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Canada

!!!! ALERT !!!!**IMPORTANT TIME DEADLINE UNDER
CANADIAN PATENT LAW**

We wish to alert you to an important and absolute deadline date for taking remedial action to correct improper small entity payments made in the past - **all such remedial action must be completed by 31 January, 2007 under the applicable legislation.** This legislation allows one to pay corrective "top-up fees" for a patent (or patent application) to avoid the effect of Canadian law which, otherwise, would deem it to be invalid, e.g. where the application for such patent, for any reason, was filed with an incorrect claim to small entity status.

**TRADE MARKS: EXTENSION-O-SAURUS REX***Christopher Dejardin*

1988- The Soviets pull out of Afghanistan, "The Cosby Show" continues its run at the top of the Nielsen[®] ratings, "Rain Man" wins the "Best Picture" at the Academy Awards[®] and Canadian trade-mark application 577367 for the VIVACOR covering "pharmaceutical preparations for the prevention and/or treatment of cardiovascular disorders" is allowed for registration.

Fast forward to 2006 and most of these events are but historical footnotes. But, lo and behold, that Canadian application remains pending. In a case that can only be described as highly unusual, the Canadian Trade-Marks Office has seen fit to grant the applicant 18 years of extensions in order to file its Declaration of Use.

Ordinarily, when a trade-mark application is allowed,

the Office will grant extensions of time in six-month increments for a period of up to three years following the initial deadline for filing the Declaration of Use, provided that the request is accompanied by reasons justifying the extension. However, upon the expiry of three years from the initial deadline the Office is to "require significant substantive reasons which clearly justify a further extension of time and which set out in detail the reason(s) why it is not yet possible to file a Declaration of Use". The determination of whether a reason is significant and substantive is decided on an individual basis by the Manager of the Declaration and Registration Section and the Assistant Director, Trade-Marks Branch.

Notwithstanding the stringent requirements for extensions of time beyond the initial three year period, the Office also grants extensions of time of one year where the request is based on a situation where the applicant requires a type of government approval before use of the trade-mark can begin. It seems that the grant of a one year extension only requires that the applicant furnish specifics of the government department from which the applicant is seeking approval.

This practice is, in the opinion of this writer, susceptible to abuse and may lead to significant prejudice of the rights of third parties seeking to register their marks. In particular, an allowed application may be cited against as a bar to registration of a later filed co-pending application notwithstanding the fact that the later-filed co-pending application may have an earlier use date. Moreover, once an application is allowed, it is effectively in legal limbo, as it is not possible to file an opposition to registration nor is it possible to initiate a cancellation action. Further compounding this problem is the fact that third parties cannot intervene in the Office's decision to grant an extension of time. The Office will not consider

correspondence filed by third parties in respect of the Office's decision to grant an extension of time to an applicant. This is because it would be contrary to Section 8 of the *Trade-Mark Regulations (1996)* which states that correspondence relating to the prosecution of an application for registration of a trade-mark shall be with the applicant or the applicant's agent.

While it is not disputed that the granting of an extension of time in which to file a declaration of use may be warranted in certain cases where the applicant requires government approval to begin use of its mark, the decision must still be balanced against the rights of others and the prejudice they may suffer as a result of the extension. In the circumstances, an eighteen year period of extensions seems overly excessive and highly prejudicial to the rights of others.



DOMAIN NAMES: *Wrigley Canada Inc. v. Brain Wave Holdings Inc. re: candystand.ca*
Lillian L. Camilleri

Recently, a decision was rendered in respect of a successful domain name complaint brought under the Canadian Internet Registration Authority ["CIRA"]'s Canadian Dispute Resolution Policy ["Policy"] in respect of the domain name *candystand.ca* (see CIRA Dispute No. 00064). The following serves to highlight some aspects of this decision which may be of note to domain name registrants seeking to file a Complaint under the Policy.

The Complainant was the Canadian licensee of the trade-mark CANDYSTAND which was owned by its US counterpart. The US counterpart owned the domain name, *candystand.com*, and operated a site accessible worldwide, including in Canada. The disputed domain name was *candystand.ca*.

To be successful, the Complainant needed to meet the test set out by Paragraph 3.1 of the Policy, namely, that:

3.1(a) the Registrant's dot-ca domain name is Confusingly Similar to a Mark in which Wrigley had Rights prior to the date of registration of the domain name and continues to have such Rights;

- (b) the Registrant has no legitimate interest in the domain name as described in paragraph 3.6; and,*
- (c) the Registrant has registered the domain name in bad faith as described in paragraph 3.7.*

Use of Mark with Services in Canada

The Panel, when considering whether the mark CANDYSTAND had been used by virtue of its display on the *candystand.com* web site, examined two separate questions. The first is whether the mark was used at all, and the second was whether the mark, if so used, was used in Canada.

In respect of the first question, the Panel held that to constitute "use" of the mark in association with the services in question, namely, "Providing a web-site containing articles, puzzles, games and activities of an educational nature intended for adults and children", there "*must be services actually performed and not the mere advertisement of services which are not actually performed.*" Upon consideration of the evidence tendered by the Complainant, the Panel found that "*The actual making available of games and educational activities and their actual use by visitors to the web site satisfies this aspect of the use requirement.*" Thus, the Panel seems to be advocating that use only occurs if there is both the making available of the services and the actual performance of the services.

However, the Panel's interpretation of the requirement for establishing use departs from the plain language of ss. 4(2) of the *Trade-marks Act* which states that "A trade-mark is deemed to be used in association with services if it is used or displayed in the performance or advertising of those services". A plain reading of this Section suggests that evidence of actual performance of the services is not required provided that the mark is displayed in association with the advertising of such services.

Interestingly, despite its statement that actual use is required, the Panel appears to have adopted a more liberal view of the sufficiency of evidence of such use. The Panel found that the making available of games and educational activities on the web site, combined with evidence of the number of visitors to the site (from which the Panel inferred that said visitors were taking part in or "using" the games and educational activities) was sufficient proof of use.

In respect of the second question, particularly, whether use of the mark was made in Canada, it is interesting to note that the Panel had no evidence that the services in question, while having been performed, were actually performed in Canada. However, the Panel accepted the Complainant's submission that one would expect the services were performed in Canada due to the large number of hits to the site (approximately four million unique users per month), of which some hits must be inferred to be from Canada-based visitors.

The Panel also found, in conformity with earlier decisions, that despite the likelihood that the computer hosting the candystand.com site was physically located in the United States, the fact that the images, processes (and by implication the mark) of the site would appear on a computer monitor located in Canada when the site was accessed by a Canadian user, was sufficient to establish use of the mark in Canada.

Finally, query whether the Panel's interpretation of use may be due to the nature of the services in question. Services available via the Internet, such as access to online games and educational activities, are generally not subject to any geographical restrictions (unlike online storefronts for example). Moreover, with such services, it is not usually possible to provide conclusive evidence of their actual performance, or of the location of their performance. Accordingly, while the Panel's findings regarding use should be of interest to other Registrants and Complainants, the findings in this decision may not apply to more traditional service situations such as restaurant services or other 'brick and mortar' type services.

Bad Faith of Known Domain Name Traders

Another notable finding in this decision was in respect of Sub-paragraph 3.1(b) of the Policy regarding the Registrant's bad faith.

The Panel held the fact that the Registrant was "an experienced trader in domain names" against it, and inferred that the Registrant likely knew of the candystand.com site as a result. The Panel stated, "*The fact that the CANDYSTAND mark had already been registered as a dot-com domain name would likely have alerted the Registrant to the probability the owner of the CANDYSTAND mark might well want to register it as a dot-ca domain name in the future.*" Query if this implies that the registration of

a dot-com domain name by a trade-mark owner necessarily allows that owner the first chance at obtaining the corresponding dot-ca domain name?



WE'VE MOVED!

Cassan Maclean has a new office - a beautiful brick house located in Ottawa's historic Centretown neighbourhood. We love the grand staircase, fireplaces and antique bathtub!

As it turns out, we have some illustrious predecessors. The house was built in 1896, and its first occupant was Lawrence Lambe, a renowned geologist and paleontologist. He discovered and documented various dinosaur fossils in Alberta, and even had a dinosaur named after him - the lambeosaurus!

Later, Frank Bronson lived there until his death in 1933. Frank was the a member of the rich and powerful Bronson family who were leaders in Ottawa's lumber industry during the 19th century.

We haven't actually seen any ghosts yet, but there are plenty of creaky floors and rattling pipes...



CASSAN MACLEAN NEWS

Congratulations to our colleague, **Jason Mueller-Neuhaus**, for successfully qualifying as a Canadian Patent Agent by passing the patent agent exams on his first attempt.



IP LICENSING: Clarification of Trustee's Rights for Bankrupt Contractor

Lynn S. Cassan

Contrary to the views expressed by a number of commentators in Canada on the subject of IP licensing, the Court of Appeal of the province of British Columbia, in the decision in *New Skeena Forest Products v. Donn Hull & Sons Contracting Ltd.* 74 D.L.R. (4th) 328 (2005), reviewed the scope of rights of a trustee in bankruptcy and concluded, in *obiter dictum*, that a trustee has a common law right to disclaim an executory contract (e.g. IP licence) of a bankrupt party unless such right is overridden by clear statutory authority. Previously, some commentators on the subject of IP licensing have expressed the opposite view, namely, that a trustee cannot disclaim a contract without specific statutory authority giving it such right and, absent such statutory right, can only avoid a contract by breaching it and, in turn, incurring liability for such breach in the form of damages and other remedies normally available for breach of contract.

Such a common law right of disclaimer on behalf of a bankrupt party is potentially more harmful to the other party or parties to a contract because it would eliminate any attendant liability on the part of the bankrupt party to pay for damages resulting from a breach of the contract. In turn, such a right serves to remove an important disincentive, to the bankrupt's representative, to choose to avoid the contract and shifts to parties having deals with entities who become bankrupt, a greater cost burden.

In view of this legal finding of a Canadian appellate court it would be prudent for parties negotiating IP agreements in Canada, to assume that a consequence of bankruptcy by any party is a risk that such agreement could be cut short during its term, without liability for any resultant damages or irreparable harm, by a disclaimer of the agreement on behalf of a bankrupt party.

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We specialize in all areas of intellectual property law including patents, trademarks, industrial design, copyright and domain name issues, including prosecution and litigation.

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