Cassan Maclean
An Intellectual Property Law Firm

Patent + Trade Mark Agents
Barristers + Solicitors

401-80 Aberdeen Street
Ottawa, Ontario, Canada K1S 5R5
Phone: 613.238.6404 Fax: 613.230.8755

Spring 2006

pure•ip® news

Canada

!!!!! PATENT ALERT !!!!!

CORRECTIONS CAN NOW BE MADE TO REMEDY ERRONEOUS SMALL ENTITY PAYMENTS MADE IN THE PAST - BUT THE TIME TO DO SO IS STRICTLY LIMITED

Up to January 31, 2007 (ONLY!), all patentees and patent applicants in Canada have a time-limited opportunity to correct previously made small entity claims/ payments which were made in error i.e. where the smaller amount was paid but, on a learned interpretation of the meaning of "small entity" under the Patent Rules, it is realized that the applicant/patentee did not actually satisfy that definition of "small entity" at the relevant date(s). Among other requirements to be met, the remedial action to be taken involves submitting to the Patent Office all appropriate top-up payments which will then be considered, under the provisions of the applicable new legislation, to have been paid at the time they were due and thereby avoid a deemed abandonment/forfeiture of the application/patent.

Therefore, we strongly urge all patent applicants and patentees to review their complete payment history in Canada, from the time of filing their patent application in Canada (or PCT Receiving Office) through to February 1, 2006, to determine whether any small entity scale payment has ever been made in respect of such application or patent issued therefrom. If it has, then the status of the patent applicant at the filing date, and that of any subsequent assignee, should be carefully reviewed and assessed, bearing in mind that the definitions of "small entity" which have applied to date are very problematic in that the meaning of much of the criteria thereunder is unclear.

As a general rule, we recommend that top-up payments be made for all small entity payments made in the past, with the possible exception of those very narrow circumstances (being very rare cases in our experience) in which one can be fully satisfied that the particular "small entity" definition which is to be applied is actually met by the claimant as at the relevant date.

TRADE-MARKS

HEALTH CANADA'S NEW GUIDELINES LOOK ALIKE/SOUND ALIKE DRUG NAMES

Christopher T. Dejardin

In response to expressed safety concerns regarding medication errors resulting from look alike/sound alike ["LA/SA"] drug names, Canada's Health Products and Food Branch ["HPFB"] has released new guidelines for the assessment and approval of proposed drug names.

The guidelines, which took effect January 1, 2006, apply to all new drug submissions in respect of pharmaceutical preparations and biologics for human use, and require that all drug names tendered in association with new drug submissions be assessed for their potential to cause confusion with existing drug names. Where, in the opinion of HPFB, the new drug name is likely to cause confusion with an existing drug's generic or brand name, and such confusion may be likely to lead to harmful medication errors, approval of the drug submission will be withheld, or granted without the drug name.

This is an important development affecting trade-mark clearance and registration in Canada in that HPFB's new guidelines present a markedly different approach to the traditional assessment of confusion that is applied under the *Trade-Marks Act*. Under the *Act*, similar marks for pharmaceutical products may be permitted to coexist if the disorders and/or conditions the products are intended to treat differ. However, under the new guidelines, similar product names may be re-

"Health Canada Guidelines" continued on page 2

pure•ip® news

Spring 2006

!!!!!PATENT ALERT!!!!!.....1
Trade-marks.....1
Case Law Commentary.....2
Cassan Maclean News.....3
Patent Law.....3

© Canpatent Business Services, 2006

CASE LAW COMMENTARY

WAIT A MINUTE MR. POSTMAN! - NEW LAW CONCERNING OFFICIAL MARKS

Christopher T. Dejardin

In yet another decision which signals the increasing willingness of Canadian courts to limit the broad benefits conferred by ss.9(1)(n)(iii) of the *Trade-Marks Act* (the "*Act*"), the Federal Court of Canada has recently issued a decision which effectively restricts the granting of official marks to entities which are public authorities in Canada (*Canada Post Corporation* v. *United States Postal Service* (unreported, 2005 FC 1630)) ["*Canada Post Corporation*"].

Background

Those unfamiliar with official marks and the provisions of ss.9(1)(n)(iii), may not fully appreciate the controversy over this particular portion of Canadian legislation. In brief, controversy regarding the provisions of ss.9(1)(n)(iii) is due largely to the significant (and arguably overreaching) benefits afforded to owners of official marks. For example, unlike regular trade-marks, official marks may not be refused on grounds of descriptiveness or confusion. Official marks have an unlimited term, do not require renewal and are virtually unassailable. Finally, and perhaps most importantly, the *Act* effectively prohibits the subsequent adoption and use of any "regular" mark so nearly resembling the official mark as to be likely to be mistaken for it. Thus, traditional factors for determining confusion, such as the nature of the goods/services, business or channels of trade, do not apply.

The broad scope of protection that is afforded to official marks, and the relative ease with which official marks were granted, has led to a number of disputes and a growing body of jurisprudence as parties affected by official marks have sought ways in which to challenge them. These challenges have traditionally focused on the applicant's status as a "public authority" and over the years, have resulted in a number of restrictive refinements to the criteria required to establish "public authority" status.

The Decision

The recent decision of the Court in *Canada Post Corporation, supra*, follows an application for judicial review by Canada Post Corporation ["CPC"] of the decision of the Registrar to give public notice of the adoption and use of a number of official marks owned by the United States Postal Service ["USPS"] pursuant to ss. 9 (1)(n)(iii).

Subsection 9(1)(n)(iii) of the *Act* provides that:

"Mr. Postman" continued on page 4

"Health Canada Guidelines" continued from page 1

fused, irrespective of the differences in the nature of their intended use, particularly if confusion resulting from the similarity in the product names leads to potential harm to the consumer. In short, HPFB will consider not only the degree of visual and phonetic similarity of product names, but also the degree of health risk posed to a consumer that may result from the confusion.

In light of the foregoing, we are strongly recommending that a thorough trade-mark search be conducted prior to the adoption of any brand name/mark proposed for use in association with a prescription pharmaceutical product in Canada. Such a search should necessarily include a search of the list of drug names maintained by HPFB for the purposes of comparing phonetic and visual similarities and for assessing the degree of health risk that may arise out of confusion with an existing drug name. Where possible, proposed drug names should be cleared for use by HPFB before filing an application to register the drug name as a trade-mark in Canada. It is also recommended that applicants submit a list of two or more alternate drug names to Health Canada with their new drug submission.

Note that while the guidelines will initially apply only to pharmaceutical products, it is expected that HPFB will extend its name assessment and approval criteria to natural health products, medical devices, over the counter medicines and veterinary preparations in the near future. Accordingly, manufacturers of such products, including products which comprise a medical ingredient (i.e., medicated throat lozenges, antiperspirants containing aluminum hydroxide, etc...) should expand their brand name searching and evaluation processes accordingly.

For more information concerning the foregoing, please do not hesitate to contact us.

SEE YOU AT *INTA*!

CASSAN MACLEAN

will be sending a number of our trade-mark professionals, along with one or both of the partners, **Lynn S. Cassan** and **P. Scott MacLean**, to the *International Trade-marks Association Annual Meeting* in Toronto, Ontario, Canada from May 6 to 10th.

Please contact Heather L. Boyd at hboyd@cassanmaclean.com, if you would like to meet with us!

© Canpatent Business Services, 2006

PATENT LAW:

IS THERE A DUTY OF DISCLOSURE UNDER SUBSECTION 73(1) OF THE *PATENT ACT*?

Johanna I. Coutts

In light of a recent Federal Court of Appeal decision, *Pason Systems Corp.* v. *Varco Canada Limited (2006 FCA 100)*, patent applicants should be careful to ensure full compliance with Examiner requisitions for prior art made under ss. 73(1)(a) of the *Patent Act* [the *"Act"*].

The *Varco* case was a patent infringement action brought by Varco against Pason. Pason counterclaimed, alleging that Varco's patent was invalid and void.

In its counterclaim, Pason alleged that Varco violated ss.73(1)(a) of the *Act* in failing to reply in good faith to a requisition for prior art cited in respect of corresponding applications filed in Europe and the United States. Varco sought to strike the allegation from the counterclaim, arguing that an alleged misrepresentation during prosecution of a patent could not form the basis for a claim of invalidity.

Varco was successful in striking the counterclaim before the Federal Court, and Pason appealed to the Federal Court of Appeal.

In its decision, the Federal Court of Appeal noted that, since the addition of ss.73(1)(a) to the *Act*, there have been at least two cases where a patent was invalidated for failure to comply with ss.73(3), which provides for reinstatement of an abandoned patent upon payment of the required fees (see *Dutch Industries Ltd.* v. *Canada* (2003), 24 C.P.R. (4th) 157 (F.C.A.); leave to appeal refused (2003), 28 C.P.R. (4th) vii; and *Johnson & Johnson* v. *Boston Scientific Ltd*. (2005), 37 C.P.R. (4th) 385 (F.C.)). The Court concluded that it was an open question whether ss.73(1)(a) could be raised as a defense to infringement allegations. The Court of Appeal therefore overturned the Federal Court's decision, holding that Pason could file its counterclaim.

Of course, it should be noted that the Court has not yet ruled on the validity of Varco's patent. The Court of Appeal's decision is significant only in that the Court has recognized the possibility of invalidating a patent for failure to disclose prior art cited in foreign applications. It remains to be seen whether, and under what circumstances, the Court might invalidate a patent for failure to comply with ss.73(1). Would fraudulent intent or bad faith be required, or would an inadvertent failure to disclose be sufficient?

It is notable that under United States law, patent applicants have a strict duty to disclose to the U.S. Patent Office any information that may be material to patentability, including references cited in foreign applications (37 C.F.R. 1.56). The Examiner does not need to requisition disclosure; rather, the duty to disclose arises as soon as a patent application is filed. United States courts have long held that a bad faith or fraudulent failure to comply with this duty may result in invalidation of a patent. An attempt to read a similar duty of disclosure into Canadian law was made in the case of *Bourgault Industries Ltd.* v. *Flexi-Coil Ltd.* (1999), 86 C.P.R. (3d) 221 (F.C.A.); leave to appeal refused, (1999), 4 C.P.R.(4th) vii. In that case, the Federal Court of Appeal held that such a strict duty did not exist under the *Act*; where there was no Examiner requisition, there was no duty to disclose.

While there is still uncertainty as to how this area of law may develop, the Canadian Federal Court of Appeal has certainly raised the spectre of patent invalidation for failure to comply with Examiner requisitions for prior art under ss.73(1). Patent applicants would accordingly be well advised to make every effort to provide details of prior art cited in foreign applications to the Canadian Patent Office.

CASSAN MACLEAN NEWS

We are very pleased to welcome to our firm **Johanna I. Coutts**, who is a lawyer and registered Canadian patent and trade-mark agent. Johanna completed her articles with a national Canadian law firm, then practiced for several years with another intellectual property law boutique before joining our firm in 2006.

Johanna has a broad academic background; she graduated from McMaster University's Arts & Science Programme, an exclusive liberal arts programme that covers a wide variety of subjects including literature, physics and philosophy. After obtaining her Bachelor of Arts and Science, she went on to study law at McGill University, where she was awarded the Dean Ira MacKay Prize for outstanding achievement in torts.

Johanna's practice covers all aspects of intellectual property law, and she has significant experience in trade-mark, patent and industrial design prosecution before the Canadian and United States Patent, Design and Trademark Offices. Johanna has particular expertise in biochemical and chemical patents.

© Canpatent Business Services, 2006

"Mr. Postman" continued from page 2

> No person shall adopt in connection with a business, as a trade-mark or otherwise, any mark consisting of, or so nearly resembling as to be likely to be mistaken for,
>
> […]
>
> any badge, crest, emblem or mark
>
> […]
>
> adopted and used by any public authority, in Canada as an official mark for wares or services.

The Court examined the wording of ss.9(1)(n)(iii) in light of the earlier decision of the Federal Court of Appeal in *Ontario Assn. of Architects* v. *Assn. of Architectural Technologists of Ontario* (2002) 19 C.P.R. (4th) 417, which held that this subsection should not be given expansive meaning. In *Canada Post Corporation*, the Court noted that the inclusion of the comma between the terms "public authority" and "in Canada" in the English text, resulted in a somewhat ambiguous meaning in that it was not entirely clear whether the words "in Canada" were intended to modify the words "adopted and used" or the words "by any public authority". However, when the Court looked at the French text, which did not include the comma, the Court considered that it was the clear intention of Parliament, that the official mark "be adopted and used *by a public authority in Canada*". The Court came to its conclusion upon reviewing the legislative history of ss.9(1)(n)(iii) (which disclosed that the comma was not originally present in the legislation) and in applying the shared or common meaning rule (which holds that "where two versions of bilingual legislation do not say the same thing, the shared meaning, which is normally the narrower meaning, ought to be adopted"). Accordingly, the Court held that the narrower French version ought to be followed and that the provision should be read to limit the availability of official marks to public authorities in Canada.

The Court then considered whether USPS was a public authority in Canada. In considering the issue, the Court took note of the very substantial benefits conferred by ss.9(1)(n)(iii) that were not available to owners of "regular" trade-marks, benefits which exist only within the geographic confines of Canada. As a result, the Court surmised (arguably incorrectly) that "any injury that might be suffered by trade-mark owners and the public [as a result of the Registrar's decision to give notice of the adoption and use of an official mark], would be injury suffered by *Canadian* trade-mark owners and the *Canadian* public". The Court concluded that the public authority must be subject to governmental control within Canada (i.e., by a Canadian electorate) and that given the absence of evidence of such control over the activities of USPS, it did not qualify as a "public authority" for the purposes of ss.9(1)(n)(iii) of the *Act*.

Impact of the decision

Notwithstanding that the Court's decision has been appealed, the Trade-Marks Office has already issued a practice notice advising that as of February 1, 2006, entities applying for official marks are required to demonstrate that they are subject to governmental control within Canada. Moreover, while the Court did not comment on the impact of its decision on existing official marks owned by foreign entities, it is likely that the decision may limit the ability of such foreign owners to enforce rights to their official marks in Canada. Accordingly, it is recommended that foreign owners of official marks seek to secure "regular" registrations for those marks, in order to guard against any possible loss of rights resulting from the Court's decision.

Cassan Maclean

pure•**ip**® **An Intellectual Property Law Firm**

Patent + Trade Mark Agents
Barristers + Solicitors

Lynn S. Cassan	**lcasssan@cassanmaclean.com**
P. Scott Maclean	**smaclean@cassanmaclean.com**
Heather L. Boyd	**hboyd@cassanmaclean.com**
Arturo Brion	**abrion@cassanmaclean.com**
Lillian L. Camilleri	**lcamilleri@cassanmaclean.com**
Johanna I. Coutts	**jcoutts@cassanmaclean.com**
Christopher T. Dejardin	**cdejardin@cassanmaclean.com**
Jason Mueller-Neuhaus	**jmuellerneuhaus@ cassanmaclean.com**

We specialize in all areas of intellectual property law including patents, trademarks, industrial designs, copyright, plant breeders' rights and domain name issues, including prosecution and litigation.

The articles contained in this newsletter are of a general information nature only and are not intended to be, nor can they be construed as being, legal advice.

If you have any question or concern arising from this publication, or wish to enquire about our services, please contact us at:

Cassan Maclean
Suite 401, 80 Aberdeen Street
OTTAWA, ONTARIO
CANADA K1S 5R5
Phone: 613 • 238 • 6404
Fax: 613 • 230 • 8755
www.cassanmaclean.com

© Canpatent Business Services, 2006