

**CANADIAN DOMAIN NAME DISPUTE
RESOLUTION POLICY**

**UNDERSTANDING “BAD FAITH” UNDER
THE CANADIAN DOMAIN NAME DISPUTE
RESOLUTION POLICY**

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Those considering the initiation of a complaint under the Canadian Domain Name Dispute Resolution Policy [“CDRP”] should take note of the CDRP’s specific (and arguably more restrictive) definition of bad faith registration.

Background

The CDRP was created to “provide a quick and inexpensive resolution of *clear cases* of bad faith dot-ca domain name registrations” and it applies to all dot-ca domain name registrations. It shares a similar foundation with the Uniform Domain Name Dispute Resolution Policy [“UDRP”] which applies to all dot-com, dot-net, dot-org, dot-biz, dot-info, and dot-name domain name registrations, as well as to the top-level domains of some countries which have specifically adopted the UDRP (i.e. Venezuela and Panama among others). Under the UDRP and the CDRP, a complainant must establish all of the following three factors in order to successfully transfer or cancel a domain name:

1. The domain name is confusingly similar to a trademark in which the complainant has rights;
2. The domain name was registered in bad faith; and,
3. The registrant does not have a legitimate interest in the domain name.

However, important differences exist insofar as how the respective CDRP and UDRP policies address the criteria for establishing bad faith registration.

Whereas the UDRP provides a non-exhaustive list of four factors suggestive of bad faith, the CDRP’s interpretation is more restrictive. Unlike the UDRP, the CDRP does not include the circumstance where the domain name is used by the registrant to intentionally attempt to attract for financial gain, Internet users to the

Registrant’s web site or other on-line location, by creating a likelihood of confusion with the complainant’s mark as to the source, sponsorship, affiliation, or endorsement of the registrant’s web site or location or of a product or service on the registrant’s web site or location. More importantly, unlike the UDRP, the CDRP also does not define bad faith as “including a general, ordinary language meaning of bad faith” (see *Microsoft* decision, *infra*). Furthermore, while “the [r]egistrant’s knowing creation of likely trademark or trade name confusion with the registered domain name” qualifies as an instance of “bad faith” under the UDRP, it does not qualify as an instance of “bad faith” under the CDRP (see *Microsoft* decision, *infra*).

Under the CDRP, bad faith registration will be found if, and only if,

- the registrant registered the domain name, or acquired the registration, primarily for the purpose of selling, renting, licensing or otherwise transferring the registration to the complainant, or the complainant’s licensor or licensee of the mark, or to a competitor of the complainant or the licensee or licensor for valuable consideration in excess of the registrant’s actual costs in registering the domain name, or acquiring the registration;
- the registrant registered the domain name or acquired the registration in order to prevent the complainant, or the complainant’s licensor or licensee of the mark, from registering the mark as a domain name, provided that the registrant, alone or in con-

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cert with one or more additional persons has engaged in a pattern of registering domain names in order to prevent persons who have rights in marks from registering the marks as domain names; or

- the registrant registered the domain name or acquired the registration primarily for the purpose of disrupting the business of the complainant, or the complainant's licensor or licensee of the mark, who is a competitor of the registrant.

Failure to appreciate the differences can have unfortunate consequences, as illustrated in the recent decision of a dispute between the U.S. based Microsoft Corporation ["Microsoft"], and the Canadian company, Microscience Corporation ["Microscience"], involving the domain name MSNSEARCH.CA (Dispute Number: 00034, July 19, 2004).

While Microsoft as the complainant, successfully established that the subject domain name was confusingly similar to marks in which Microsoft had established rights, it failed to provide evidence which would allow the Panel to conclude that the subject domain name had been registered in bad faith in accordance with the terms of the CDRP. In particular, Microsoft based its allegation of bad faith registration on the notoriety of its MSN trademarks at the time of registration of the subject domain name, and relied upon the inference that the Registrant, Microscience, should have known that its use of the subject domain name would inevitably lead to confusion. Under the UDRP, such an inference could establish bad faith, but not under the CDRP. Rather, the Panel expressly noted the CDRP's very restrictive definition of bad faith and stated that there was no bad faith established in this case since:

- there was no evidence that the Registrant offered to sell the domain name to anyone;
- the Registrant's domain name would not block the Complainant from registering any of its marks; and,
- the Registrant and Complainant are not competitors.

As a result, the Panel rejected Microsoft's Complaint.

Added Hazard: Costs Against the Complainant

In the *Microsoft* decision, the Panel also considered whether the Complaint itself was brought in bad faith (which if established, could result in an order against the Complainant that it pay the Registrant costs of up to CA\$5,000.00).

The Panel considered that Microsoft had not brought its complaint unfairly or without color of right, concluding

that Microsoft had an honest belief in its right to object to the registration of the subject domain name, and that its "mistake was with respect to the 'law' embodied in the CIRA policy". As a result, the Panel did not award costs to the Registrant under the Policy.

Summary

Parties considering a complaint under the CDRP should be aware of the specific requirements of the CDRP, particularly as they relate to findings of bad faith registration. Failure to appreciate these requirements may result in an unsuccessful complaint or worse, an award of costs against the complainant.

CASE LAW COMMENTARY

GOOD NEWS FROM THE FEDERAL COURT WITH ITS SANCTIONING OF PHARMACEUTICAL "USE" CLAIMS

Lynn S. Cassan

For over a decade, the Canadian Patent Office has steadfastly refused claims for methods of medical treatment, but does accept pharmaceutical use claims which, in effect, mirror methods of medical treatment. Until recently, it has done so on the basis of its own decision in *Wayne State University* (1988), 22 C.P.R. (3d) 407 (P.A.B.) which purports to apply an earlier decision of the Supreme Court of Canada in *Shell Oil Co. v. Canada (Commr. of Patents)* (1982), 67 C.P.R. (2d) 1 (S.C.C.) holding that a new use for an old compound may be inventive and patentable. Thankfully, this practice of the Patent Office, to allow such "use" claims, has now been sanctioned by the Federal Court of Canada through its recent decision in *Merck & Co. v. Apotex Inc.* (2005), 41 C.P.R. (4th) 35 (F.C.T.D.). Interestingly, in its reasons, the Court acknowledges that its position is contrary to counterpart holdings of the Australian court and the U.K. Court of Appeal.

Merck & Co., as a patentee, brought an application to the Court for an order prohibiting the Minister of Health from issuing a notice of compliance to Apotex in relation to its generic version of Merck & Co.'s patented osteoporosis drug alendronate. In the result, the Court held *inter alia* that each of the patent claims reproduced below falls within the meaning of "invention" under the *Patent Act*.

The Court held the following claims to be statutory under Canadian law:

"use of"-type claim:

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Claim 35: Use of alendronate monosodium trihydrate in the manufacture of a medicament for treating osteoporosis in a human wherein said medicament is adapted for oral administration as a unit dosage form comprising about 70 mg on an alendronic acid active basis according to a continuous schedule having a once-weekly dosing interval.

"composition x useful for"-type claim:

Claim 87: A pharmaceutical composition useful for treating osteoporosis in a human comprising a pharmaceutically effective amount of alendronate monosodium trihydrate in association with a pharmaceutically acceptable carrier wherein said alendronate monosodium trihydrate is adapted for oral administration as a unit dosage form comprising about 70 mg on an alendronic acid active basis according to a continuous schedule having a once-weekly dosing interval.

"composition x for use in"-type claim:

Claim 139: Alendronate monosodium trihydrate for use in an orally administrable unit dosage form comprising about 70 mg on an alendronic acid active basis in treating osteoporosis in a human in accordance with a continuous schedule having a once-weekly dosing interval.

It is noteworthy that these claims focus on the dosage (viz. amount and interval); that is, where the point of the claimed invention resides. The use of oral bisphosphonates, including alendronate, to treat osteoporosis was old, but the use of a proportionally higher dose and frequency of dosing to meet the goal of reducing adverse gastrointestinal side effects, namely, 70 mg once per week, was new and non-obvious.

Apotex argued that these claims are just methods of medical treatment in disguise as they simply provide instructions to the physician to alter the dosage regime. To the contrary, Merck & Co. argued that where the claims of a patent have economic value in trade, industry and commerce and are distinguishable from the work of a physician which requires the exercise of specialized skill, such claims are taken out of the realm of non-statutory methods of medical treatment. Further, the "how" and "when" of administration is not specified by these claims which, instead, define new subject matter that a physician may choose to use in treating pa-

tients based on that physician's own skill and judgment. The Trial Division judge accepted Merck & Co.'s position and held the impugned claims to be statutory.

The result is that Canadian law relating to pharmaceutical inventions has become far more certain on this issue of patentability. In turn, when an Applicant receives an Examiner's Report rejecting claims as being directed to non-statutory methods of medical treatment, it may now be more confident when replacing such claims with allowable "use" claims.

FEDERAL COURT NEWS

THE NEW AGE OF ONLINE FILING

Lillian L. Camilleri

The Federal Court has recently instituted a pilot project which will allow the electronic filing of court documents in intellectual property matters. Cassan Maclean has registered for this service for the benefit of our litigation clients. The electronic filing system, which is administered through an external service provider, will permit Cassan Maclean to file most court documents electronically, and also to access all documents that have been so filed in matters handled by us. A major benefit of course, is the ability to file documents quickly in a cost effective and modern manner. We are very pleased to be on the cutting edge of this new revolution in court services.

PATENT LAW:

PATENTABLE "NEW USE" MUST NOT BE JUST A NEW DISCOVERY OF AN EFFECT/ ADVANTAGE OF AN OLD USE

Lynn S. Cassan

In a case one would have thought to be unnecessary, the Federal Court of Canada recently rendered a decision which confirms that even though a new use of an old product may be patentable, this necessarily excludes subject matter that simply points to a new realization (i.e. discovery) that an old use produces a particular effect. In the summary judgment application of *Calgon Carbon Corporation v. North Bay et al.* 41 C.P.R. (4th) 78 (F.C.T.D.) the Court held the Plaintiff's patent claims invalid because they defined a mere discovery.

The impugned patent claim was for a "method for the prevention of cryptosporidium oocysts comprising irradiating water with a continuous broad band of ultraviolet light in doses of from about 10 mJ/cm² to about 175

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mJ/cm²". The evidence showed that the same method, though not for the specific purpose of such prevention, was known and often used by third parties, prior to the priority date, for water treatment and the killing of bacteria and viruses. Although this old method was not known, prior to the priority date, to also be effective for the prevention of other organisms, such as crypto, it in fact was so effective because that lower dose of radiation used to kill bacteria and viruses was sufficient to disable the crypto to prevent its replication and, in turn, prevent disease. The patentee argued that such new knowledge of the fact of this effect was sufficient for patentability, whereas the defendant characterized the claimed method as a mere, non-patentable discovery of an advantage of an old method.

The patentee put forward a number of arguments, including an argument that such new knowledge was not only the key to patentability but also prevented the prior (known) method from anticipating due to its lack of such knowledge; however, the Court was not fooled and correctly recognized the claimed subject matter for what it is - a mere, non-patentable discovery. A previously unknown advantage of an old process or product is not, in and of itself, a patentable invention. Here, there was no subject matter capable of being patented. The prevention of crypto replication recited by the claimed method was not a new result, process, or product, all of which remained the same (i.e. old) irrespective that such prevention was previously undiscovered.

In other words, let it be clear, something (e.g. a process or product) that is fully within the public domain one day cannot be patented the next day just because someone realizes that another, previously unknown effect was being provided by it all along!

LEGAL SERVICES FOR THE SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT ("SR&ED") PROGRAM

P. Scott Maclean

We wish to draw to the attention of our many innovative technology development clients, the existence of new specialty legal services in Canada for the monitoring or administration of their efforts to obtain the *maximum* in SR&ED cash refunds or tax credits available.

Many of our clients already know that the Government of Canada, through its Canada Revenue Agency, may provide substantial cash refunds or tax credits to companies that develop new or improved products, processes or materials in their efforts to achieve a technological advantage. But many companies do not obtain the full extent of benefits available, or are not prepared to defend against possible government challenges to benefits obtained, until it is too late. The benefits of this

program, when fully utilized, can be substantial. For example, a Canadian controlled private corporation may earn up to 35% of the first \$2 mill. of qualified SR&ED expenditures in the form of an investment tax credit (ITC), and then up to 20% on further amounts. Other companies may not qualify for such credits, but may nevertheless substantially reduce taxes payable. Eligible work under the program is extensive and includes engineering, design, mathematical analysis, operations, research, computer programming, data collection, testing and psychological research where it meets the needs and supports basic or applied research, or experimentation.

We would be pleased to refer our clients to one of our associates to fully benefit from the SR&ED program. If further information is desired, please contact us for assistance.

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