interest in the issues raised, and whether the intervention is consistent with the interests of justice. The Court was not persuaded the arguments CIPPIC proposed to make would be of assistance in the appeal as the Appellants were not arguing that the execution of the Order was unlawful due to lack of ability to retain counsel or that the independent supervising solicitors were unqualified or lacked independence. Additionally, the Court had "grave doubts" that it had the power to grant the remedies sought by CIPPIC and determined the issues were more appropriately raised before bodies such as the Intellectual Property Bar Liaison Committee of the Federal Court, the Intellectual Property Institute of Canada, or the legislative branch of Government.

21. *Horizon Comics Productions Inc c Marvel Entertainment*, [2023 QCCS 53](#)

Overview:

The Plaintiff brought a motion requesting orders for pre-trial communication of documents and examinations.

Background:

Early in 2001, in Montréal, Québec, the Lai brothers created the *Radix* comic book series. The Plaintiff, Horizon Comics (“Horizon”) owns copyright in *Radix*, which it published in three volumes in December 2001, February 2002 and April 2002. The heroic characters portrayed in the *Radix* wear highly detailed, futuristic, armored and weaponized suits of body armor.

Marvel’s “Iron Man” comic book character first appeared in the 1960s. In 2013, Marvel released the film *Iron Man 3*. In 2015, Horizon sued Marvel in the U.S. alleging claims of copyright infringement, namely that the artistic depictions of the mechanized body armour used in the Iron Man films was strikingly similar to the mechanized armour used in Horizon’s *Radix* series, and that a promotional poster for *Iron Man 3* was likewise strikingly similar to a promotional piece of art for the *Radix* comic. The promotional art and images relied on by Horizon depicted *Caliban*, a character in the *Radix* series. Initially, the U.S. Court declined to dismiss Horizon’s claim of copyright infringement as between the promotional poster for *Iron Man 3* and the promotional piece of art for the *Radix* comic and ultimately dismissed the claim of infringement as between the artistic depictions of the mechanized body armour used in the *Iron Man* movies and the artistic depictions of the mechanized body armour used in the *Radix* series, given a number of distinctive features that distinguished Iron Man’s suit from the artistic depictions of the mechanized body armour in the *Radix* comics. Marvel then moved for summary judgement to dismiss the remaining claim relating to the poster, which was granted. The remaining claim was dismissed on the basis that Marvel had introduced un rebutted evidence of independent creation of the *Iron Man 3* poster and Horizon had “virtually non-existent evidence of copying”.

In 2018, two Avengers franchise films, *Avengers: Infinity War* and *Ant Man and the Wasp* were released, showing Iron Man’s body armour suit.

In July 2019, the parties signed an agreement by which Horizon agreed not to seek appellate review of the U.S. judgments, or to otherwise prosecute the case in any further way.

In April 2021, Horizon filed an Originating Application in Quebec Court, seeking a permanent injunction and damages in which it alleged that, after the U.S. proceedings, Marvel released subsequent films in which it consistently appropriated from its *Radix* works.

Horizon alleged that the distinctive features mentioned in the U.S. judgments no longer existed and that, as a result, Iron Man’s suit became substantially similar to that of the *Radix* character *Maxwell*. Horizon further claimed, that after the release in 2018 of *Avengers: Infinity War*, Marvel continued to infringe its copyrighted Works in subsequent films without restraint, notably through the Ant-Man character and the Wasp character, as they appear in the movies *Ant-Man and the Wasp* as well as in *Avengers: Endgame* released in April 2019.

Earlier in the proceeding, Marvel sought to dismiss the claim on the basis of the Quebec Court not having jurisdiction, abuse of process, and *res judicata*. The Quebec Court denied the motion, finding that it did have jurisdiction, and the issues of *res judicata* should be examined by the judge hearing the merits of the case.³⁴ The Quebec Court of Appeal upheld that decision.

³⁴ *Horizon Comics Productions Inc. c. Marvel Entertainment*, 2022 QCCS 966

This decision relates to pre-trial discovery, and orders regarding pre-trial communication of documents and examinations. In its motion, the Plaintiff sought communication of contracts, agreements, or licenses about the distribution of the films in Canada, communication of all documents showing revenues generated by the films in Canada, examination of the artist involved in the conception of the costumes in Ant-Man and the Wasp, examination of two individuals, Phil Sanders and Ryan Meinerding, who had been involved with the conception and modification of Iron-Man's suit for years, and examination of the editor in chief at Marvel Worldwide Inc. who was involved in the hiring of the Lai brothers and their supervision at Marvel after.

Prior to the motion, the parties had agreed that two individuals would be examined. One examination took place, but the other, the examination of Mr. Park, did not. Plaintiff counsel believed the scheduled time for the examination was on Eastern Time while Defendant counsel thought it was Pacific Time. Although the problem was identified the week prior to the scheduled exam, the Defendants' lawyer sent a zoom link on the proposed day at the proposed time on Pacific Time, which the Plaintiff's lawyer was unable to attend. The Defendants' lawyer subsequently sent an email to the Plaintiff's lawyer adopting the position that the Plaintiff had abandoned their right to examine Mr. Park.



Decision:

The Defendants were ordered to provide the Plaintiffs with all agreements, licenses, and contracts with any entity that participated in the production, design, or development of the Films, any entity in the distribution chain allowing the distribution of the Films in Canada, and contracts under which the revenues generated by the Films were distributed among the relevant entities. Justice Narang sitting in the Quebec Superior Court also ordered the Defendants to allow the pre-trial examination of Mr. Sanders, and if he was unable to answer questions, the pre-trial examination of Mr. Meinerding, and to allow the pre-trial examination of the other individuals as requested by the Plaintiff. Time limits were placed on the examinations to account for proportionality.

With respect to the contracts, the Court held the request was not overbroad and vague, and that it respected the principle of proportionality as they were relevant to the scope of the alleged copyright infringement, the identity of the parties involved, and to the question of who authorized the reproductions of the relevant elements of the works. While the Defendants had already produced a large volume of documents, the Court found they were very similar to one another and were only a partial answer to the request. The Defendants argued they were unable to locate the agreements relating to the distribution of the Film in Canada, which the Court held was highly improbable given the Defendants were sophisticated businesses in the film industry.

With respect to the documents sought reflecting the revenues generated, the Defendants produced a document that indicated a gross revenue only and argued that it was sufficient. The Court disagreed, noting that the documents sought were relevant to the issue of revenues generated by each of the named entities, and stated that it would be highly improbable that such documents did not exist, given the nature of the Defendants' business and their sophistication.

With respect to the requested examinations, the Defendants argued that the Plaintiff was barred from examining individuals affiliated with Marvel because of its failure to examine Mr. Park. The Court held that position was unfounded and bordered on an abuse of procedure as the reason the examination did not occur was trivial and meaningless. The Court also noted that treating the situation as such would be overly formalistic and unreasonable. In coming to the determination to order the examinations, the Court noted the following: the communications from Plaintiff counsel made it clear that the Plaintiff was not renouncing the right to examine Mr. Park; the main considerations to take into account when determining whether to authorize examinations are the necessity and utility of the testimony of the proposed examinees and whether they will provide useful information on the issues being litigated; and the proposed examinees would likely be able to offer information relevant to the issues of how the costumes in the Films were conceived and who had access to the Lai brothers' work at Marvel.

22. AssessNet Inc. v. Taylor Leibow Inc., [2023 ONCA 577](#)

Overview:

Appeal from an order dismissing the Appellant's action under the *Bankruptcy and Insolvency Act* (the "*BIA*") as statute-barred under the *Limitations Act*.

Background:

The Appellant, AssessNet Inc. ("**AssessNet**"), a medical assessment services company, was a creditor of Lucio Anthony Ferro, who was the principal of a personal injury law firm for which AssessNet supplied medical reports for the firm's clients. Mr. Ferro made an assignment in bankruptcy in March of 2015 and died in June of that year. Mr. Ferro's associate, Jane Poproski, managed the client files and operated the law firm's bank account during the bankruptcy, and his widow, Ellen Helden, continued to administer the non-client functions for the firm through her holding company.

The Respondent, Taylor Leibow Inc., was appointed as the bankruptcy trustee and obtained an order approving the sale of the law firm's client files in November of 2015. The files were sold to another firm for a percentage of the fees generated by the files. The Respondent, Julie Savage, was the licensed trustee with responsibility for the bankruptcy.

In 2018, three actions were commenced by AssessNet in its own name and at its own expense as a result of the various post-bankruptcy dealings after AssessNet obtained an order to do so pursuant to s. 38 of the *BIA*: an action for negligence, breach of fiduciary duty and unjust enrichment against Ms. Leibow and Ms. Savage (the “**Bankruptcy Trustee Action**”) and two actions against Ms. Poproski, her professional corporation, an associate lawyer, Ms. Helden and her holding company (the “**Firm Defendants**”), one of which was based on an assignment of a claim from Mr. Farro’s estate and the other which was based on assignments of claims from former clients of the firm with respect to alleged illegal billings. A fourth action for breach of copyright was brought by AssessNet against the Firm Defendants related to the medical reports AssessNet had prepared for the firm and its former clients,

In each of the four actions, the Defendants moved for summary dismissal on the ground that the action was statute-barred. All four motions were heard together. The motion judge granted summary judgment dismissing the Bankruptcy Trustee Action and the action related to the alleged illegal billings and permitted the other two actions to proceed.

With respect to the Bankruptcy Trustee Action, the motion judge accepted the evidence, which was uncontested, that the claims concerned the post-bankruptcy period between March and December 2015, which she treated as the presumptive dates of discovery of the claims, pursuant s. 5(2) of the *Limitations Act*. The motion judge held that the effect of s. 5(2) of the *Limitations Act* was that the onus was on the Plaintiff to show it lacked the requisite knowledge and ought not to have known the requisite facts prior to the expiration of the limitation period.

Decision:

The Court of Appeal for Ontario (with reasons handed down by Justice van Rensburg and Justices Huscroft and George in concurrence) allowed the appeal, holding the motion judge erred in her articulation and application of the burden of proof, which she reversed, and in failing to consider the limitation period within the bankruptcy context, and failed to make the necessary findings of fact with respect to the limitations period defence.

Section 5 of the *Limitations Act* sets out the relevant principles of discoverability of a claim generally, while s. 12 sets out principles of discoverability when a claim is commenced by a successor, and is applicable to the determination of when a limitation period has expired where a claim has been assigned under s. 38 of the *BIA*. According to the Court, a plaintiff’s onus under s. 5(2) of the *Limitations Act* is to rebut the presumption under s. 5(1) that it had knowledge of the claim “on the day the act or omission on which the claim is based took place”, after which the burden shifts to the defendants. The Court noted the motion judge appeared to have accepted that AssessNet rebutted the presumption, as it went on to consider the date of AssessNet’s actual knowledge under s. 5(1)(a) and the date on which a reasonable person with similar abilities and circumstances ought to have known of the claim under s. 5(1)(b). However, The Court did not treat the inquiries separately, and determined that AssessNet would need to satisfy the Court that a reasonable person with the same abilities and in the same circumstances would not have reasonably known of some ensuing injury, loss or damage prior to the expiration of the limitation period.

The Court held that AssessNet discharged its onus when it was established that it and its predecessor in right did not know about the claim between March and December of 2015, and that the onus then fell on the Respondents to prove, under s. 12 of the *Limitations Act*, that AssessNet or its predecessor knew or ought reasonably to have known of the acts or omissions

that formed the basis of the claim at least two years before the action was commenced. The Court also noted that while the motion judge recognized AssessNet's claim was in respect of loss or damage to the bankrupt estate, and that the claim was acquired by assignment from the replacement trustee, its analysis of the limitation period defence did not address the issues under s. 12 as required, or take into consideration that AssessNet was only entitled to pursue the bankrupt's claim after it obtained orders under ss. 30 and 215 of the *BIA* (for assigning a claim and granting leave to sue a trustee, respectively).

Other – self-represented copyright litigants alleging bias against the court

23. *Johnson v. Canadian Tennis Association*, [2023 FC 483](#)

Overview:

In this decision, the Federal Court dismissed an appeal from an associate judge's decision that denied a motion for various reliefs relating to the discovery stage in a copyright infringement action against several defendants. In dismissing the Plaintiff's appeal, the Court considered the role of the case management judge and the principle of proportionality in litigation.

Background:

The Plaintiff, a self-represented litigant and photographer, commenced an action alleging copyright infringement for the use of his photographs against the Defendants, who are the Canadian Tennis Association ("Tennis Canada") and four professional tennis players: Milos Raonic, Genie Bouchard, Denis Shapovalov and Felix Auger-Aliassime. The Plaintiff claimed that the Defendants posted his photographs on their official websites and social media accounts without his permission or compensation.

The Plaintiff brought a motion under Rules 51 and 369 of the Federal Courts Rules, appealing a decision dismissing the Plaintiff's request for leave to conduct oral examinations of two defendants in response to their alleged refusals to comply with previous orders, sanctions against two other Defendants for alleged non-compliance with previous orders, and leave to examine three non-parties for discovery.

Decision:

Justice Régimbald sitting in the Federal Court dismissed the Plaintiff's appeal, finding that the associate judge did not make any error of law or palpable and overriding error of fact in exercising her discretion to dismiss the plaintiff's motion. The Court upheld the associate judge's decision on each of the four requests made by the Plaintiff, for the following reasons:

(a) Leave to conduct oral examinations of the Defendants Felix Auger-Aliassime and Tennis Canada CEO and President Michael Downey in response to their refusals to comply with the orders (dismissed):

The Plaintiff had already served written examinations on those Defendants. Under Rules 234 and 235, a Plaintiff may examine an adverse party once, either by written or oral examination for discovery unless with consent or leave of the Court. The Plaintiff did not obtain consent or leave for oral examination, nor did he bring a motion under Rule 97 to compel an answer to a question if one was not responded or objected to. The Court held that the associate judge did not err in

refusing to grant leave to conduct oral examinations and the proper recourse would be to bring a motion under Rule 97(b) which the Plaintiff did not do.

(b) The Court to sanction the Defendant Milos Raonic for refusing to allow the plaintiff to examine him for discovery and for failing to comply with the order of June 20 (dismissed):

Mr. Raonic was granted leave to file a motion for summary judgment and did not have to take any steps until that motion was decided. In addition, the Court noted that the request to declare Mr. Raonic in contempt of an order of the Court was a serious matter requiring evidence, potentially a hearing and proof beyond a reasonable doubt, under Rules 466-470, which was not met in this case.

(c) The Court to sanction the Defendant Denis Shapovalov for failing to answer within the 30-day deadline written examination questions sent to him on September 19, and for failing to comply with the order of June 20:

Mr. Shapovalov brought a motion to strike some of the Plaintiff's questions sent for his examination, which suspended the Court Order of June 20, 2023, and therefore he was not in contempt of the Order.

(d) Leave to conduct examinations for discovery of non-parties Bernard Duchesneau, Jeff Donaldson, and Natan Levi, pursuant to Rules 233 and 238:

Dismissed for the simple reason that the three non-parties were not personally served and allowed to participate in the motion, as required under Rule 238(2). The Court noted that not only was a request for substitute or dispense of service never made, there was also no evidence that an attempt at service was made.

24. *Johnson v. Canadian Tennis Association*, [2023 FC 1605](#)

Overview:

In this decision, the Federal Court again dismissed the Plaintiff's appeal from the associate judge's decision dismissing the Plaintiff's motion for further examinations for discovery of two of the defendants. The Court rejected the Plaintiff's allegations of bias against the associate judge and found no palpable and overriding error in her decision. The Court also awarded costs against the Plaintiff for his abusive and frivolous conduct.

Background:

The Plaintiff, a self-represented litigant and photographer, commenced an action alleging copyright infringement for the use of his photographs against the Defendants, who are the Canadian Tennis Association and four professional tennis players.

In response to the Federal Court's earlier decision dismissing the Plaintiff's appeal seeking leave to conduct oral examinations (2023 FC 483), the Plaintiff brought a Rule 97(b) motion for leave to seek answers to questions arising from answers previously given by the two defendants on discovery. The associate judge granted the Plaintiff leave to bring such a motion, but cautioned him about the scope of follow-up questions and the serious costs consequences if his motion was abusive. The Plaintiff's motion record was 187 pages, with approximately 64 pages of questions.

The associate judge dismissed the Plaintiff's motion, finding that it was essentially an impermissible collateral attack on orders previously made that had not been appealed, and included follow-up questions that were largely irrelevant, abusive, or a variant of questions previously struck. The associate judge determined that an award of costs in the amount of \$2,000, payable forthwith, was justified under Rule 400 for the plaintiff's abusive and frivolous conduct.

Decision:

The Plaintiff appealed the associate judge's order alleging that she demonstrated bias and misapprehended the facts. Justice Turley sitting in the Federal Court dismissed the plaintiff's appeal, finding that he failed to meet the high threshold to rebut the presumption of judicial integrity and impartiality.

In assessing bias, the Court limited its assessment to the Plaintiff's assertions as they relate to disposition of this Rule 97(b) motion. The Court held that the fact that the associate judge may have attended the same law school as the two Defendants' counsel did not support the conclusion that she was biased, and that the Plaintiff's allegations of bias were essentially based on his disagreement with her findings. The Court also found no palpable and overriding error in the associate judge's decision and agreed that the Plaintiff's motion amounted to an impermissible collateral attack, an abuse of process, and an attempt to relitigate issues already decided.

The Court exercised its discretion to award costs against the Plaintiff in the amount of \$4,000, payable forthwith, for two main reasons: (i) the Plaintiff's unsupported allegations of bias and impropriety against the associate judge and the two defendants' counsel; and (ii) the Plaintiff's appeal was "frivolous, vexatious, and unnecessary".

On December 20, 2023, the Plaintiff commenced an appeal of this decision to the Federal Court of Appeal (Court File Number A-369-23).

25. *Tétreault v. Boisbriand (City)*, [2023 FC 168](#)

Overview:

In this decision, the Federal Court dismissed a motion by the Plaintiff to appeal an order of the case management judge that struck out his statement of claim in an action for copyright infringement and misappropriation of intellectual property. The Court also rejected the plaintiff's allegations of bias on the part of the case management judge and awarded costs to the defendants.

Background:

The Plaintiff, a self-represented urban planner, alleged that he was engaged by the defendant and conceived of a concept for a project based on the integration of agriculture into a mixed-use development projection land owned by the Defendant between 2009 and 2012. He claimed that he registered his work, comprised of 14 documents, with the Canadian Intellectual Property Office in 2019, and that the Defendants misappropriated his work and infringed his copyright by launching a similar project in 2019, with the support of the Defendant, City of Boisbriand. He sought \$24 million in damages, plus punitive damages and legal fees.

At the case management level, the Defendants each filed motions to strike the statement of claim, arguing that it disclosed no reasonable cause of action, was vague, confusing, and disproportionate, and constituted an abuse of process. The Plaintiff sought to serve an amended statement of claim, contained in three volumes totalling 1,656 pages, which the Defendants objected to. The case management judge dismissed the Plaintiff's motion to amend and granted the Defendants' motions to strike the statement of claim without leave to amend.

Decision:

The Plaintiff moved to appeal the order of the case management judge, and sought various forms of relief, including an extension of time, a suspension of the proceedings, permission to file a lengthy memorandum, a reversal of the order, a declaration that the order recognized his copyright, a consideration of the reasonable apprehension of bias, and costs.

Justice Rochester sitting in the Federal Court found that the plaintiff failed to identify any reviewable error on the part of the case management judge. The Court also found that the Plaintiff's allegations of bias were unfounded and did not rebut the strong presumption of judicial integrity and impartiality. The Court agreed with the case management judge's analysis that the Plaintiff did not allege what part of his alleged work had been reproduced by the Defendants and that he relied on an idea rather than the expression of an idea, which is not protected by copyright. The Court also agreed that the amended statement of claim was confusing, lengthy, difficult to follow, and neither reasonable nor proportional, and that the proposed amendments did not cure the deficiencies of the original statement of claim. The Court concluded that the Plaintiff's action for copyright infringement revealed no reasonable cause of action, was doomed to fail, and thus must be struck.

The Court also found that it was not in the interest of justice to grant an extension of time to the Plaintiff, who filed his notice of motion to appeal more than two months after the order was rendered, without a reasonable explanation for the delay or some merit to the appeal. The Court awarded costs to the defendants.

Other Copyright Cases

26. *Doan v. Canada*, [2023 FC 968](#) and *Doan v. Clearview Inc.*, [2023 FC 1612](#)

Overview:

In two distinct decisions, the Federal Court dismissed motions seeking certification of a proposed class proceeding concerning the Royal Canadian Mounted Police ("RCMP")'s involvement with Clearview AI ("Clearview"), a facial recognition technology company. The first motion was brought against Canada for the RCMP's involvement with Clearview, while the second motion was brought against Clearview directly. In both motions, the causes of action alleged included the allegation that Clearview's use of images scraped from the internet amounted to secondary infringement of copyright and violated moral rights of the individuals depicted in the images scraped from the internet.

Background:

In February 2020, the Privacy Commissioner of Canada and three provincial counterparts began investigating Clearview's activities and the RCMP's use of their services in Canada. In February 2021, they released a report stating that Clearview violated privacy laws by collecting, using, and disclosing personal information without proper control and for inappropriate purposes. In June 2021, the Privacy Commissioner submitted a Special Report to Parliament, concluding that the RCMP's collection of personal information from Clearview breached section 4 of the *Privacy Act*. Clearview ceased all activities in Canada in July 2020.

The Applicant, Ms. Doan, a photographer, claimed that Clearview collects, copies, stores, uses, discloses and sells personal biometric information, including facial photographs of residents and citizens without their knowledge or consent. By the RCMP becoming a client of Clearview, RCMP, as an agent of the federal Crown, willfully obtained access to and used Clearview's illicit database without assessing whether the tool was legal, thus, making the Crown liable for negligence, invasion of privacy, violation of section 8 of the *Canadian Charter of Rights and Freedoms*, and copyright and moral rights infringement under the *Copyright Act*.

In both motions, Ms. Doan proposed two Subclasses: (1) the Privacy Breach Class that includes all persons whose faces appear in the photographs collected by Clearview; and (2) the Copyright Infringement Class that includes all persons holding copyright and moral rights with respect to the collected photos. Clearview successfully moved to strike the Privacy Breach Class, leaving only the Copyright Infringement Class at issue in the second motion.

Decision - The First Motion (Class Action Against Canada):

Justice St-Louis sitting in the Federal Court dismissed the motion for certification, finding that none of the conditions in Rule 334.16(1) were satisfied:

- (1) Ms. Doan failed to plead material facts for the constituent elements of each cause of action raised, and thus, it was "plain and obvious" that the pleadings disclosed no reasonable cause of action. The Court also denied leave to amend the pleadings, as it found that the deficiencies were incurable.
- (2) Ms. Doan did not offer any means of identifying the Class Members whose photos were in the Clearview database at the relevant time, and thus an "identifiable class" could not be established.
- (3) Ms. Doan failed to show "some basis in fact" to support her core allegations underlying each of her 40 proposed common questions separated in three sections regarding Canada's vicarious liability towards her and the Class Members. Furthermore, it was not clear that the resolution of the common question in relation to the fault submitted was necessary to the resolution of each Class Member's claims, that the proposed questions make provision for variations in applicable law, and that each of them will benefit from the successful prosecution of the action.
- (4) A class proceeding was not a preferable procedure, as the common issues did not advance the claims of each Class Member, there was no evidence that any putative Class Member wished to pursue these claims on an individual basis or had already. Additionally, the Court found that claims related to investigations or searches conducted by the RCMP could be brought through Civilian Review and Complaints Commission for the RCMP or the Privacy Commissioner.

- (5) Ms. Doan was not an appropriate class representative, as she has not demonstrated a workable method of advancing the proceeding on behalf of the Class or for informing the millions of people she proposes to represent. She offered no facts about her motivation in bringing this case, no evidence that she has gauged the interest of any putative Class Member, or that she has engaged in the available administrative processes. Additionally, her uncertainty as to the facts alleged in her affidavit, calls into question her autonomy from her counsel, her credibility, and her ability to represent the millions of people on whose behalf she proposes to bring this case.

Decision - The Second Motion (Class Action Against Clearview):

Justice St-Louis sitting in the Federal Court dismissed the motion for certification as Ms. Doan failed to establish some basis in fact that there was an identifiable class of two or more persons. The Court took issue with her two suggested methods of identifying the class, namely by photo metadata and by query reports to Clearview. The Court held that first, Ms. Doan had not shown that Clearview either possessed or could in fact analyze the relevant metadata to identify the copyright data and the location data. Second, the Court rejected Ms. Doan's suggestion that people could query Clearview for a report on themselves or on somebody to find out if they were a member of the Class on the basis that it would transform Canada's opt-out class action scheme into an opt-in scheme.

27. Gestion WLKN inc. c. Savard, [2023 QCCQ 246](#)

Overview:

The Court of Québec (Civil Division) granted the Plaintiff's motion to strike out allegations and withdraw exhibits filed by the Defendant relating to settlement negotiations, finding that they were protected by settlement privilege and should be removed from the court file. The motion arose in the context of an action for copyright infringement.

Background:

The Plaintiff, Gestion WLKN inc. ("WLKN"), is a clothing company that brought an action for copyright infringement against the Defendant, Serge Savard, for \$20,000 in statutory damages and \$5,000 in damages for moral rights infringement. The action relates to products that were sold by the Defendant online.

In a statement filed by the Defendant, Savard referred to an email exchange between the parties' lawyers, in which he had offered to pay WLKN \$1,200 to settle the dispute, and WLKN had refused to accept anything less than \$10,000. Savard attached the emails as exhibits to his statement, which were marked *sous toutes réserves* (i.e., without prejudice).

WLKN brought a motion to strike out the paragraphs of Savard's statement that mentioned the settlement negotiations and to withdraw the email exhibits, arguing that they were covered by settlement privilege. Savard opposed the motion, claiming that the settlement privilege did not apply because he was alleging an abuse of process by WLKN.

Decision:

Justice Gosselin sitting in the Court of Québec (Civil Division) held that the conditions for settlement privilege were satisfied and ordered Savard to strike out the paragraphs of his statement that referred to the settlement negotiations, file a modified statement within 15 days of receiving the judgment, and refrain from including the impugned exhibits in future submissions.

28. *Vidéotron Ltée v. Konek Technologies Inc.*, [2023 FC 741](#)

Overview:

In this decision, the Federal Court granted an injunction prohibiting the Defendants from retransmitting TVA Sports channels and ordered the Defendants to pay \$553,000 in statutory damages. The Federal Court addressed issues including the application of section 31 of the *Copyright Act*, which allows certain forms of retransmission of television signals by a broadcasting distribution undertaking (BDU) without the consent of the copyright owner and where the section 31 exception does not apply, the extent of the copyright infringement and liability.

Background:

The Plaintiffs are subsidiaries of Quebecor Media Inc and operate in the broadcasting and cable television sectors. TVA Group is a producer and broadcaster that operates several television channels, including TVA and TVA Sports. Vidéotron is a telecommunications company that offers cable television services.

The Defendants developed an integrated technological solution for their hotel clients, which offers various functions including the retransmission of television channels in hotel rooms, using an internal network and boxes connected to the television in each room. The Defendants set up a hybrid corporate structure to benefit from the exemption set out in section 31 of the *Copyright Act*, which allows a broadcasting distribution undertaking (BDU) to retransmit the signal of certain television channels without the consent of the copyright owner. On February 3, 2021, the Canadian Radio-television and Telecommunications Commission (“CRTC”) approved their company, Hill Valley, as an exempt BDU under the Small BDU Order.

The Defendants have been broadcasting the TVA channels to their clients since July 2018, and the TVA Sports channels since March 2020, without having obtained the authorization of the Plaintiffs. The Plaintiffs brought an action in order to stop this retransmission and obtain damages. The Defendants argued that they were authorized to retransmit the TVA Sports channels under the regulatory framework flowing from the *Broadcasting Act*, and that the Plaintiffs had waived their rights by their conduct or statements.

Decision:

Justice Grammond sitting in the Federal Court granted an injunction prohibiting the retransmission of the TVA Sports channels and ordered the defendants to pay \$553,000 in statutory damages.

The Court made the following findings and conclusions:

- The Plaintiffs proved that they were the owners of the copyright in the works that were retransmitted by the Defendants, by relying on the presumptions established by sections

34.1(1)(b) and 34.1(2)(c) of the *Copyright Act*, which apply to the maker of a cinematographic work.

- The Plaintiffs did not have an obligation to license the Defendants to distribute the TVA Sports channels under the *Broadcasting Act* or its regulations. The Court found that the TVA Sports channels were discretionary services, which are normally negotiated between a BDU and a programming service and are provided under an agreement between the two parties.
- The Plaintiffs did not waive the assertion of their rights by their conduct or statements and hence were not estopped from asserting their rights. The Court found that the Defendants did not show that the Plaintiffs, through their representatives or employees, consented to the retransmission of the TVA Sports channels or committed to granting a licence to the defendants.
- The Court found that the Defendants could not rely on the exemption set out in section 31 of the *Copyright Act* for their infringement of copyright via retransmission of the TVA Sports channels, which are discretionary services not subject to section 31, and for their retransmission of the TVA channels prior to the CRTC approving their exemption on February 3, 2021. The Court further found that one Defendant, Jean-François Rousseau, incurred personal liability by personally taking the actions that constitute copyright infringement.
- The Court ordered an injunction prohibiting the retransmission of the TVA Sports channels, rather than specific programs, in light of section 39.1 of the *Copyright Act*. The Court awarded statutory damages in an amount of \$500 for each of the 1,090 TVA Sports programs that were retransmitted, for a total of \$545,000 and an amount of \$1 for each of the 8,000 TVA programs that were retransmitted before February 3, 2021, when Hill Valley became an exempt BDU, for a total of \$8,000.

29. *Vidéotron Ltée c. Technologies Konek Inc.*, [2023 CAF 92](#)

Overview:

In this decision, the Federal Court of Appeal considered whether the Federal Court erred in excluding one of the Respondents, Libéo Inc. (“Libéo”), from liability for copyright infringement on the basis that the conditions for lifting the corporate veil had not been satisfied. The FCA allowed the appeal, concluding that the FC erred in applying the legal framework of lifting the corporate veil to assess Libéo’s liability, instead of focusing on Libéo’s participation in the infringing conduct. The FCA held that Libéo was jointly and severally liable with the other respondents for copyright infringement in the retransmission of the appellants’ television stations TVA and TVA Sports.

Background:

The Appellants, Vidéotron Ltée (“Vidéotron”) and Groupe TVA inc. (“Groupe TVA”), own and operate several television stations, including TVA and TVA Sports, which they retransmit to their subscribers. The Respondents are three corporations (Technologies Konek inc. [“Konek”], Coopérative de câblodistribution Hill Valley [“Hill Valley”], and Libéo) and three individuals (Michaud, Bussière, and Rousseau) who are involved in the provision of television, internet, and Wi-Fi services to hotels using a device called the “Konek box”. The Konek box allows hotel guests

to access various television stations, including TVA and TVA Sports, through the internet. Konek was incorporated as part of a collaboration between the president of Libéo and Rousseau, and some components of the Konek box were designed by Libéo pursuant to an agreement with Konek. The Appellants sued the Respondents for copyright infringement, alleging that they communicated the Appellants' works to the public by telecommunication without authorization.

At first instance, the Respondents argued that their retransmission was exempted by section 31 of the *Copyright Act*. The parties agreed to proceed by way of summary trial and to limit the issues to the liability of the corporate Defendants (Konek, Hill Valley, and Libéo). The FC found Konek and Hill Valley jointly and severally liable for copyright infringement, but dismissed the claims against Libéo. The FC found that Libéo provided server hosting and Internet services to Konek and Hill Valley, and that Libéo was aware that the Konek box was intended to retransmit television stations, but concluded that this was insufficient to make Libéo liable for the content transmitted using the Konek boxes, citing sections 2.4(1)(b) and 31.1 of the *Copyright Act*. The FC also found that the Plaintiffs had not proven fraud, abuse of right or contravention of a rule of public order, and that therefore the conditions necessary to lift the corporate veil and thus make Libéo liable had not been met.

Decision:

Justice Boivin (with Justices Leblanc and Goyette in concurrence) sitting in the Federal Court of Appeal held that the FC erred in applying the test for lifting the corporate veil in determining the issue of Libéo's liability and, as a result, failed to properly consider the evidence of Libéo's direct involvement in the communication of the Appellants' works. On the basis of this evidence, the FCA concluded that Libéo was not a mere intermediary or agent that provided the means of telecommunication for another person, but rather a participant that received and retransmitted the Appellants' works through the internet, using its own infrastructure and equipment, including decoders rented from Vidéotron. The FCA also noted the close relationship between Libéo and Konek, as evidenced by their shared premises, personnel, and contracts. The FCA therefore held Libéo jointly and severally liable with Konek and Hill Valley for copyright infringement.

30. *Arc en ciel RH c. Services Swissnova Inc.*, [2023 QCCA 1151](#)

Overview:

The Québec Court of Appeal partially allowed an appeal by the creators and owners of a psychometric test, who sued their former distributors for copyright infringement, trademark infringement and unfair competition. With respect to the copyright claim, the QCCA held that the Appellants had the right to sue for copyright infringement, contrary to the trial judge's finding, because the psychometric test that they created was an original work that was not subject to the non-exclusive licence granted by the owner of the materials they used to create it. The QCCA awarded the Appellants \$20,000 in statutory damages for copyright infringement and nominal damages for trademark infringement, but dismissed the Appellants' claims for punitive damages and unfair competition, as well as the Respondents' cross-appeal on a procedural issue.

Background:

The Appellants developed a psychometric test, the Arc En Ciel Method ("AEC Method"), which assesses personality traits and is used in the human resources field. In developing the AEC

Method, the appellants used some questionnaires and materials owned by The Cleaver Company International (“Cleaver”) under a non-exclusive licence agreement. In 2006, the Appellants entered into an agreement with the Respondents to distribute the AEC Method in Québec and Ontario. In 2011, the parties agreed to market the AEC Method in Québec under a different name, the NOVA Profile. In 2014, the Appellants terminated the distribution agreement with the Respondents. The Respondents then created their own psychometric test, the NOVA Profile 2.0, which the Appellants alleged was a copy of the AEC Method. The Appellants filed a lawsuit in 2016, seeking an injunction and damages for copyright infringement, trademark infringement and unfair competition. The Respondents filed a counterclaim, seeking damages for breach of contract, abuse of process and misappropriation of their client list.

At first instance, the Court found that the elements of the AEC Method that were reproduced in the NOVA Profile 2.0 were licensed to the Appellants pursuant to the non-exclusive license between the Appellants and Cleaver, and therefore held that the Appellants did not have standing to sue for infringement with respect to these elements of the AEC Method. The Court accordingly dismissed the Appellants’ claim for copyright infringement. The Court also dismissed the Appellant’s claim for unfair competition, but found the Respondents liable for trademark infringement, and accordingly granted an injunction but did not award damages.

Decision:

Justice Lavallée (with Justices Dutil and Hamilton in concurrence) sitting in the Québec Court of Appeal disagreed with the trial judge’s conclusion that the Appellants lacked standing to sue for copyright infringement. The QCCA held that the AEC Method was an original work and the Appellants, as the authors, were the owners of the copyright in the AEC Method, and that the non-exclusive licence did not affect their right to sue for infringement. The QCCA awarded the Applicants \$20,000 in statutory damages.

The QCCA upheld the trial judge’s finding of trademark infringement, but held that the trial judge had erred in not awarding any damages to the Appellants, and awarded \$10,000 to the Appellants against the companies that marketed the NOVA Profile 2.0, on a joint and several basis. The QCCA declined to award punitive damages and dismissed the Appellants’ claim for unfair competition, as it found no evidence of any fault or prejudice caused by the Respondents’ conduct, other than the copyright and trademark violations. The QCCA also dismissed the Respondents’ cross-appeal, which challenged the trial judge’s decision to exclude some evidence of other psychometric tests available on the internet.

31. *Deslauriers c. Michaud*, [2023 QCCS 3340](#)

Overview:

In this decision, the Superior Court of Québec considered various claims relating to the Plaintiffs’ allegations that the Defendants’ digital learning portfolio for accounting students misappropriated the Plaintiffs’ unique teaching method, which was described in manuals published by the Plaintiffs. The claims included copyright infringement, plagiarism and reputational harm, and the Defendants counterclaimed for abuse of process and reputational harm. The Court dismissed the claims and counterclaims. With respect to copyright infringement, the Court held that the Defendants did not reproduce a substantial part of the Plaintiffs’ manuals, and that the ideas comprising the Plaintiffs’ teaching method were not protected by copyright.

Background:

The individual Plaintiff, Sylvie Deslauriers, is a retired professor of accounting at the Université du Québec à Trois-Rivières (UQTR) and a Chartered Professional Accountant (CPA). She has written several manuals for accounting students preparing for the Common Final Examination of CPA Canada, which she publishes through her company AB+ Publications inc. She claims to have developed a unique and original teaching method for accounting, which she calls the “Deslauriers Method”, and which she describes in her manuals.

The Defendants are professors of accounting at the Université du Québec à Rimouski (UQAR) and the Université du Québec à Chicoutimi (UQAC), who created a digital learning portfolio for accounting students (“Portfolio”), which they sold to the Québec Order of Chartered Professional Accountants in 2019. The Portfolio is an Excel file that allows students to track their progress, organize their notes, and self-evaluate their performance on case studies.

Deslauriers became aware of the Defendants’ Portfolio when she attended a conference given by them in Ottawa in May 2019. Following a series of correspondence relating to the Defendants’ Portfolio, Deslauriers and AB+ Publications inc. jointly initiated legal proceedings against the Defendants. The Plaintiffs allege that the Defendants infringed the Plaintiffs’ copyrights and Deslauriers’ moral rights, and made statements that harm Deslauriers’ reputation and professional integrity. The Defendants deny the plaintiffs’ allegations and counterclaim for abuse of process and reputational harm.

Decision:

Justice Bergeron sitting in the Superior Court of Québec dismissed all claims and counterclaims, and did not award costs to either party. With respect to copyright infringement, the Court noted that copyright only protects the expression of ideas in original works, and not the ideas themselves. In reaching its decision, the Court examined the impugned elements of the Defendants’ Portfolio and the relevant portions of the Plaintiffs’ manuals, and concluded that the Defendants’ Portfolio did not reproduce a substantial part of any original works of the Plaintiffs. The Court also found that the Defendants’ Portfolio was created independently of the Plaintiffs’ manuals or method.

32. *Dumouchel c. Nonveiller*, [2023 QCCQ 3453](#)

Overview:

In this decision, the Court of Québec (Small Claims Division) held that the Defendant was liable for copyright infringement because 16 photographs created by the Plaintiff were posted on a website operated by the defendant. The Plaintiff was awarded \$4,400 in statutory damages.

Background:

The Plaintiff, Jarold Dumouchel, discovered that 16 of his photographs appeared on the website 514Blog.ca, which featured articles written by students from McGill University. He contacted the phone number on the website and spoke to the Defendant, Ivan Nonveiller, who confirmed that the website belonged to him or his personal business, Media Rush. The Plaintiff sent a demand letter to the defendant, asking him to remove the photographs and to pay \$4,400. The Defendant removed the photographs but did not pay the Plaintiff.

Decision:

Justice Poirier sitting in the Court of Québec (Small Claims Division) found that the Plaintiff's photographs were original works protected by copyright and that their use on the website without his consent constituted a violation of his exclusive right to communicate his works to the public by telecommunication. The Court rejected the Defendant's argument that he was not the owner or responsible for the website, noting that he admitted to owning or managing the website, he had the power to remove the photographs, and his phone number was on the website.

The Court awarded the plaintiff \$4,400 in statutory damages, amounting to \$275 per photograph. In determining the quantum of damages, the Court noted that the website had a commercial purpose, even though it was not profitable, and that the Defendant was not acting in bad faith, but rather had failed to exercise due diligence.

33. *O'Hara c. 9017-0648 Québec inc.*, [2023 QCCQ 111](#)

Overview:

In this decision, the Court of Québec (Small Claims Division) found the Defendant liable for copyright infringement for reposting on social media three photographs that the Plaintiff had taken for a third party, who was mutual client of the Defendant. The Defendant posted the photographs on social media with tags identifying the Plaintiff and the Defendant. The Plaintiff claimed \$3000 in statutory damages, but was only awarded \$50.

Background:

The Plaintiff, Charles O'Hara, a professional photographer, was hired to take photographs of a renovation project that involved the Defendant's lighting services. The client purchased the right to publish the photographs from the Plaintiff and did so on its social media accounts, with tags that identified the Plaintiff as the photographer and the Defendant as one of the participants in the project. The tags notified the Defendant of the publication and a new employee of the Defendant decided to repost three of the photographs on the Defendant's Instagram and Facebook accounts, without seeking the Plaintiff's permission. After learning of this repost, the Plaintiff contacted the Defendant by email and the Defendant removed the photographs from its accounts within 37 minutes of receiving the email. In a correspondence sent to the Defendant, the Plaintiff demanded \$1,500 in damages, which the Defendant did not pay. The Plaintiff then filed a claim for copyright infringement seeking \$3,000 in statutory damages.

Decision:

Justice Lewis sitting in the Small Claims Division of the Court of Québec found that the Defendant had violated the Plaintiff's copyright by reproducing and publishing his photographs without his consent. The Court rejected the Defendant's argument that it should not be liable because it did not intend to infringe the Plaintiff's copyright and held that the intention of the infringer is irrelevant to the issue of whether copyright has been infringed.

The Court awarded the Plaintiff \$50 in statutory damages, rather than the \$3,000 claimed by the Plaintiff. The Court considered the following factors in determining the quantum of damages: the Defendant's good faith and prompt removal of the photographs, the Defendant's established practice of purchasing the rights to use photographs for promotional purposes, the typical amount

paid by the Defendant to acquire rights to use photographs in similar circumstances (between \$50 and \$185), and the short-lived nature of the infringement.

The Court also denied the Plaintiff's claim for costs, noting (in addition to factors considered above) the Plaintiff's exaggerated demand, uncompromising attitude toward the Defendant, and lack of financial loss.

34. *Desrosiers c. Institut de formation en zoothérapie appliquée (IFZA) inc.*, [2023 QCCQ 1523](#)

Overview:

The Court of Québec (Small Claims Division) found the Defendants liable for copyright infringement for reproducing two works comprising course materials created by the Plaintiff, and awarded the Plaintiff \$1,000 in statutory damages and \$700 in punitive damages.

Background: The Plaintiff, Audrey Desrosiers, worked as a contractual instructor from 2017 to 2020 for the corporate Defendant, Institut de formation en zoothérapie appliquée Inc. ("IFZA"), a training institute for animal-assisted therapy. She included a copyright notice on the course materials she created, which stated that the course materials belonged to her and IFZA and that they could not be reproduced or used without written authorization.

In 2020, the Plaintiff left IFZA due in part to a personal dispute with IFZA's founder, Frédérique Roussel, the individual Defendant. After the Plaintiff's departure, her course materials were re-used with minor changes and a different copyright notice. The Plaintiff became aware of this unauthorized use in April 2021 and filed an action for copyright infringement claiming \$5,000 in statutory damages, \$2,500 in damages for moral rights infringement, and \$1,000 in punitive damages.

Decision:

Justice Hamel sitting in the Small Claims Division of the Court of Québec found that the Defendants had infringed the Plaintiff's copyright by using her course materials without authorization in September and October 2020. Although the Plaintiff's claim included allegations of infringement during July 2020, the Court found that the evidence was insufficient to establish infringement for this period, in part because the Plaintiff was still working for IFZA at the time.

The Court found that the infringement was for a commercial purpose and awarded the Plaintiff \$1,000 in statutory damages, amounting to \$500 per work infringed. In assessing the quantum of damages, the Court noted that the course materials in issue were only outlines of the topics covered by the Plaintiff in her lectures, the Defendant had used them only once for each course, the Plaintiff had previously offered to sell her course materials to the Defendant for \$350 each, and the students paid \$350 for each course.

The Court also awarded the Plaintiff \$700 in punitive damages. The Court found that the infringement had been intentional, noting that there were only slight modifications to the course numbers and titles, and that the copyright notice had been changed to replace the Plaintiff's name with Frédérique Roussel. The Court stated that the purpose of punitive damages was to deter and denounce such conduct, and that the amount was reasonable and proportionate to the gravity of the infringement and the defendants' ability to pay.

35. *Nadeau Photo Solution c. Jacob*, [2023 QCCQ 1168](#)

Overview:

The Court of Québec (Small Claims Division) found the Defendant liable for copyright infringement for unauthorized use of certain photographs created by the Plaintiff and awarded the Plaintiff \$2,000 in damages, based on a contractual clause that stipulated this amount in case of unauthorized use of the photographs by the Defendant.

Background:

The Plaintiff, Nadeau Photo Solution s.e.n.c. (“NPS”), operates a professional photography studio and holds the copyright in the photographs it produces. The Defendant, Geneviève Jacob (“Jacob”), hired NPS to take photographs of her for personal use. She signed an agreement with NPS that recognized NPS’s ownership of the photographs and that required her to indemnify NPS for any unauthorized use of the photographs. The agreement specified that the damages for unauthorized use of the photographs would be \$2,000. Jacob used some of the photographs without NPS’s consent. NPS sought \$4,000 in damages.

Decision:

Justice Vaillant sitting in the Small Claims Division of the Court of Québec found that Jacob had infringed NPS’s copyright in the photographs and awarded NPS \$2,000 in damages as stipulated in the agreement, plus interest and costs.



Law Society
of Ontario

Barreau
de l'Ontario

TAB 6

27th Intellectual Property Law: The Year in Review

Indigenous Perspectives on the Intellectual Property Regime (PowerPoint)

Adam Williamson

Assembly of First Nations

Stuart Wuttke

Assembly of First Nations

January 22, 2024





LEGAL AFFAIRS

Indigenous Perspectives on the Intellectual Property Regime

28th Intellectual Property Law: The year in Review

January 22, 2024

1



LEGAL AFFAIRS

Introduction

- Indigenous Knowledge preserved in songs, oral stories, traditions, designs, medicines and ceremony generally fall outside the intellectual property regime.
- Indigenous knowledge have unknown creators, can be thousands of years old, and has been transmitted between generations.
- Indigenous innovations contain elements of a People's heritage, and they constantly evolve, are developed and recreated within the Indigenous nation.

2



LEGAL AFFAIRS

Traditional Cultural Expressions (TCEs)

- TCEs include a wide range of tangible, intangible and mixed forms of creative expression.
 - traditional music and songs;
 - stories and legends;
 - visual art (paintings);
 - traditional musical instruments;
 - handicrafts;
 - designs (embroidery, beadwork, etc);
 - performances of TCEs (dance, plays, etc); and
 - Indigenous words, names and symbols.

3



LEGAL AFFAIRS

Traditional Knowledge (TK)

- Generated, preserved and transmitted in a traditional and intergenerational context.
- Distinctive knowhow associated with an Indigenous People.
- Integral to the cultural identity of an Indigenous People.
- Rules relating to custodianship, guardianship, or collective ownership.
- Expressed formally or informally by customary or traditional practices, protocols or laws.

4



LEGAL AFFAIRS

Traditional Knowledge Associated with Genetic Resources

- Knowledge, innovations and practices relevant for the conservation and sustainable use of biological diversity.
- Traditional knowledge relevant to plant genetic resources for food and agriculture.
- Technologies involving genetic resources, seeds, and plants.
- Knowledge of the properties of fauna and flora.
- Knowledge of medicinal properties of biological resources.

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LEGAL AFFAIRS

Limitations in the Intellectual Property Regime

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LEGAL AFFAIRS

Limitations of Trademarks

- Originality: *trademark* protects only “new” or “original” works.
- Formalities: registration and renewal requirements attached to industrial designs and trademarks.
- Derivatives and Adaptations: may separately qualify for trademark protection as original works.

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LEGAL AFFAIRS

Limitations in Copyright

- Originality: copyright protects only “original” works.
- Ownership: copyright requires the identification of a known individual creator or creators.
- Fixation: intangible and oral expressions of culture, such as tales, dances or songs can only be protected if they are fixed in some form or media.
- Term of protection: Life of creator, plus 70 years.
- Exceptions: a work displayed in public may reproduced in photographs, drawings and in other ways without permission.

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LEGAL AFFAIRS

Gaps in IP Regime relating to Traditional Knowledge

- Subject matter not covered under existing IP law.
- TK is not considered novel.
- Protection does not extend to cumulative, collectively held and intergenerational TK.
- Right holders are not recognized, and First Nations beneficiaries excluded from the benefits of protection.
- Forms of use and other actions cannot be prevented.
- Absence of entitlement to obtain remuneration or other benefits.

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LEGAL AFFAIRS

Limitations in Patents

- Protection only where innovations are novel or new, inventive and have industrially applicable.
- Knowledge must be disclosed in patent application.
- Requires the naming of the inventor.
- Limited period of protection.

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LEGAL AFFAIRS

EMERGING ISSUES

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LEGAL AFFAIRS

Concept of Balancing Interests

- The concept of “balancing” envisions creating mutual advantages of holders of the subject of protection and the users, with the view to fostering innovation.
- The power to exclude others from use.
- Key Policy questions relating to Indigenous Peoples:
 - What level of protection should be conferred on innovators?
 - What level of protection is ideal?

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LEGAL AFFAIRS

Indigenous Peoples' Interests relating to IP

- Recognition of pre-existing Indigenous legal orders or traditions over their innovations.
- Indigenous Peoples require a different set of rights because of connection to collective culture, identity, and survival.
- Rights of Indigenous Peoples to control and safeguard their innovations.
- Rights of Indigenous Peoples to continue to use their TK and TCEs where it becomes public.
- Indigenous Peoples possess human and other rights over TK and TCEs, specifically where it is integral to customary laws, culture, language, religion, etc.

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LEGAL AFFAIRS

Concerns relating to the Public Domain

- TK and TCEs may contain Indigenous Peoples' customary laws, customs, ceremonies, world views that is integral to the collective's culture. It is difficult for these types of innovations to enter the public domain when it is so closely tied to a Nation's or group's identity.
- One element of Indigenous Peoples' opposition to the public domain centers on control.
- The challenge is to create space for an alternative to the public domain for TK and TCEs that is culturally appropriate and includes an alternative framework for the protection, use and sharing.

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LEGAL AFFAIRS

Exceptions

- Range from the need for availing knowledge for study and education, non-commercial uses, museums, and libraries.
- Exceptions are available for protection of public health and the environment; and diagnostic, therapeutic and surgical methods for the treatment of humans or animals.
- The exceptions in the IP regime can be balanced with a general exception for Indigenous Peoples to continue to preserve their collective's ability to maintain and recreate diverse content of TCEs and TK, as recognized in UNDRIP and other human rights instruments.

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LEGAL AFFAIRS

Tiered Approach to Copyright & Trademark?

- TK & TCEs can be divided into tiers:
 - Sacred;
 - Secret;
 - closely held;
 - widely held or defused; and
 - publicly available.
- A tiered approach for protection is more aligned to Indigenous Peoples' rights framework because it conceptually allows Indigenous Peoples to withhold TK and TCEs they consider sacred or more attached to spiritual purposes hence unfit to be made public.
- Indigenous Peoples themselves would decide which TK and TCE should fall under what category.

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LEGAL AFFAIRS AND JUSTICE

Mandatory Disclosures in Patents?

- The primary question related to GRs is whether patent law should include a new mandatory disclosure of origin requirement.
- Such a requirement would oblige the disclosure of certain information in applications where the subject matter or claimed invention uses or is based on GRs and associated TK of Indigenous Peoples.
- The information to be disclosed would include information about the country of origin or an Indigenous source of the GRs and associated TK.
- Evidence of access and benefit-sharing agreements.

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LEGAL AFFAIRS

HUMAN RIGHTS INTERSECTION

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LEGAL AFFAIRS

UN Declaration on the Rights of Indigenous Peoples

Art. 31

- Indigenous peoples have the right to maintain, control, protect and develop their ... traditional knowledge ... as well as the manifestations of their sciences, technologies and cultures, including human and genetic resources, seeds, medicines, knowledge of the properties of fauna and flora, oral traditions, literatures, designs, sports and traditional games and visual and performing arts. They also have the right to maintain, control, protect and develop their intellectual property over such ... traditional knowledge...

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LEGAL AFFAIRS

OAS Declaration on the Rights of Indigenous Peoples

Art. XXVIII(2)

- [I]ntellectual property of indigenous peoples includes, *inter alia*, traditional knowledge and traditional cultural expressions, including traditional knowledge associated with genetic resources, ancestral designs and procedures, cultural, artistic, spiritual, technological, and scientific expressions, tangible and intangible cultural heritage, as well as knowledge and developments of their own related to biodiversity and the utility and qualities of seeds, medicinal plants, flora, and fauna.

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LEGAL AFFAIRS AND JUSTICE

EMERGING CHALLENGES

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LEGAL AFFAIRS AND JUSTICE

Databases

- Databases contain comprehensive and detailed information on an extremely wide range of information.
- Artificial intelligence programs can search a multitude of databases, compile information and analyze data to fill gaps.
- Indigenous groups expressed reservations regarding the use of databases because they are concerned it would encourage free dissemination of the information contained within them.

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LEGAL AFFAIRS AND JUSTICE

Genetic Databases

- Genetic database contain detailed information of genetic data (genes, gene products, variants, phenotypes).
- Software enables genetic sequencing whereby users can retrieve genetic data, add genetic data and extract information from the data without the need of a biological sample.
- Use of databases can enable parties to skirt around benefit sharing agreements.

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LEGAL AFFAIRS AND JUSTICE

Synthetic alternatives

- Synthetic technologies allow humans to make precise alterations to the genes of organisms or providing alternatives to wildlife products.
- Synthetic alternatives are considered new inventions and would enable innovators to circumvent access and benefit sharing agreements.
- Indigenous Peoples are concerned about the potential impacts synthetic biology may have on the ecosystem and environment.

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LEGAL AFFAIRS AND JUSTICE

Thank you, Miigwech

Questions?



Law Society
of Ontario

Barreau
de l'Ontario

TAB 7

28th Intellectual Property Law: The Year in Review

**AI in an Intellectual Property Legal Practice
(PowerPoint)**

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University of Toronto

Eric Mayzel
Cassels Brock & Blackwell LLP

Stephanie Curcio
NLPatent

January 22, 2024



AI in an Intellectual Property Legal Practice

- Abdi Aidid, University of Toronto
- Eric Mayzel, Cassels Brock & Blackwell LLP
- Stephanie Curcio, NLPatent



Disclaimer

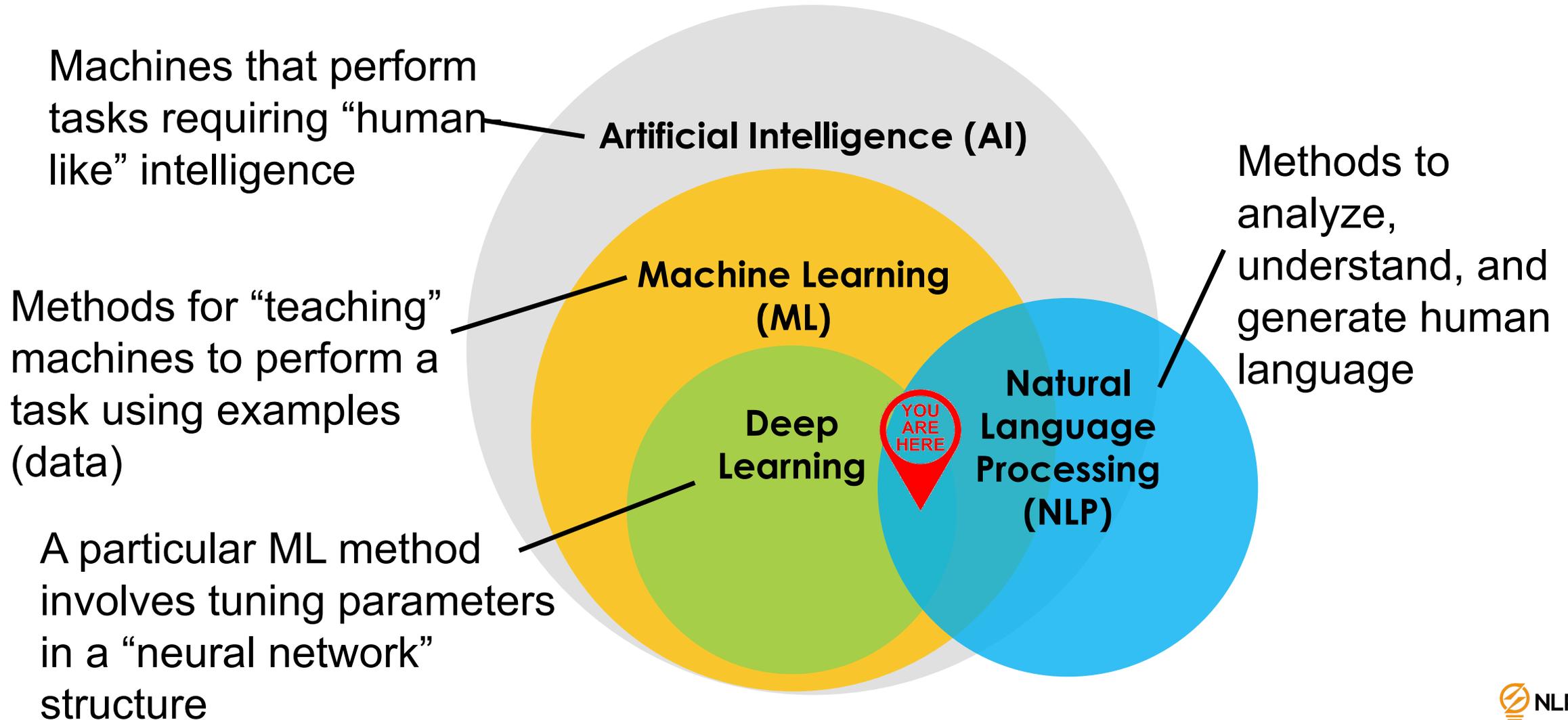
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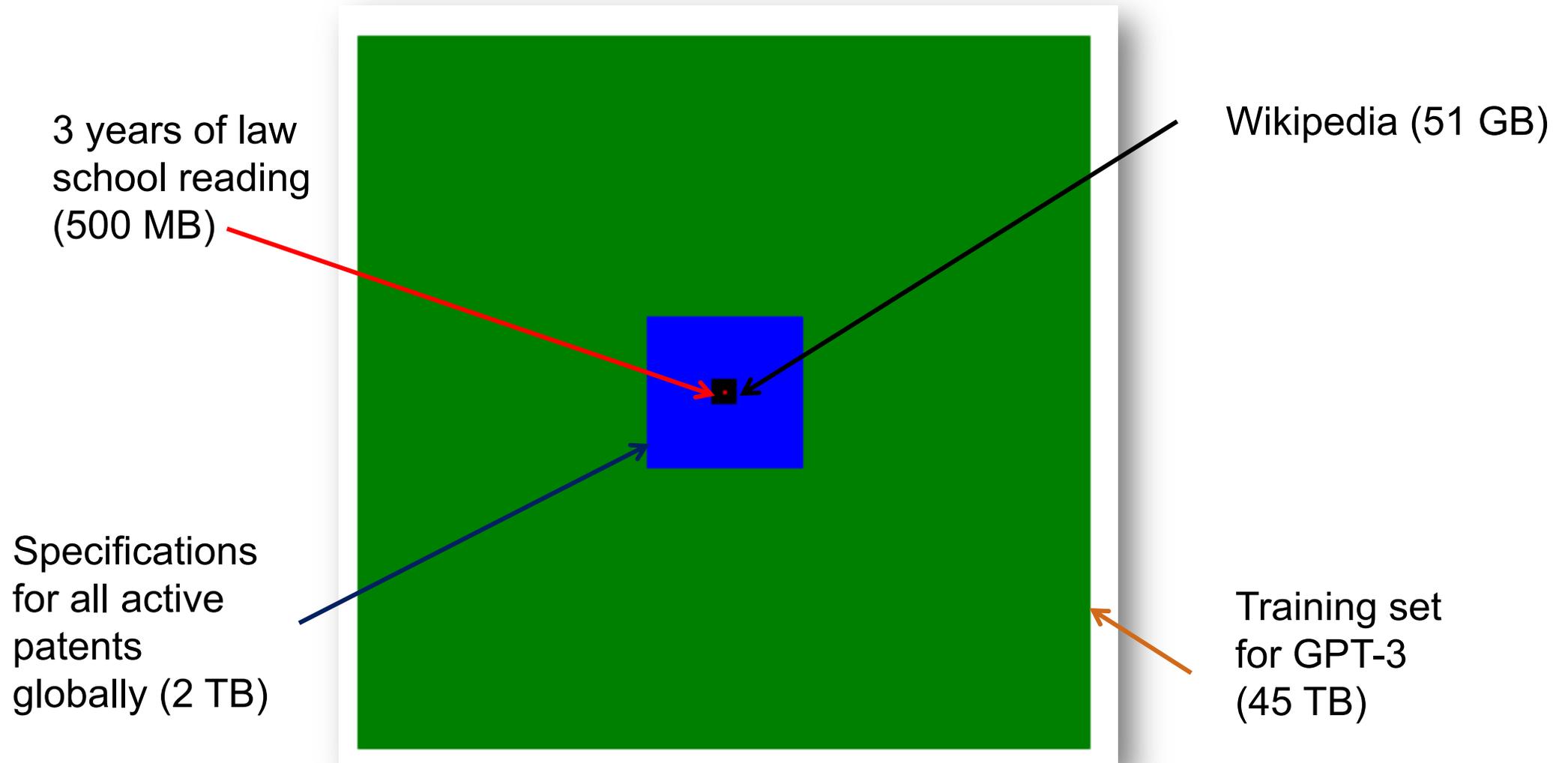
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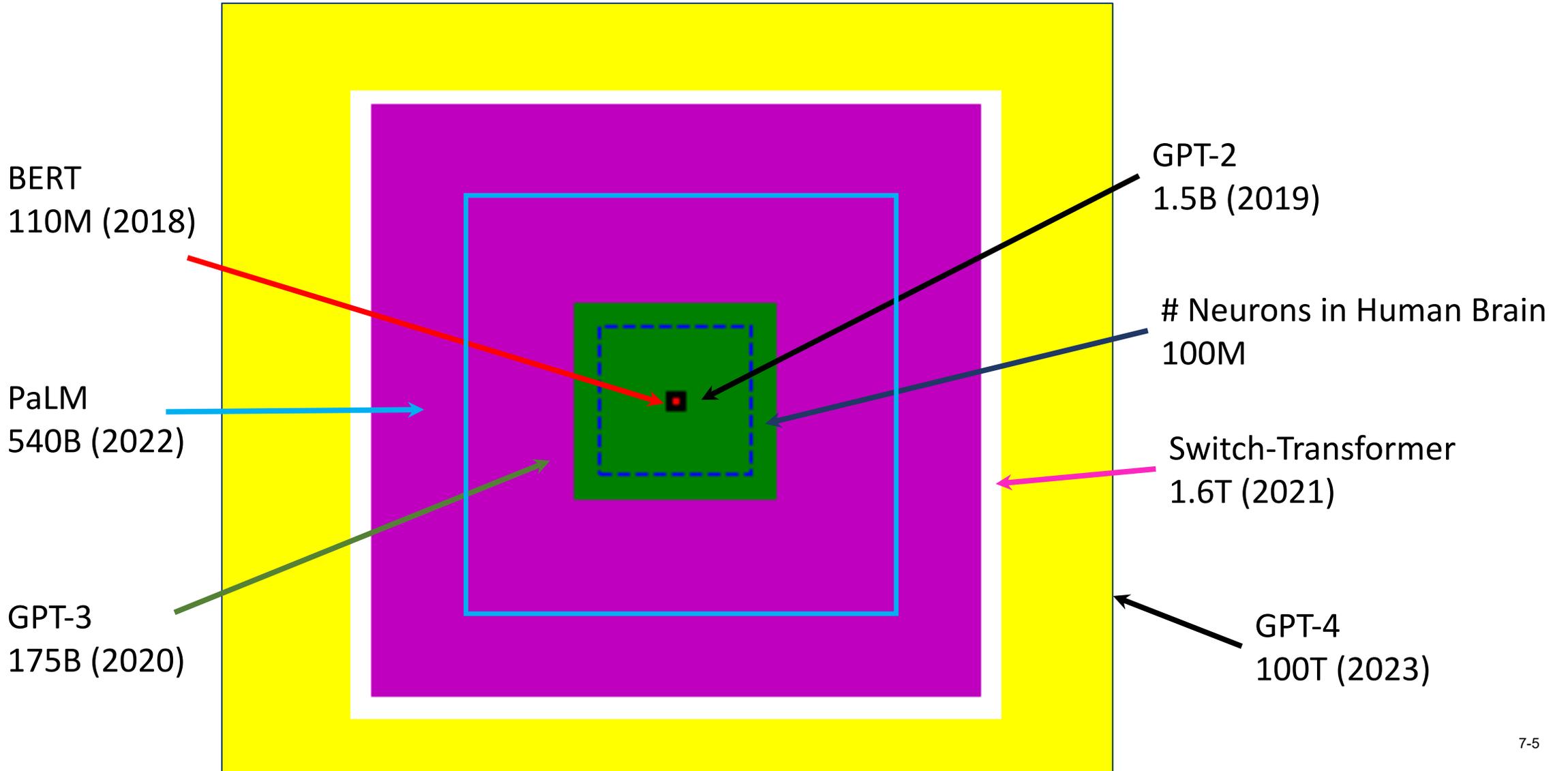
LLMs in an AI Landscape



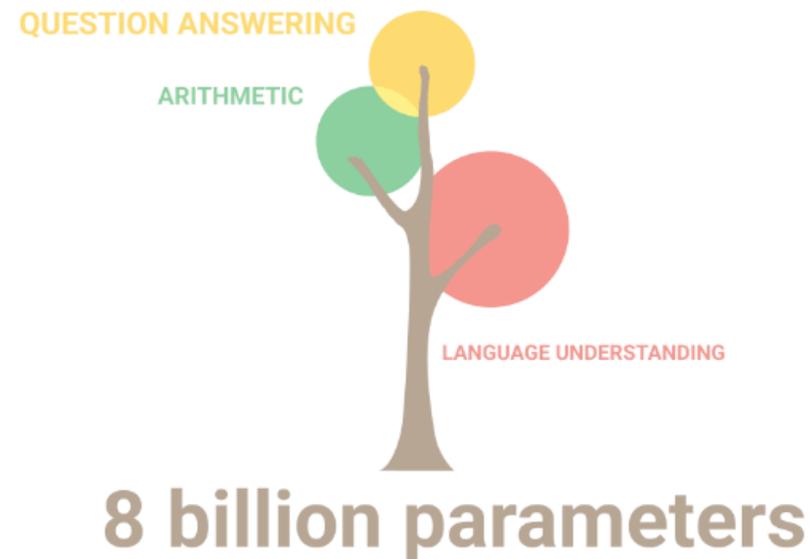
How *Large* is Large?



How *Large* is Large?



Emergent Behavior from Large Language Models



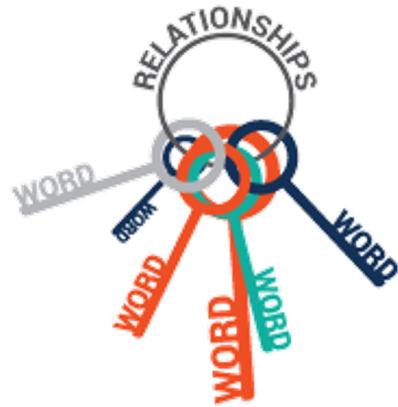
Pathways Language Model (PaLM): Scaling to 540 Billion Parameters for Breakthrough Performance

<https://ai.googleblog.com/2022/04/pathways-language-model-palm-scaling-to.html>

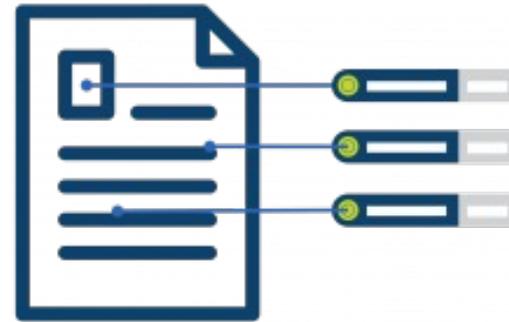
AI Tools for IP Practitioners

2

Semantic Search



Data Extraction



Prediction

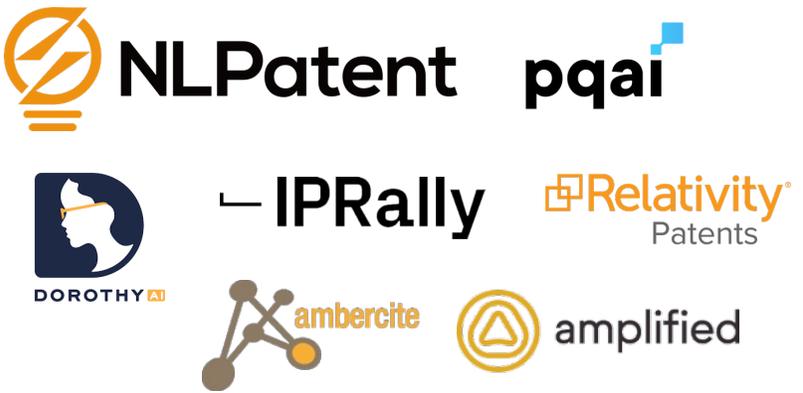


Language Generation



AI Applications for IP Practitioners – Patent Tech

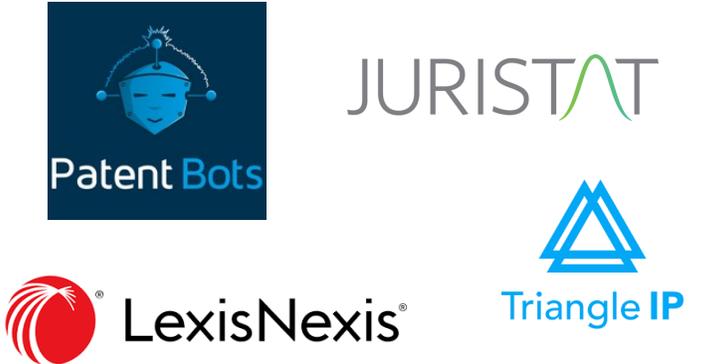
Semantic Search



Data Extraction



Prediction



Language Generation



Potential Benefits and Risks

Key Benefits

- Increased efficiency and productivity
- Corresponding cost-efficiencies
- Analysis and prediction

Key Risks and Considerations

- Inadequate supervision
- Protection of confidential information and data security
- Bias and discrimination



LSO Rules of Professional Conduct

Key Benefits

- Increased efficiency and productivity
- Corresponding cost-efficiencies
- Analysis and prediction
 - Rule 3.1 – Competence

Key Risks and Considerations

- Inadequate supervision
 - Rule 3.1 – Competence
 - Rule 6.1 – Supervision
 - Rule 5 – Relationship to Admin. of Justice
- Protection of confidential information and data security
 - Rule 3.3 - Confidentiality
- Bias and discrimination
 - Rule 6.3.1 - Discrimination

Benefits: Efficiency, Productivity, Cost-effectiveness

- Rule 3.1 – Competence
- 3.1-2: A lawyer shall perform any legal services undertaken on a client's behalf to the standard of a competent lawyer.
- "competent lawyer" means a lawyer who has and applies relevant knowledge, skills and attributes in a manner appropriate to each matter undertaken on behalf of a client including: ... (e) performing all functions conscientiously, diligently, and in a timely and cost- effective manner



Benefits: Efficiency, Productivity, Cost-effectiveness

- Commentary on r. 3.1: Lawyer should develop understanding of, and ability to use, technology relevant to the nature and area of their practice and responsibilities. (added June 2022)
- Required competence will depend on whether the use or understanding of the technology is necessary to lawyer's practice and readily available.
- *Arconti v. Smith*, 2020 ONSC 2782: ...“in 2020, use of readily available technology is part of the basic skillset required of civil litigators and courts.”



Benefits: Efficiency, Productivity, Cost-effectiveness

- Rule 3.6-1: A lawyer shall not charge or accept any amount for a fee or disbursement unless it is fair and reasonable and has been disclosed in a timely fashion.
- Computer-assisted research
 - *Cass v. 1410088 Ontario Inc.*, 2018 ONSC 6959
 - *Drummond v. Cadillac Fairview Corp.*, 2018 ONSC 5350 (rev'd other grounds)
- Technology-assisted review (TAR) of documents
 - *Bennett v. Bennett Environmental Inc.*, 2016 ONSC 503
 - *Commissioner of Competition v. Live Nation Entertainment, Inc et al*, 2018 CACT 17 (CanLII)





THERE WAS NO NEED FOR OUTSIDER OR THIRD PARTY RESEARCH. IF ARTIFICIAL INTELLIGENCE SOURCES WERE EMPLOYED, NO DOUBT COUNSEL'S PREPARATION TIME WOULD HAVE BEEN SIGNIFICANTLY REDUCED.

Cass v. 1410088 Ontario Inc., 2018 ONSC 6959

Risks: Supervision

- Rule 6.1-1: A lawyer shall in accordance with the by-laws (a) assume complete professional responsibility for their practice of law, and (b) directly supervise non-lawyers to whom particular tasks and functions are assigned.
- Content generated by AI should be examined for validity and accuracy by supervising lawyers.
- High-profile cases of lawyers filing submissions generated by AI that cited non-existent case law



Risks: Relationship to the Administration of Justice

- Rule 5.1-1: When acting as an advocate, a lawyer shall represent the client resolutely and honourably within the limits of the law while treating the tribunal with candour, fairness, courtesy, and respect.
- Federal Court of Canada
 - “Notice to the Parties and the Profession on the Use of Artificial Intelligence in Court Proceedings” (December 20, 2023).
 - “Interim Principles and Guidelines on the Court’s Use of Artificial Intelligence” (December 20, 2023).



Federal Court



Cour fédérale

NOTICE TO THE PARTIES AND THE PROFESSION
The Use of Artificial Intelligence in Court Proceedings
December 20, 2023

The Court expects parties to proceedings before the Court to inform it, and each other, if they have used artificial intelligence to create or generate new content in preparing a document filed with the Court. If any such content has been included in a document submitted to the Court by or on behalf of a party or a third-party participant (“intervener”), the first paragraph of the text in that document must disclose that AI has been used to create or generate that content.

This Notice requires counsel, parties, and interveners in legal proceedings at the Federal Court to make a Declaration for AI-generated content (the “Declaration”), and to consider certain principles (the “Principles”) when using AI to prepare documentation filed with the Court. The Court offers below an explanation of why the Declaration and Principles are in the interests of justice, the specific type of AI to which this Notice applies, and how the Court will update its approach to the use of AI at the Court in the future.



Risks: Confidentiality and Data Security

- Rule 3.3-1: A lawyer at all times shall hold in strict confidence all information concerning the business and affairs of the client acquired in the course of the professional relationship and shall not divulge any such information unless (a) expressly or impliedly authorized by the client; (b) required by law or by order of a tribunal of competent jurisdiction to do so; (c) required to provide the information to the Law Society; or (d) otherwise permitted by rules 3.3-2 to 3.3-6.
- AI tools may pose concerns re: inadvertent disclosure of information outside of a firm and outside of confidentiality screens within a firm.



What Happens to My Content?



Our Use of Content. We may use Content to provide, maintain, develop, and improve our Services, comply with applicable law, enforce our terms and policies, and keep our Services safe.

Opt Out. If you do not want us to use your Content to train our models, you can opt out by following the instructions in [this Help Center article](#). Please note that in some cases this may limit the ability of our Services to better address your specific use case.

What Happens to My Content?

TECH / ARTIFICIAL INTELLIGENCE

Zoom rewrites its policies to make clear that your videos aren't used to train AI tools



/ Zoom explicitly says that it won't use the content of your videoconferencing to train its AI models.

By [Jay Peters](#), a news editor who writes about technology, video games, and virtual worlds. He's submitted several accepted emoji proposals to the Unicode Consortium.

Aug 11, 2023, 1:06 PM EDT | [1 Comment](#) / [1 New](#)



What Happens to My Content?



What happens if I delete a search/project?

When you delete a search/project, all traces of that search/project are immediately removed from the NLPatent database. Historical snapshots of the data may be retained within database backups for up to 30 days, but after this period the backups are permanently deleted.

Does NLPatent share user or search data with any 3rd parties?

No, we will never share user or search data with any third party for any reason. All of the data you input into the platform will be private to you.

Risks: Bias and Discrimination

- Rule 6.3.1: A lawyer has a special responsibility to respect the requirements of human rights laws in force in Ontario and, specifically, to honour the obligation not to discriminate on the grounds of race, ancestry, place of origin, colour, ethnic origin, citizenship, creed, sex, sexual orientation, gender identity, gender expression, age, record of offences (as defined in the Ontario Human Rights Code), marital status, family status, or disability with respect to professional employment of other lawyers, articulated students, or any other person or in professional dealings with other licensees or any other person.

