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Canada's Intellectual Property Framework: A Comparative Overview

IN THIS PAPER, I ATTEMPT TO SKETCH the current state of some of Canada's intellectual property (IP) laws, particularly on copyright, patents and trademarks.¹ These laws are compared with U.S., and occasionally other, laws, and conclude by suggesting some future developments and concerns.²

During this exercise, two questions persistently suggested themselves: (1) Are Canadian and U.S. laws really that far apart? (2) Could the differences be easily bridged?

The following analysis suggests that the answers to these questions are, respectively, (1) yes, and (2) no. In spite of the homogenizing tendency of recent international initiatives, Canadian and U.S. IP laws differ from one another as much as do their respective legal systems and economic and social policies. The IP legal divide could, no doubt, be narrowed. The United States has indeed narrowed it unilaterally in some fields (e.g. domain names) by imposing U.S. law and the jurisdiction of U.S. courts extraterritorially not only on disputes between Canadian and U.S. firms but also on disputes between Canadians.³ Apart from such aberrant behaviour, what measures would objectively be desirable for both countries, and, perhaps more to the point, what would be politically achievable, are questions that cannot be answered without considerable further research.

INTRODUCTION

OF CONSTITUTIONS AND JUSTIFICATIONS

WHY DO WE HAVE IP LAWS? Canada's basic law, the *Constitution Act*, is unenlightening, other than to emphasize the national importance of

“Copyrights” and “Patents of Invention and Discovery” by allocating to the federal parliament exclusive power to legislate about them.⁴ The U.S. Constitution is a little more forthcoming. It also allocates exclusive legislative power over copyrights and patents to the federal legislature, explicitly to “promote the Progress of Science and useful Arts”.⁵ On this theory, rewarding authors and inventors for their efforts is considered secondary; at least as important is “encourag[ing] others to build freely upon the ideas and information conveyed” by IP-protected material.⁶

In practice, however, much IP law and policy sits uneasily in either country with these sentiments. Instead, cruder, and theoretically less justifiable, notions — that creators of anything of value have a natural right to exploit it, or that those who sow should reap the full harvest to the exclusion of all others — seem to propel much lawmaking nationally and internationally.⁷

Trade-marks are not explicitly referred to in either Constitution. In Canada, Parliament can legislate for registered marks under its power to regulate trade and commerce, while provinces may protect peripheral IP such as unregistered marks and trade secrets under provincial laws, the common law or the law of delict.⁸ Similarly, in the United States, trade-marks used in interstate commerce fall under Congress’s power to “regulate commerce with foreign nations, and among the several States”.⁹ Such marks can be registered and protected federally, while local marks are protected under the common law¹⁰ and registration statutes of individual states.

Other laws such as constitutional guarantees of freedom of expression under the *Canadian Charter of Rights and Freedoms* of 1982 and provincial bills of rights may affect how far copyright and trade-mark owners may press their rights. Federal and state constitutional guarantees of free speech and against taking property without due process similarly affect the exercise of intellectual property rights (IPRs) in the United States.¹¹ So does the notion of state sovereign immunity, under which the U.S. Congress cannot unilaterally subject the states to IP laws. Thus, Florida has successfully pleaded sovereign immunity to a patent infringement suit brought against one of its state corporations.¹²

INTERNATIONAL TREATIES

IP LAWS ARE WRITTEN AGAINST A BACKDROP of multilateral international treaty obligations assumed since the late 19th century. These treaties effectively dictate the types and levels of protection that Canada must extend without discrimination to nationals from other adhering states. This position also holds true for the United States, which has, especially over the last two decades, led the field in promoting high, standardized international IP norms to further the economic interests of its industries.

The most important IP treaties to which Canada and the United States both currently adhere are:

- the *Paris Convention for the Protection of Industrial Property* of 1883, as revised up to 1971 (“Paris Convention”), mandating national treatment for patent, trade-mark and design rights;
- the *Berne Convention for the Protection of Literary and Artistic Works* of 1886, as revised up to 1971 (“Berne Convention”), mandating national treatment and high minimum standards of protection for copyright and moral rights, without registration or other formality;
- the *North American Free Trade Agreement* of 1992 (“NAFTA”), especially Chapter 17, mandating national treatment and high levels of protection for copyright, patents, trade-marks and other IPRs in Canada, the United States and Mexico; and
- the *Agreement on Trade-Related Aspects of Intellectual Property Rights* (“TRIPs”), annexed to the *World Trade Organization Agreement* of 1994 (“WTO Agreement”), mandating national and most-favoured nation treatment and high levels of protection for all IPRs globally.¹³

Canada also recently joined the *Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations* of 1961 (“Rome Convention”), a treaty which the United States has avoided in the past and which it will likely continue to avoid now that the Rome Convention is partly eclipsed by the more digital-friendly 1996 Performances and Phonograms Treaty of the World Intellectual Property Organization (“WIPO *Performances and Phonograms Treaty*”). Whether Canada will accede to the latter or its companion *WIPO Copyright Treaty* of 1996 is not a foregone conclusion. Canada has not acceded to various other IP treaties of which the United States is a member,¹⁴ presumably finding no clear balance of advantage for accession.

Of the treaties common to both countries, undoubtedly the most important regionally has been NAFTA, and the most important internationally has been the TRIPs Agreement. Besides imposing high levels of IP protection and enforcement and a framework for the progressive standardization of IP laws, these treaties also establish binding dispute settlement procedures, backed by trade sanctions in the event of non-compliance.¹⁵

National and Independent Treatment

IPRs are territorial in character but their scope is extended through the obligation of national and independent treatment commonly imposed by international treaties. *National treatment* requires a state to extend to nationals from

foreign states the same treatment as its own nationals receive. *Independent treatment* requires local treatment to be extended, however that item is treated elsewhere.

To take an example from copyright: If a U.S. national seeks to protect her copyright in Canada for a work, Canada does not usually care whether the work is in or out of copyright in the United States. If the work would have been protected if created by a Canadian national, it is equally protected when a U.S. national claims Canadian copyright.

It follows that U.S. firms may, through the exercise of their Canadian copyright, bar exports into Canada and may also stop local imitation of works that lack U.S. copyright protection. Canadian makers of similar non-copied items can recoup their sunk costs and any superprofit from the Canadian market and from other territories which recognize such copyrights, but must accept copiers and competition in the United States.¹⁶

Intellectual Property as Trade Barrier

A more common variant of the last example is the situation where an IPR is owned or controlled by the same entity in both jurisdictions. The owner may then use the IPR to create non-tariff trade barriers and to practice price discrimination by preventing parallel imports. For example, since a Canadian patent is separate and different from a U.S. patent, a patented product lawfully made in the United States cannot be exported to Canada for use or resale without infringing the Canadian patent. Canada reinforced this policy in 1997 by granting copyright-like rights to holders of sole Canadian book distribution contracts to prevent parallel imports. The use of IPRs to achieve such ends is clearly inconsistent with the notion of a single free market.¹⁷ Whether the strategic transfer and exercise of IPRs by affiliated corporations amounts to an unenforceable anti-competitive practice, as it may in the European Community, remains to be seen.¹⁸

MULTIPLE PROTECTION

AS IPRS HAVE PROLIFERATED AND EXPANDED, instances of multiple IP protection have increased.¹⁹ For example, a firm's logo may be registered or protected at common law as a trade-mark, a textile pattern may be registered as an industrial design, a computer program can be protected by a patent; yet, copyright protection for all three may be cumulatively available.²⁰ Patent and design right holders also strive to create trade-mark rights over aspects of their product and so as to lessen free competition on expiry of the patent or design registration.²¹ Plant breeders may acquire both patents and plant breeders rights over their new seeds and enforce the rights cumulatively, thereby circumventing any inconvenient user exemptions found in one Act but not the other.²²

IPRs are here treated like products in a supermarket: a shopper with enough money and information can acquire as many items as he wishes. Given that innovation levels are hardly enhanced by the prospect of adventitious multiple protections, the question may be asked whether this rule of *take as many as you can carry* should be replaced by a rule of *only one per customer*.

Sometimes IP legislation itself partly discourages multiple protections. Thus, the Canadian *Copyright Act* steers design features towards the *Industrial Design Act* and eliminates copyright protection for mass-produced designs.²³ It has also been suggested that it is “not the intention of Parliament (nor is it desirable) to interpret the *Patent Act* and the *Copyright Act* as to give overlapping protection.”²⁴ Were this logic applied to all IP laws, one could then match the new product or technology to the protective system that fits it best, and eliminate or minimize overlap except where the law explicitly authorizes it for a good reason. For example, seeking or obtaining an IP registration could bar reliance on any right that attaches without registration (e.g. copyright or common law trade-mark) and that substantially corresponds with the registered right, both during the pendency of the registration and also on its expiry.²⁵ The case law does not yet go this far in Canada or elsewhere.²⁶

LITIGATION

IN CANADA, IP LITIGATION TYPICALLY OCCURS in the Federal Court, but provincial courts exercise concurrent jurisdiction except to correct a federal register (for example, by expunging a trade-mark, patent or copyright registration) or to issue nationwide orders.²⁷ Appeals from the Trial Division of the Federal Court go to the Federal Court of Appeal; appeals from provincial trial courts go to the respective provincial appeal courts. A final appeal to the Supreme Court of Canada is available with leave of that Court. The Supreme Court is the final arbiter of all issues of federal and provincial statute and constitutional law, as well as of the civil law in Quebec and the common law in other provinces.

By contrast, in the United States the federal courts alone have jurisdiction over IP matters arising under federal statutes, but also often have concurrent jurisdiction over state claims. Indeed, much of the U.S. law on unfair competition, including infringement of common law trade-marks and of publicity rights for celebrities, was created and developed by the federal courts. But the interpretation of state law — common law and state legislation — is ultimately for each state to decide.²⁸ Federal courts (including the U.S. Supreme Court) cannot authoritatively tell a state what its common law is or what a state statute means, although they may invalidate or trim state law where it conflicts with the U.S. *Constitution* or an overriding federal law.

Interpreting U.S. federal law is even trickier than the counterpart exercise in Canada, for there is no single U.S. federal court of appeal.²⁹ Instead, the

United States is divided into 12 circuits, each with its own court of appeals, each entitled to reach an interpretation of federal law binding within the circuit, until corrected nationally by the U.S. Supreme Court if it decides to take an appeal. Some unity of interpretation exists in patent and trade-mark matters because the Court of Appeals for the Federal Circuit alone hears appeals from the U.S. Patent and Trademark Office and also from the federal trial courts in patent matters. But, on matters outside that court's purview, conflicting interpretations among the circuits is not uncommon.³⁰

COPYRIGHT

PRELIMINARY

CANADIAN AND U.S. COPYRIGHT LAWS are presently quite similar, despite developing along different paths since the 19th century to reflect each country's perception of its economic and political welfare.³¹ Thus, both countries treat copyright as personal property, capable of division, transfer, licensing or bequest, by territory or worldwide. Both protect expression only and leave a work's ideas free for all to use; both have equal difficulty in drawing the line between *ideas* and *expression*. Short of egregious anti-competitive behaviour, a copyright owner in either country may license or transfer the rights or not as he thinks fit, and at such prices as he thinks fit. Both countries have roughly comparable provisions on the core subject-matter they protect, on the need for the work to be fixed in some material form, on registration, on what rights copyright owners may exercise, and on remedies available for infringement.

Provisions on ownership, book distribution, user rights, and duration exhibit greater differences. For example, the rights held by sole book distributors to maintain their margins, by treating unauthorized parallel imports of books as copyright infringements, have no counterpart in U.S. law. Nor has the blank audio recording media levy, designed to compensate right holders for private audio recording.

Canadian law also encourages the formation of collecting societies to hold and collectively administer copyrights for the benefit of authors, right holders, performers and record companies. Thus, a single performing right society, SOCAN, administers musical performing rights, and a single reprographic collective, CANCOPY, issues and administers photocopying licences. The Copyright Board fixes rates for musical performing and telecommunication rights and for cable retransmission of television and radio programs, sets the blank audio recording media levy, and also sets rates in other cases where collecting societies cannot reach agreements with users. In so doing, the Board has clarified many important legal issues surrounding public performance and telecommunication

rights, including the liability of website operators and Internet service providers for distribution of music over the Internet.

SUBJECT-MATTER

Traditional Works

THE VAST MAJORITY OF ORIGINAL literary, artistic, dramatic and musical works and of compilations of any interest or value — all sorts of books, poems, anthologies, artwork, music, drama, computer programs, motion pictures, architecture — is protected by copyright in Canada, as it is in the United States.

However, the techniques for protection differ. In Canada, while the Berne Convention definition of “literary and artistic works” appears almost verbatim in the *Copyright Act*, the separate categories — literary work, artistic work, etc. — are defined and often sub-defined. One might expect the occasional item to fall between the cracks but this occurs rarely, partly because Parliament has progressively defined the categories more broadly and partly because courts interpret the categories liberally (more so than in the past). Thus, the courts protected computer programs as literary works well before the *Copyright Act* was amended to similar effect.³²

By contrast, in the United States, copyright protects all original “works of authorship”, giving some non-exhaustive Berne Convention-like illustrations. One might therefore expect more works to be protected in the United States than in Canada, because the whole — “original works of authorship” — looks greater than the sum of its parts.³³ In fact, the reverse is true: more works get protected — and more intensively — in Canada than in the United States. Whether this feature is the result of any conscious policy — and, if so, what the object of that policy might be — is an intriguing question.

Anomalies

The following anomalies are worth noting:

Blank Forms and Sports Schedules

Canada extends copyright to original blank forms — e.g. diaries; accounting, tax and order forms — either as literary works or compilations. To obtain protection, these items need not impart ideas, information or knowledge, so long as they “functionally assist[.], guid[e] or point[...] the way to some end.”³⁴ Similarly, original sports schedules are protected.³⁵

U.S. copyright law may, somewhat controversially, deny protection to “schedules of sporting events”,³⁶ as well as “[b]lank forms, such as time cards, graph paper, account books, diaries, bank checks, scorecards, address books,

report forms, order forms and the like, which are designed for recording information and do not in themselves convey information.” Whether protection is sought for individual forms as literary works or for a suite of forms as a compilation is apparently irrelevant.³⁷

Unauthorized Derivative Works

Derivative works — works that recast, transform or adapt a pre-existing work: e.g. translations, musical arrangements, dramatizations, film versions, abridgments — do not have their own special category in Canada, but are nevertheless protected if the resulting transformation of the source work is original.

In the United States, derivative works form a special category, in which copyright does not extend to “any part of the work in which [pre-existing] material has been used unlawfully”.³⁸ An unauthorized translation, condensation, or musical arrangement may thus lack copyright protection in that country.

Some thoughtless Canadian *dicta* parrot the U.S. position,³⁹ but the better view is that an unauthorized derivative work can have a Canadian copyright. The unauthorized work nevertheless remains at the mercy of the source work copyright owner, who can claim the usual infringement remedies against it.⁴⁰

Neighbouring Rights

Canada extends copyright protection to *non-traditional* matters: performers’ performances, sound recordings, and broadcasts. Internationally, these rights are classified as *neighbouring*, *related* or *entrepreneurial* rights rather than copyrights. Copyright, strictly speaking, applies only to traditional *works* and *authors*, who supposedly differ vocationally from those who perform, fix or distribute works.

Neighbouring rights typically depend on and flow from copyright and traditional works. Performers perform works, sound recorders record the performances, and broadcasters broadcast them. These performers’, recorders’ and broadcasters’ rights gained recognition much later than copyrights and are generally less intensive: their duration is shorter, they may not attract moral rights (although the *WIPO Performances and Phonograms Treaty* of 1996 would change that for performers), and they sometimes are rights to receive remuneration rather than full rights to bar exploitation altogether.

U.S. law protects sound recordings as traditional works (as, indeed, Canada did until 1997) but otherwise protects neighbouring rights in only one instance, to comply with the TRIPs Agreement: live musical performances cannot be fixed without authority.⁴¹ In the United States, unauthorized reproductions or fixations of broadcasts and non-musical performances are protected, if at all, only under state law.

Government Works

Works produced by federal, provincial and municipal government employees as part of their duties, and works “prepared or published by or under the direction or control of Her Majesty or any government department” are subject to copyright owned by the respective level of government. Some vague category of works falling under the ancient Crown prerogative to control printing also comes under perpetual federal or provincial government control.

The starting point in the United States is quite different. Since the late 19th century, U.S. courts firmly denied copyright to federal and state laws and court decisions as a matter of democratic public policy. Congress extended this policy by excluding from copyright all works produced by federal employees as part of their official duties.⁴²

In Canada, the idea that everything emanating from the legislative, judicial and executive arms of government can be used by the citizen only by leave — which, if granted, may be on such terms as the government thinks fit — is one of the less attractive relics of colonialism and monarchical government. State control through the mechanism of copyright may perhaps be justifiable for items such as the currency, postage stamps, admiralty charts and computer programs, but such control over the laws of the land (bills, statutes, regulations, decisions of courts and tribunals, etc.) and every government report and document — from a ministerial letter to a parking ticket — is surely indefensible in a modern democracy. Nor has the federal government been shy in asserting its rights, as when it closed down an unauthorized abridgment of a government publication, refusing to accept reasonable royalty payments in lieu.⁴³

Some leaven comes from the 1997 blanket permission issued by the Canadian government, allowing anyone to copy federal statutes and regulations, as well as the decisions of federal courts and tribunals, so long as the copy is accurate and is not held out as official.⁴⁴ Some provinces have followed suit, but these initiatives are no substitute for relinquishing government copyright altogether. To be morally justifiable, censorship should be exercised transparently under censorship laws, not through the guise of protecting or encouraging the literary creativity of the civil service.

Despite its different starting point, the U.S. position has, perhaps surprisingly, moved closer to the Canadian position in key respects. Thus, work produced by government employees may fall outside their official duties: the copyright in many public speeches and in private diaries, even those relating to public matters, may belong to the employee. The U.S. federal government may also hold or acquire copyright in works produced under procurement contracts. So a work that, if done in-house by federal officials, would have been open to all can, if outsourced, be enclosed by copyrights held by the government or the private sector.⁴⁵

This last development may spur the re-enclosure of public legislation that has been privately drafted. This phenomenon was hinted at in a Prince Edward Island case, where a person charged with violation of a provision of the National Fire Prevention Association Code was denied a copy of the document because of copyright *privileges* presumably asserted by the Association. While the defendant was given access to the Code in the fire marshal's office, the reviewing court was nevertheless critical of the government's attitude: it was "unreasonable for a public authority to inhibit access to the rule book by those persons who are expected to follow it", and the fire marshal's "copyright concern is an internal matter which should be remedied by the [provincial government] so that it does not in future adversely affect those whom it regulates."⁴⁶ The suggestion that reasonable access to the law involves an obligation to make copies of those laws freely available, whoever drafted them, has not been taken up. Thus, a non-profit informational U.S. website was recently barred from displaying an industry-drafted building code widely adopted by municipalities. The court which issued this order naively assumed that, without copyright, industry would lack any incentive to draft the standardized laws from which it benefited; "state and local governments would have to fill the void directly, resulting in increased governmental costs as well as loss of the consistency and quality to which standard codes aspire."⁴⁷ Along similar lines, the Los Angeles County is reported to have licensed the copyright in *its* jury instructions to other Californian courts for substantial royalty payments (\$2.5 million over ten years). The County has also denied other agencies, including the state's judicial council, the right to base state-wide model instructions on those of Los Angeles: the agencies have had to start their drafts from scratch.⁴⁸

Such a view of IP law would hardly have appealed to those 19th century U.S. courts that denied copyright on democratic public policy grounds to freelance court reporters and private sector law compilers alike.⁴⁹

ORIGINALITY

COPYRIGHT EXISTS IN TRADITIONAL works only if they are *original*⁵⁰ — a seemingly simple concept that, in practice, yields erratic results. For originality is really a proxy for answering the question: Has the author done enough to justify preventing the world from copying from his or her output for a century or more? What is *enough* varies among places and types of work. Canadian courts usually apply a very low threshold test of originality, perhaps partially to compensate for the lack of a common law tort of unfair competition or misappropriation. In this, they follow a consistent century-old line of U.K. case law: to be original, the work must emanate from the author, must not be copied from someone else, and must involve some undefinable quantum of time, labour,

skill and/or judgment. Novelty is unnecessary: two independently created works may each have copyright without mutually infringing.⁵¹

Under this test, short phrases (*Expo 86*)⁵² and titles (*The Man Who Broke the Bank at Monte Carlo*, or *The Guinness Book of Olympic Records*) are excluded from copyright; their protection is left to passing-off law.⁵³ Corporate logos involving quite modest artistic skill — the Motel 6 cloverleaf enclosing a “6”, the Canadian Tire triangle, the sloping letters of Visa on the credit card, and the Michelin Man drawing — have, however, all been routinely protected,⁵⁴ as has a series of colour-coded labels for file folders.⁵⁵ These decisions track the U.K. approach, which has found originality in a three-sentence piece of commercial correspondence,⁵⁶ and in simple line drawings of screws and washers in a spare parts catalogue: little short of “a single straight line drawn with the aid of a ruler” is excluded from copyright, said the court in the latter case.⁵⁷

The U.S. threshold for originality is nominally higher but equally opaque: some *creative spark* is said to be constitutionally essential.⁵⁸ In practical terms, the application of these tests results in more works — virtually every squiggle, scribble or squawk — gaining copyright in Canada than in the United States. Thus, the transcription of an oral speech (such as a judge’s *ex tempore* opinion or remarks),⁵⁹ an ordinary snapshot taken by an amateur,⁶⁰ a simple corporate logo,⁶¹ and the translation of a word list⁶² will more likely be found original in Canada than in the United States, where they may well be branded uncreative drone work.⁶³

Three *caveats* should be made:

Compilations – Since compilations are specially defined in NAFTA in language borrowed from the U.S. *Copyright Act*, the same standard of originality ought, in theory, to apply in both countries to this category, that is some creativity in selecting or arranging the material into a composite whole, leaving any facts compiled free for all to use. Thus, in both countries, a white pages telephone directory is unprotected — no *creative spark*, just *sweat of the brow*⁶⁴ — but yellow pages and other specialized business directories (e.g. of Chinese- or Italian-owned businesses)⁶⁵ and used car price guides⁶⁶ have passed muster.

In practice, the theory of homogeneity breaks down, if only because the question of how rigorously to test compilations for originality is itself a source of continuing disagreement within the United States. The same work might be protected in one circuit but denied protection in another.⁶⁷ Canada’s historically low threshold of originality suggests that its courts will range themselves alongside the more relaxed U.S. holdings on this spectrum.

Canadian Law Post-*Tele-Direct* – The case that imposed NAFTA’s creativity standard on Canadian compilations, *Tele-Direct (Publications) Inc. v. American Business Information Inc.*,⁶⁸ left unclear whether the same standard applied to other works. Since the court did not refer to a long line of Canadian case law applying the low-threshold U.K. test of originality elsewhere, those

cases presumably retain their authority,⁶⁹ although that position is not yet entirely stable.⁷⁰

Forget Originality, Remember Infringement – Judge Jerome Frank once called decisions on obviousness in patent law “the adventures of judges’ souls among inventions”, and this dictum seems equally true of originality in literary and artistic works. Judicial close encounters of the original kind have “tended to divert attention from other possibly more critical issues, such as when ... and how far copyright should be asserted.”⁷¹

The latter issues are particularly critical in Canada, where the lax test of originality lets almost anything into the pantheon and where the range of defences to infringement is tightly circumscribed. Consider the recent exposition by the Federal Court of Appeal in *Édutile Inc. v. Automobile Protection Assn.*⁷² A plaintiff compiling a used car price guide claimed originality in his idea to juxtapose a column indicating private sale prices alongside the column indicating retail prices — a classic situation where *idea* might be thought to merge with *expression*, given the few ways in which the idea could be executed. Yet, calling the compilation original — nay, “brilliant” and “innovative” — the court unanimously held that a defendant that copied that juxtaposition infringed the copyright, even though its own price data were independently generated.⁷³

If correct, this holding effectively creates a patent on this method of presenting vehicle (and other?) prices for the duration of the copyright (perhaps another century), as most intending entrants in the price guide market would first research all available guides and so would render themselves vulnerable to a copyright infringement suit if their guide later came to contain the same columns. The court’s preoccupation to find some copyright on the plaintiff’s work led it to protect the wrong aspect of that work — a feature that, however innovative, should have been left free for all to use.

DURATION

TRADITIONAL COPYRIGHTED WORKS in Canada are generally protected for the Berne Convention standard term of the author’s life plus 50 years, even where the first copyright owner is the author’s employer. Where the author is the first owner and has assigned or exclusively licensed his copyright, the grant automatically reverts to his estate 25 years after his death, ostensibly to allow the estate to renegotiate any deals now thought to be unfavourable. Neighbouring rights are protected for a straight 50 years, typically from when the performance occurred, the record was first fixed or the broadcast took place.

Following the European Union’s move to a copyright term of life of the author plus 70 years in 1995, the United States in 1998 added 20 years retrospectively to all its copyright terms. So, the U.S. standard term is now the author’s life plus 70 years. The author (or his estate) has a statutory power

(roughly comparable to the Canadian provision on reversion noted above) to terminate any copyright grant, on following a strict set of procedures within 35 to 40 years after the grant.

A special U.S. term applies to works made for hire, where the hirer (typically a corporation) is deemed to be the author. The copyright lasts for the shorter of 120 years from creation or 95 years from first publication, and is not subject to the statutory power to terminate.

Canada and the United States usually apply their copyright terms to foreign works without discrimination. This holds true for Canadian works in the United States, and *vice versa*.⁷⁴

INFRINGEMENT

THROUGH COPYRIGHT, THE RIGHT HOLDER — the author, the author's employer or whoever the author has transferred the right to — can exploit and profit from the work by various means stated in the Act: reproducing, translating, publicly performing or telecommunicating, controlling imports, etc. The holder can do these acts itself or can stop others doing them without its consent or a licence.

The rights have always needed interpretation as new technologies have appeared. Questions that agitated the earlier part of the 20th century — Was a piano roll a *copy* of the music encoded on it? Did a radio or television broadcast constitute a public performance? Could a right holder control cable retransmission? — receded into the background at the end of the old millennium as computer technology and the Internet raised new questions. Was merely to switch on and run a computer program equivalent to *reproduce* it? Was uploading, downloading, linking to, or even merely viewing an Internet site an act that the right holder could legally control? Or should these activities be treated merely as the digital counterparts of reading and book-marking, long permitted in the world of *hard copy*?

On such dry and apparently simple questions rest issues of control and access. Do the greater statutory rights won by IPR owners over digital use and distribution mean that users have easier access to works but less control over the terms of access and over how they may use the material they see or hear? Or will users fight back with strategies of avoidance and disregard that will ultimately thwart IPR owners' hegemonic desires? Napster as a device for freely exchanging copyrighted material may be dead, but will its ideal shape practice, if not law, on the Internet?

The way in which courts interpret the rights that legislatures grant to owners can be critical. Take, for example, the rule that copying may occur even if the defendant did not know he was copying something which he saw long ago and which now resides only in his subconscious memory. A well-known example

is the infringement verdict against George Harrison in 1976 for subconsciously copying a Chiffons' hit song when Harrison composed *My Sweet Lord*. Harrison had heard the Chiffons' song eight years previously when it was on the charts and getting regular airplay. A U.S. court held that he must have unwittingly copied the few notes making up the tune when he was stringing *My Sweet Lord* together nearly a decade later. The infringement verdict was upheld by a U.S. appeals court, which approved the doctrine of subconscious copying by saying that any other rule "as a practical matter [would] substantially undermine" copyright protection.⁷⁵

This ruling blurs the line between copyright and patents. Patents stop anybody from stepping within the fence of the patent claims, whether they know the fence is there or not. But then the patent runs for 20 years, not for over a century, as is the case for copyright. As more music becomes instantly accessible to more people, as copyright comes to protect smaller and smaller bits, and as fewer differences between simple works come to exist, only luddites and hermits may be able to avoid charges of subconscious copying.

USER RIGHTS, INCLUDING FAIR USE AND FAIR DEALING

SINCE 1924, VARIOUS ACTIVITIES IN CANADA — denoted *exceptions*, *exemptions*, *defences* or *user rights*, depending on the speaker's taste or propensity — have been permitted without infringing copyright, sometimes without charge, sometimes against payment.⁷⁶ The list of exemptions has been periodically supplemented to cope with new technologies and demands, most recently in the 1997 overhaul of the *Copyright Act*. Thus, miscellaneous exemptions exist for copying done by or in non-profit educational institutions, libraries, archives and museums; for people with perceptual disabilities; for those using music for charitable or educational purposes; for ephemeral recording by broadcasters and for other incidental uses; for filming or taking pictures of public buildings or sculpture; for imports of used books or of up to two copies for personal use; and so on.

Fair dealing for research, private study, review, criticism and news reporting is also allowed; but in the last three instances, a precondition is the observance of strict (and sometimes unworkable) requirements to acknowledge sources and the authors, performers, sound recording makers or broadcasters of the material used.⁷⁷

Little unites this ragbag of single instances, save that they supposedly fall within the language of the TRIPs Agreement (article 13) as limitations or exceptions confined to "certain special cases which do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the right holder."

Significantly, the Canadian list is not open-ended: anything not falling strictly within a stated exemption infringes copyright. A court may be able to enforce copyright on *public interest* grounds, but this common law power has rarely been exercised in Canada, and the British courts, which invented this defence, recently narrowed its application from any “just cause or excuse” to a closed set of egregious circumstances.⁷⁸

The contrast with U.S. law is striking. The U.S. *Copyright Act* contains a list of specific exemptions that target some of the situations found in the Canadian statute, but a single exemption overshadows them all: *fair use*. The fair use of a copyrighted work “for purposes *such as* criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research” does not infringe copyright [emphasis added]. The decision on whether a particular use is *fair* requires consideration, inter alia, of the following factors:

- (1) the purpose and character of the use, including whether such use is of a commercial nature or is for non-profit educational purposes;
- (2) the nature of the copyrighted work;
- (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- (4) the effect of the use upon the potential market for or value of the copyrighted work.⁷⁹

Canadian courts may apply similar criteria when determining whether a dealing is *fair*, but U.S.-style fair use potentially applies to any situation, not merely uses for the presumptively worthy purposes set out above in the U.S. Act. The U.S. approach continues a tradition, dating from 19th century U.S. and British practices, of letting judges set and monitor a reasonable balance of rights between copyright holders and users as different technologies and usages arise and develop. On this theory, while specific targeted exceptions serve a purpose, legislatures can neither anticipate new developments nor respond to them effectively and quickly; so courts are assigned the role of creating appropriate boundaries between private rights and the public domain in the course of deciding concrete disputes.

Thus, in recent years, U.S. litigation has wrestled with whether and, if so how far, copyright is infringed when computer programs are repaired or dissected by competitors, third parties supply enhancements for videogames, musicians sample and use extracts from recorded music, Internet files are downloaded or linked, Internet search engines display and collect information, Internet service providers transmit and display infringing material, etc. The question is whether an activity that, at first sight, constitutes infringement should at second sight, when scrutinized through the lens of fair use, be permitted and, if so, under what conditions. The court decision may later be examined

by Congress and confirmed, modified, reversed or generalized — as occurred, for example, with court decisions on computer program repair (repairer's liability reversed) and Internet service provider liability (liability for passive carriage confirmed, with additional procedural requirements). Quite often, however, the court ruling on fair use has stood because U.S. legislators were unable or unwilling to attempt or achieve a better balance of interests.

Canadian and U.S. decisions dealing with the same fact pattern will sometimes produce the same result, either because the courts reason similarly or because a specific provision covers the activity that is treated under *fair use* in the United States. Thus, fair dealing/use analysis in both countries has exonerated newspapers for using third party photographs to illustrate a news story⁸⁰ but has held university course-pack compilers liable for reproducing journal articles and book chapters.⁸¹ By contrast, in both countries artwork cannot be used without authority as a backdrop for a television or movie set, but for different reasons: in the United States because the use has been held unfair, in Canada because it falls outside a narrowly-drawn exception covering incidental non-deliberate uses of copyright works.⁸²

A significant number of uses that may be inoffensive in the United States may infringe copyright in Canada. For example, parodies that infringe in Canada may pass muster as fair uses in the United States.⁸³ Similarly, home videotaping of television programs for time-shifting purposes has long been legitimate in the United States but may theoretically be unlawful in Canada⁸⁴ — a ridiculous result that would make most Canadians wrongdoers on a regular basis. The application of the fair use doctrine to allow or even encourage economically or socially beneficial uses of copyrighted material, e.g. for comparative advertising or political campaigning,⁸⁵ has no counterpart in Canadian law.

The discrepancy between Canadian and U.S. approaches is magnified by the following factors:

- (i) more works qualify for copyright in Canada,
- (ii) Canadian exceptions do not reach many everyday situations where an activity is widely assumed to be unobjectionable (for example friends scanning or faxing newspaper cartoons to one another, or lawyers copying material in the course of giving legal advice or pursuing legal proceedings), and
- (iii) while new technologies automatically fall under copyright, exceptions typically are technology-specific and are not interpreted to include cognate uses.

Contractual and Technological End-runs

Increasingly, copyright holders have sought to use contract law and technology to do what copyright law fails to achieve for them.

Contracts

Hard on the heels of *shrinkwrap* agreements for prepackaged computer software have come *click-on* agreements on Internet web pages and electronic databases. In the first case, software makers seek to make the mass of small print on the wrapping binding on buyers who proceed to install and use the program. In the second case, webpage and database operators seek to make similar boilerplate on the website bind users who proceed after clicking an "I agree" icon or who simply proceed to use the site after seeing some boilerplate to the effect that "use of this facility constitutes acceptance of the terms set out above."⁸⁶

Traditionalists may be repelled by the idea that such reflex actions have anything in common with arm's-length contracts dickered with the aid of lawyers, but relentless pressure to equate the two activities has been largely successful in the United States and may also ultimately prevail in Canada.⁸⁷ What copyright fails to do for right holders is thus accomplished through *agreement*.

The potential clash with copyright policy is obvious. Suppose the agreement purports to restrict a user beyond what fair dealing or fair use strictures would require. Which prevails: the copyright rule or the *agreed* rule? Mediating the clash by the application of some vague doctrine such as unconscionability concedes that the public domain may be yet further retrenched by subordinating copyright policy to a simulacrum of agreement.⁸⁸

Technology

Technology may accomplish what agreement cannot. Works can be encrypted to prevent copying even for purposes the *Copyright Act* would otherwise allow, including fair dealing or fair use. The Canadian *Copyright Act* does not explicitly forbid this practice; nor does the U.S. legislation. Indeed, the anti-circumvention provisions enacted by the *Digital Millennium Copyright Act* of 1998 have allowed encryption to trump fair use, although their consistency with First Amendment free speech guarantees is currently under challenge, so far unsuccessfully.⁸⁹

MORAL RIGHTS

CANADA HAS HAD EXPLICIT PROVISIONS for authors' "moral rights" (*droits moraux*) since 1916. Tracking the Berne Convention's article 6*bis*, the rights were extended in 1931 to apply to all copyrighted works and were further expanded and clarified in 1988. They are co-terminous with, but independent of, copyright, and are similarly enforced. These rights supplement the patchwork

of common law and civil law actions available to authors to control how their works are perceived on the market, in order to ensure that

- (i) the work is properly attributed, or the author's anonymity or pseudonymity is respected; and
- (ii) the work is not mutilated, deformed or otherwise modified to the prejudice of the author's honour or reputation.⁹⁰

In one well-known case, the operators of Toronto's Eaton Centre shopping mall had to remove Christmas decorations tacked on to a naturalistic sculpture of Canada geese displayed in the mall's concourse, because of the author's reasonable fear of prejudice to his honour or reputation.⁹¹ Not all suits have been this successful. Claimants have lost because they could not prove either prejudice or monetary loss where damages were sought.⁹² So a town could, with impunity, finish off the job that vandals had started, and completely destroyed public sculptures by throwing them into a local river to break up on rocks. Out of sight meant out of mind, and beyond prospect of prejudice to the sculptors' reputation.⁹³

At least this last result would not occur in the United States, where the *Visual Artists Rights Act* of 1990 includes "destruction" of an artwork among its prohibited acts.⁹⁴ But the U.S. statute is limited to original, or limited edition signed and numbered, artworks; it requires evidence of the "recognized stature" of such works and of harm to artistic reputation; it applies only during the artist's life; it does not apply to works made for hire; and these rights may be waived in writing. These shortfalls may be partly avoided in complementary state legislation, e.g. California's *Art Preservation Act* of 1980, which grants full moral rights to works "of fine art" until 50 years after the artist's death.

The United States has not explicitly extended moral rights beyond the visual arts field. It nevertheless claims to comply with its Berne Convention obligations, mainly through the protection extended to all authors by the common law and by state and federal false advertising laws. Were this true, it is hard to see why enactment of the *Visual Artists Rights Act* was thought necessary and why it was not made applicable to all works.

Still, the U.S. assertion is not entirely frivolous. Thus, in 1976 the British comedy group Monty Python stopped the ABC television network from broadcasting versions of its shows that ABC had edited to make room for commercials and to remove the naughty bits that might offend the network's sensitive viewers. The court noted the lack of any explicit moral rights provisions in U.S. law but thought the shortfall could be made up by contract or unfair competition law. ABC was found to have infringed Monty Python's copyright by ignoring the requirements of its licence that forbade changes without the copyright owner's consent, and also to have breached the false labelling provisions of

§43(a) of the *Lanham Act* by its presentation of the garbled broadcast as Monty Python's authentic work.⁹⁵

Despite the disparate approaches existing in the two countries, outcomes in moral rights cases may be rather closer, for moral rights can be waived, often informally or even impliedly, and boilerplate written waivers are common in standard form contracts. Anomalies may arise where parties do not know their rights, slip up in their contracting practices (as ABC did with Monty Python), or try to enforce waivers in a foreign jurisdiction such as France, which does not let the moral rights of even U.S. authors be trumped there by Hollywood's *contrats d'adhésion*.⁹⁶

PATENTS

PRELIMINARY

INVENTIONS ARE PATENTABLE IN CANADA under the *Patent Act*.⁹⁷ The inventor files an application with the Patent Office, accompanied by a specification disclosing the invention and containing claims staking out the exclusive rights sought. A 20-year patent backdated to the priority date (the Canadian filing date or the foreign date for an application made under the Paris Convention) is then granted if the application is found to comply with the Act — the invention is new, useful and unobvious, and it is adequately disclosed and fairly claimed.⁹⁸ A substantive examination and the consequent grant of a patent may be deferred for up to five years, but the specification is laid open for public inspection 18 months after its priority date unless the application is withdrawn earlier.

The modern Canadian position took effect in 1987 and was designed to approximate and dovetail with European law. Before then, the Canadian term was 17 years from the date of the patent grant, and the patent went to the first inventor, not the first to file a patent application. Similar provisions existed in the United States until the TRIPs Agreement caused it to move towards a more European-style system closer to Canada's. Still, U.S. law differs from Canadian law in significant respects, including:

- The United States continues to grant patents to the first-to-invent, not the first-to-file. Disputes about first inventorship (and thus entitlement) are not uncommon. They are resolved through adjudication by the Patent Office after it declares an interference between competing applications. The Office's decision can be appealed to a federal court.⁹⁹

- A U.S. patent's 20-year term may now be extended by the Patent Office for delays caused by prolonged examination, interferences, and court reviews or appeals.
- U.S. applications are laid open after 18 months, but only for applications made after November 2000 for which a foreign application has also been filed. Earlier applications remain secret until patent grant.
- U.S. law has no counterpart to Canada's deferred examination procedure. U.S. applications are examined in the order they are filed.

SUBJECT-MATTER

SINCE THE IDEA OF INVENTION suggests the unexpected or unforeseeable, attempts at a more precise definition might seem foolhardy. From the start, however, Canadian law, using U.S. law as its model, has sought to define invention. Currently, the definition, little changed from the 19th century, is "any new and useful art, process, machine, manufacture or composition of matter, or any new and useful improvement in any art, process, etc."¹⁰⁰ By contrast, the *Statute of Monopolies* of 1624 (Eng.) referred simply to "any manner of new manufactures," an expansively interpreted formula used even now in Australia and New Zealand. The *European Patent Convention* of 1973 equally does not define invention, except by saying what is out rather than what is in. The European model is followed by the TRIPs Agreement: patents must be available for "any inventions, whether products or processes, in all fields of technology" if new, not obvious, and "capable of industrial application"; states may then enact specific circumscribed exceptions.

What, then, is and is not patentable in Canada?

"Anything under the Sun that Is Made by Man"?

The Congressional reports accompanying the enactment of the U.S. *Patent Act* of 1952 asserted that "anything under the sun that is made by man" is patentable under U.S. law, and that *dictum* has become the rallying cry of the U.S. courts and the U.S. Patent Office over the last 20 years, especially with the rapid growth of computer and biotechnology industries.¹⁰¹ Lacking a similar flamboyant declaration of parliamentary intent, Canadian courts have kept closer to the language of the definition of "invention" rather than relying on some supposed radiation flowing from it. Developments have, however, been erratic. On the one hand, the Supreme Court has come up with its own expansive interpretation of "art" to include "methods of applying skill or knowledge provided they produce effects or results commercially useful to the public." Known chemical compounds applied to a new use have qualified under this test;¹⁰² a new way of playing poker has not.¹⁰³ Nor has a new hybrid soybean

variety qualified as a manufacture or composition of matter: it was only metaphorically “produced from raw materials” or “a combination of two or more substances united by chemical or mechanical means,” said the Federal Court of Appeal, unmoved by contrary U.S. precedents.¹⁰⁴

A significantly broader approach was applied in 2000 when that litigious rodent, the Harvard mouse, appeared before the Federal Court of Appeal to claim the patentability hitherto denied it by the Canadian Patent Office and the court’s Trial Division. A 2:1 majority of the Court of Appeal held that a genetically modified mouse was as much a “composition of matter” as the man-made oil-eating bacterium that a 5:4 majority of the U.S. Supreme Court had found to be patentable 20 years earlier. While U.S. decisions on patentability did not automatically extend to Canada, the Court said they would not be ignored if their reasoning was “persuasive”.¹⁰⁵ If this approach is generally accepted, even fewer man-made things under the Canadian sun will be held unpatentable. The result will be greater, though not complete, unity between Canadian and U.S. standards. The 1997 U.S. patent for a one-handed method of swinging a golf club notwithstanding,¹⁰⁶ no Canadian patent will likely issue for the ultimate slapshot, however new, unobvious and useful that move may be for hockey or the world. The Canadian Patent Office has yet to embrace the present U.S. tendency for instant patent gratification: issue first and ask subject-matter questions later.

Public Policy

The grant of patents under the *Statute of Monopolies* of 1624 was discretionary. Patents that were “mischievous to the state by raising prices of commodities at home, or hurt of trade, or generally inconvenient” could be refused. This approach, which applied a rough social or utilitarian calculation, case by case, to new technology, gradually fell out of vogue.

The TRIPs Agreement and NAFTA also allow patents to be refused where preventing “commercial exploitation ... is necessary to protect *ordre public* or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to [nature or] the environment.”¹⁰⁷ The *Canadian Patent Act* contains no such provision. A narrower exception, excluding patenting for inventions with an “illicit object in view”, disappeared in 1994 just before the NAFTA amendments were implemented. For good or ill, the turn-around from the *Statute of Monopolies* is complete.

A European exception preventing patenting where exploitation would be “contrary to ‘*ordre public*’ or morality”¹⁰⁸ has proved of small practical effect there. Yet, the presence of the provision emphasizes that patenting is not a morally neutral act: “[t]he state, as granting authority, cannot disclaim responsibility for the inventions for which it grants protection.”¹⁰⁹ Nor can inventors

claim any natural right to benefit from immoral or socially disruptive activity, however ingenious. So the decision to patent the Harvard mouse had explicitly both a legal and a moral dimension in Europe. The European Patent Office examiner's view that the

provision of a type of test animal useful in cancer research and giving rise to a reduction in the amount of testing on animals together with a low risk connected with the handling of the animals by qualified staff can generally be regarded as beneficial to mankind [...] ¹¹⁰

may not, in syntax or substance, be to everyone's taste. But at least the point was not dismissed, as it was in Canada, by a curt: "policy questions ... are to be addressed by Parliament and not the Court." The minority judge in the Canadian Harvard mouse case (Isaacs JA) would have factored public policy considerations into the patenting decision. The majority view probably accurately reflects the present U.S. legal position, and also Canadian law too — at least until the Supreme Court speaks differently.

Industrial Applicability

The requirement that an invention be "useful" excludes written material and fine art, already adequately protected under the *Copyright Act*. Similarly excluded is the exercise of professional arts and skills, which are said not to be part of trade, industry or commerce. Thus, architectural and engineering plans and schemes are unpatentable in Canada.¹¹¹ Patenting is sometimes also impossible because the invention involves the exercise of personal judgment or discretion, and so does not enable the precise replication that is necessary for industrial application.

Similar views are, broadly, held in the United States, although their application there may be less rigorous than in Canada.¹¹²

Methods of Medical Treatment

In Canada, therapeutic devices or drugs are patentable but methods of surgical or therapeutic treatment of living humans or animals are not. The limits of this exclusion are unclear: thus, patents have issued for new therapeutic uses for known compounds, for example AZT to treat AIDS.¹¹³ On the other hand, patents for cosmetic treatment with an added medical benefit — e.g. whitening teeth and simultaneously eliminating bacteria — have been refused.¹¹⁴ Whether improved psychological health constitutes a medical benefit is unclear: the perfect nose job may be a doubtful contender for a Canadian patent.

The United States lacks a comparable exception, presumably because (Hippocrates notwithstanding) the practice of medicine is now more a business than a public service. So a mid-19th century U.S. decision invalidating a patent

for administering ether as an anaesthetic — just a “secret ... wrung from the bosom of Nature” — was discredited a century later by the U.S. Patent Office.¹¹⁵ The corresponding U.S. AZT/AIDS patent thus has, as its first claim, a method for treating humans with AZT — an unacceptable form of claim in Canada.¹¹⁶ The validity of such claims in the United States was confirmed by the 1996 amendments to the U.S. *Patent Act*, denying any patent infringement remedy against licensed medical practitioners and their institutions for operating on humans, or on animals in human-related medical research or instruction. This amendment does not protect anyone other than doctors and their affiliated institutions; nor does it exempt the use of patented machines or substances, practicing the patented use of a new or old substance (for example, the AZT/AIDS patent) or practicing a patented biotechnological process.¹¹⁷

Biotechnology

The acceptance of the Harvard mouse patent application by the Federal Court of Appeal follows a worldwide trend favouring the patentability of biotechnological and genetically engineered products and processes. Thus, in 1982 the Canadian Patent Office quickly applied the 1980 U.S. decision to patent genetically engineered bacteria by approving the patentability of all new human-made life forms having uniform properties and characteristics: at least “all micro-organisms, yeasts, moulds, fungi, bacteria, actinomycetes, unicellular algae, cell lines, viruses or protozoa”.¹¹⁸ The Commissioner of Patents suggested that even higher life forms — e.g. a genetically engineered insect that could take on the pestilent spruce bud worm — were patentable. Second thoughts, perhaps influenced by significant global resistance to the patenting of genetically engineered higher life forms (including possibly humans), nevertheless caused the Canadian Patent Office to withhold such grants, at least until the Harvard mouse’s border crossing was blessed by the courts. On the other hand, the Office granted patents for genetic engineering methods, but not for traditional cross-breeding (“essentially natural”) methods of breeding plants or animals.

The controversy over patenting higher life forms is far from over. Pressures from the drug industry and the promise of economic and material benefits have moved many lawmakers and courts to favour such patenting, but significant opposition continues within both the developed and developing world, especially where spiritual and religious views about the sanctity of life outweigh pressures for commodification. The desire for ready access to genetic information has moved even sectors of the drug industry to attack attempts to patent the entire output of the human genome mapping projects, although the industry universally supports patents for recombinant DNA and protein mapping with some predicted utility.

Computer Programs

Computer programs must, under the TRIPs Agreement, be protected by copyright as if they were literary works. Cumulative patent protection is nevertheless often sought and obtained. Programs that merely crunch numbers better have the greatest difficulty passing muster: under Patent Office guidelines issued in 1995, they are treated as algorithms or “unapplied mathematical formulae” equivalent to “mere scientific principles or abstract theorems”.¹¹⁹ If, however, the program is connected with a process or apparatus that effects some physical change — rings a bell or blows a whistle — the process or apparatus is patentable. In the words of the 1995 Guidelines, the program is then “integrated with another practical system that falls within an area which is traditionally patentable.” Thus, a patent for curing rubber that depended on the computerized application of a known algorithm, granted in the United States, should be equally acceptable in Canada.¹²⁰

U.S. patents may now be granted to protect computerized business methods, and even more broadly for any sort of program by claiming the programmed computer as a patentable apparatus.¹²¹ The Canadian Patent Office has so far not followed suit.¹²² How Canadian courts might react is unclear. Will the reasoning of the U.S. Federal Circuit be persuasive enough for them? It has been for an Australian court, which allowed a patent on operating a smart card system to promote loyalty programs in retailing. Despite the wider technical chasm between Australian and U.S. patent law, compared to that existing between Canadian and U.S. law, the Australian court approved of the recent U.S. developments.

[T]he social needs the law has to serve in that country are the same as in Canada. In both countries, in similar commercial and technological environments, the law has to strike a balance between, on the one hand, the encouragement of true innovation by the grant of a monopoly and, on the other, freedom of competition.¹²³

Whether striking the balance at a different point would have been better social policy for Australia was not canvassed. One could easily imagine a similarly placed Canadian court choosing the path of least resistance and uttering comparable solipsisms.¹²⁴

OWNER’S RIGHTS

A PATENT’S CLAIMS MARK THE BOUNDARIES of its owner’s exclusive rights. Anyone may make, use or sell anything falling outside the claims. Making, using, selling or importing anything inside the claims for these purposes — including using unpatented products made onshore or offshore by a patented

process — infringes the patent. Unlike copyright, patent infringement occurs irrespective of copying: ignorance of the patent is no excuse.

Since the boundaries of a claim are marked by language, their scope becomes first a question of interpretation — a matter of law for the court.¹²⁵ In Canada, this is interpretation with a twist. The idea is to be “neither benevolent nor harsh, but rather [to] seek [...] a construction which is reasonable and fair to both patentee and public.”¹²⁶ In practice, this flummery means, more often than not, a construction favouring the patent holder. Canadian courts interpret patents supposedly just as they construe statutes, going beyond the literal words to the perceived purpose of the language.¹²⁷ They approve the U.K. approach, under which the interpretation of a claim referring to a load-bearing structure that extended vertically was held to include structures that leaned eight degrees off the vertical: any reasonable builder reading the claim in context would understand “vertically” to include such tolerances, said the court.¹²⁸ Of course, no reasonable real-life builder would spend time reading patent claims, especially one comprising a single 198-word sentence with two commas. And, if the builder did bother to read, one may doubt that he or she would have read the claim in a way that enables the Leaning Tower of Pisa to be renamed the Vertical Tower of Pisa.¹²⁹

U.S. courts act comparably under their doctrine of equivalents for similar reasons. The *unscrupulous copyist* cannot be allowed to evade a patent by making “unimportant and insubstantial changes and substitutions” and so turning the grant into “a hollow and useless thing”.¹³⁰ Thus, the defendant who does substantially the same thing in substantially the same way as the patent, to obtain the same result, may infringe.

These approaches pose similar dilemmas in both countries. Not knowing whether or how far a court will retrospectively broaden claims by interpretation or by finding equivalence creates a murky penumbra of monopoly that affects not only the unscrupulous, but also the honest competitors and follow-on developers.¹³¹

Some subtle but important differences nevertheless exist between Canadian and U.S. practices:

- Canadian courts judge equivalence as of the date the patent application is laid open. U.S. courts judge it as of the date the patent is infringed.
- Canadian courts ask just one question: what the claim means purposively by reference to the inventor’s supposed intention. U.S. courts ask two questions: whether the defendant infringes (1) literally or, if not, then (2) under the doctrine of equivalents.
- U.S. courts may limit the meaning of claims according to concessions or representations made by the applicant during prosecution of the application in the Patent Office. Canadian courts cannot.¹³²

The same defendant, sued in both Canada and the United States for the same activity for infringing identically worded claims, may therefore be liable in one country but not in the other. This result is unsurprising, at least to patent lawyers. Even the same European patent can be differently interpreted by different European courts using an identical test of claim construction and infringement. The more purposive claim construction becomes, or the more the doctrine of equivalents builds on the literal wording of claims, the greater the degree of uncertainty for those wishing to work in the public domain in any country. Whether such results are good for business or the public, in Canada or the United States, is an open question.

USER RIGHTS

VARIOUS USES FALL OUTSIDE THE PATENT MONOPOLY. For example, repairs of a patented product are allowed because the patent grant does not expressly include repairs. At some point, however, repair may become reconstruction and so will come within the prohibition against making or constructing the invention.

Alternatively, the *Patent Act* may exempt particular uses, for example those done solely for experiment, or private uses occurring on a non-commercial scale or for a non-commercial purpose.¹³³ However, the power to create exceptions is not unlimited, as Canada learned in 2000 when the WTO handled a European Union complaint that provisions in Canada's *Patent Act* did not comply with the TRIPs Agreement. A trade panel, upheld by the WTO, was unconcerned by the Canadian provision that allows seeking and obtaining, during the term of a patent, third party regulatory approval to exploit the invention once the patent has expired. The panel found, however, that the provision for making or stockpiling such products — particularly pharmaceuticals — in the last six months of the patent term did conflict with the TRIPs Agreement. Protecting the integrity of the patent system was more important than upholding the desire of WTO states to advance the health care policies they thought most suited to their needs. A Bill to repeal the offending Canadian provision was passed in 2001 and awaits proclamation.

Given the U.S. approach to fair use in copyright, one might perhaps have expected U.S. courts to have developed, and Congress to have enshrined, a doctrine of fair use for patents as well. This has not happened. A common law exception for private non-commercial or experimental use has long existed,¹³⁴ but no broader fair use doctrine appears except as an exhortation in academic writings.¹³⁵ Instead, the U.S. approach is similar to the Canadian approach: a combination of bounded interpretation of the rights granted to the patentee and of limited exceptions to the grant, for example in the pharmaceutical field, for generic drug companies to clear the necessary U.S. Food and Drug

Administration and Health Canada regulatory hurdles so as to be ready to manufacture and market as soon as possible after a drug patent expires.

TRADE-MARKS

COMMON LAW AND STATUTORY PROTECTION

TRADE-MARKS EXIST PRIMARILY TO IDENTIFY the trade source of products and services to potential customers. “Ivory” identifies a particular soap coming from a particular maker, although few buyers may know or even care who the maker is; when buying Ivory soap they are assumed simply to want assurance that its trade source is the same — or is controlled by the same entity — as before. Similarly, if they see a dishwashing liquid branded “Ivory”, they may assume it comes from the same trade source as Ivory soap and may wish to buy it because of their good experience with the soap.¹³⁶

Traders may adopt and promote as their trade-marks not only words, but also virtually any symbol or design they wish. “Anything under the sun that is sensed by man” is trade-mark law’s counterpart to patent law’s embrace of “anything under the sun that is made by man.” Even though *mark* suggests visibility as a precondition, sounds have been registered as trade-marks in Canada, and smells have been registered in the United States: why not *taste* and *feel* as well?¹³⁷ The only marks not free for appropriation are those which are the same as, or which may give rise to confusion with, an existing registered mark or a mark with a market reputation, or marks that fall within a prohibited list set out in the *Trade-marks Act* — governmental symbols, official marks, offensive symbols, generic words, and the like.¹³⁸

Trade-mark law protects investment in brand creation and maintenance by preventing the adoption and use of similar marks that have the effect of deliberately or even unintentionally attracting business away from an earlier mark owner. The *Trade-marks Act* supplements and to some extent supplants common law and delictual protection by providing a national registry to regulate the adoption, use, transfer and licensing of marks and to strengthen nationwide protection. Applications to register are examined in the Trade-marks Office and advertised, and may be opposed typically by a person or firm with a similar mark or name who feels threatened by a potential registration. Once registered, a mark is entitled to remain registered so long as it continues to be used, renewal fees are regularly paid, and there is no reason to expunge the registration because it was wrongly made initially or the mark has later become non-distinctive and thus invalid.

Although commonly grouped with copyright and patents as intellectual property, trade-marks are categorically different. Their protection does not depend upon their being new, original, unobvious or creative: a common word

plucked from a dictionary can be a perfectly good trade-mark if it does not clearly describe or deceptively misdescribe its target: e.g. “iguana” is, legally speaking, a good mark for beer. Even if the word is initially clearly descriptive — “hoppy” for beer made from hops — continued use may give it a secondary meaning, linking it exclusively within a single source, and transform a doubtful contender into a valid trade-mark. So trade-mark rights depend on use and reputation and attach to the person behind the use or creation of public recognition, who may not be the mark’s creator or selector.¹³⁹

DOMAIN NAMES

INTERNET DOMAIN NAMES MAY BE REGISTERED as trade-marks but only if they have been used as such. A domain name is essentially an electronic address or phone number, and addresses and phone numbers are not in themselves trade-marks. But such indicia can become trade-marks if used to distinguish a firm’s product or service from that of other firms, and the same is true of domain names.

Even if they do not formally qualify for registration, domain names may, through use, acquire a reputation that is protectible at common law or in delict. Their use may also infringe the rights of others at common law or in delict, or under the *Trade-marks Act*. Cybersquatters should find no more solace in Canada than elsewhere, even without legislation such as the U.S. *Anti-Cybersquatting Consumer Protection Act* (“ACCPA”) of 1999. Thus, a Saskatchewan court recently granted an injunction, substantial general damages and solicitor-client costs against a cybersquatter for committing the tort of passing-off.¹⁴⁰

Canadian cybersquatters may face even greater potential liability and inconvenience from lawsuits under the ACCPA if their domain name has been registered in the United States. U.S. courts have been quick to exercise personal jurisdiction over not only United States but also foreign defendants whose websites target local users (e.g. Internet gambling sites) or who are even temporarily in the jurisdiction. U.S. courts may even take hold of disputes between two wholly foreign enterprises with no connection with the United States, other than that the domain name in contention has been registered locally. A U.S. court has allowed a Montreal firm to sue a Toronto dot.com cybersquatter on this basis.¹⁴¹

Domain names highlight the sort of problems that many marks face today. Given the worldwide nature of the Internet, a domain name can be registered in any country, be accessed from any another, and may harm third party interests anywhere, sometimes innocently, sometimes deliberately. Pursuing conflicting registrations across various jurisdictions can be expensive and risky. Cheap and quick dispute resolution mechanisms through bodies such as WIPO

have only partly corrected these difficulties. Take a recent parody case. PETA, an animal rights group called “People for Ethical Treatment of Animals”, has sued an opponent who mocks it as “People Eating Tasty Animals” and who has registered the domain name “peta.org” to wage his campaign. Should the animal rights group or the mocker, who got there first, be entitled to the domain name? So far, the group has prevailed but the case is under appeal.¹⁴² Conflicts such as this arise regularly worldwide.

OWNER'S RIGHTS

THE OWNER OF A REGISTERED MARK can stop others from using an identical mark for the same goods or services for which it is registered. The owner can go further and stop a different mark from being used for the same goods or services, or the same mark from being used for different goods or services, if the use would likely be confusing according to a statutory checklist of criteria.¹⁴³

Owners of heavily advertised or otherwise well-known marks would rather have a perpetual copyright in their mark than go through the aggravation of proving likely confusion. They could then stop the use of the same or very similar mark in virtually any line of business, anywhere in the world, even if they were not anywhere near that line and would never think of going into it. So the owners of the Rolls-Royce trade-mark could stop the use of the mark on, say, chicken feed simply by showing that the same mark was being used on such feed, however remote that a business may be from car making.

As written, trade-mark law does not give copyright-like rights to trade-marks — unless, of course, the mark is artistic enough to qualify as a protectible work under the *Copyright Act*. As practiced, however, trade-mark law is constantly being pushed in the copyright direction through two theories: remote confusion and dilution.

Remote Confusion

Under the theory of remote confusion, the use of the Rolls-Royce mark on chicken feed can, arguably, be confusing because everyone knows that corporations diversify into all sorts of remote fields these days and, since the Rolls-Royce mark is so distinctive and well-known, chicken feed buyers would naturally assume that the car maker had somehow become commercially connected with animal feed supply. It does not matter whether the mark is applied in a territory where Rolls-Royce cars are rarely seen, so long as the mark is well-known there.

The *different territory* point is demonstrated by holding that a U.S. mark may be so well-known to Canadians that a third party is not allowed to register a similar mark in Canada. Whether the U.S. firm does any Canadian business is irrelevant. Knowledge of the U.S. mark renders the second mark undistinctive

of the Canadian applicant.¹⁴⁴ Similarly, a U.S. pest control firm has stopped a Canadian firm from adopting the U.S. firm's name for a similar business: Canadian snowbirds happy with the U.S. firm's services in the United States might, on return, think the Canadian firm was an affiliate and be drawn to its services accordingly.¹⁴⁵ Conversely, a U.S. retailer who targeted the Canadian market from its website was found to infringe Canadian trade-mark law by listing goods on its website for sale under a mark registered in Canada to a third party.¹⁴⁶

The *different business* point has been applied in Canada to find "Sunlife" fruit juice to be confusing with the well-known "Sunlife" insurance mark.¹⁴⁷ The underlying approach leading to such a decision has, however, been implicitly rejected recently by a majority of the Federal Court of Appeal. The court allowed the word mark "Pink Panther" to be registered for beauty products, over the strenuous opposition of the movie company which had released the Pink Panther series of films and television programs. The company held a registration on the mark for entertainment services and had licensed all sorts of Pink Panther *bric-a-brac* for 30 years. The court nonetheless said that "the whole world is not barred forever from using words found in the title of a Hollywood film to market unrelated goods" just because the words are well-known.¹⁴⁸ The court maintained its approach two years later in allowing the registration of "Lexus" for canned goods over the opposition of the maker of "Lexus" cars. The *gaping divergence* between the two products was no less than in *Pink Panther*.¹⁴⁹

Whether this line can be maintained despite the enormous pressure, in Canada and internationally, to widen the circle of protection around well-known trade-marks remains to be seen. Many decisions take a contrary approach from *Pink Panther* and *Lexus* based on not dissimilar facts. A strong dissent in *Pink Panther* itself favoured upholding the trial judge's view against registration and deprecated the majority tipping the balance in favour of "the copycat artist seeking to profit financially from someone else's creative fortune." What precisely is "creative" in ascribing the name "Pink Panther" to a pink-coloured animated panther was not elaborated. The dissenter also darkly warned that famous marks may now be protected "in only the very clearest of cases," leaving one again to wonder why this result was such a bad thing. Ultimately, of course, courts can distinguish *Pink Panther* and *Lexus* by saying that confusion depends very much on what evidence is presented, how it is perceived and weighed, and whether the court will conclude that the second entrant is an enterprising competitor or a villainous free-rider. *Pink Panther* and *Lexus* tell courts not to leap too quickly for the latter label, but do not bar them from leaping at all.

The problem has naturally been around the United States for a long time. A striking example is the case where a seller of insect repellent advertised the product under the slogan "Where there's life, there's bugs," spoofing the heavily

marketed Budweiser beer slogan “Where there’s life, there’s Bud.” A U.S. court found confusion between the two commercials and stopped the repellant marketing.¹⁵⁰ The finding of confusion was a stretch. Nobody would buy insect repellent instead of beer, and nobody thought that brewery had extended its brand into flyspray. What agitated the court was the second firm’s free-riding, which undermined the long-term effectiveness of the Budweiser slogan and commercial. This dislike translated into a finding of confusion, since the court could find no better theory. Now it has one: dilution.

Dilution

Canadian trade-mark law has, since 1953, had a provision forbidding the use of a registered trade-mark “in a manner that is likely to have the effect of depreciating the value of the goodwill attaching thereto.”¹⁵¹ This goodwill, which includes the trade-mark’s affect built up through advertising, may depreciate “through reduction of the esteem in which the mark itself is held or through the direct persuasion and enticing of customers who could otherwise be expected to buy or continue to buy goods bearing the trade mark.”¹⁵² The intent was to introduce into Canadian law the concept of trade-mark dilution, allowing registered trade-mark owners to stop the imagery surrounding their marks from being tarnished, blurred or altered. The intent has been at least partially frustrated. Matters seemed to start well, at least for proponents of dilution theory, with an early decision that determined that comparative advertising using a competitor’s registered mark was forbidden. The value of the mark was said to be depreciated because customers might be diverted from buying goods bearing it. However, the same decision produced some bad news: on a technical interpretation of the Act, the only potentially depreciating uses, at least where goods were concerned, were those where the competitor’s mark appeared at point of sale — i.e. on the packaging of the goods or on the shelves where the goods were displayed. Advertising that used the competitor’s mark in the media was not caught.¹⁵³ The provision thus had only a limited operation, especially since dilution theory has not been applied by analogy to unregistered marks.

In the United States, dilution theory has also had a patchy history. Many state trade-mark statutes included it, ostensibly to stop third-party registration of famous marks for remotely connected products. The somewhat fanciful examples of Buick for aspirin (in Canada, acetylsalicylic acid) or Kodak for pianos were trotted out. Yet, the courts seemed unimpressed and tended to interpret the statutes grudgingly as adding little beyond the ordinary test of confusion. The passage of the *Federal Trademark Dilution Act* of 1995 was meant to change all that. The owners of famous trade-marks, whether registered or unregistered, can now stop others from lessening the capacity of their marks to identify and distinguish goods or services, even if the products are non-competing and no

confusion or deception is likely. Decisions under the Act have so far been mixed, but the legal ability of Rolls-Royce to stop its mark from being applied to chicken feed, or of Budweiser to stop spoof commercials from using similar versions of its marks and slogans, seems more imminent than ever before. Trade-mark owners are naturally pressing worldwide for such rights. Whether they really need or deserve them is an open question. Once upon a time, one could confidently predict that no copyright could exist in a word. Now that prediction is less sure, since what cannot be directly gained through the law of copyright looks as if it is coming through the law of trade-marks.

REMEDIES

SUCCESSFUL IP CLAIMANTS are usually awarded an injunction, damages or the infringer's profits, delivery up of infringing goods or labels (typically for destruction or to be rendered non-infringing), pre- and post-judgment interests, and costs of the action (attorney's fees). Registers may also be corrected and declarations of infringement or non-infringement may be made.

INJUNCTIONS¹⁵⁴

Preliminary Injunction

CANADIAN COURTS MAY GRANT interlocutory injunctions to stop possible IP infringements pending trial.¹⁵⁵ To obtain such an order, the plaintiff must show:

- (a) a serious question to be tried,
- (b) irreparable harm, i.e. injury that cannot be adequately compensated in damages, and
- (c) a balance of convenience in its favour, i.e. that it would suffer more from the injunction being denied than the defendant would suffer from its grant, and that the public interest — i.e. how third parties may be affected — favours grant;¹⁵⁶
- (d) no *inequity* on its part, e.g. undue delay or lack of clean hands.

The claimant must usually undertake to compensate the defendant if the order later proves to have been wrongly granted.

Over the last couple of decades, courts have emphasized the drastic and extraordinary nature of such relief, and have grown more cautious in granting it — so much so that few interlocutory injunctions are granted in IP cases in Canada these days.

The difficulty is not usually with the first hurdle. Most legally advised IPR claimants can demonstrate that they have a fairly arguable and unfrivolous case.¹⁵⁷ A few fall at the third or fourth hurdle: they cannot show a balance of convenience in their favour, or their dithering or bad behaviour toward the defendant disqualifies them. But the most difficult hurdle is generally the second. The point of interlocutory relief is said to be to prevent claimants from suffering irreparable harm pending trial. So claimants have to provide clear, not merely speculative evidence, of such harm. They have to show that denying the injunction will cause them losses that they will be unable to recover if they win. Even proving an undisputed right, probable infringement and a probable award of damages at trial may not be enough: clear evidence that the defendant will be judgment-proof or that the losses will be impossible to calculate may be required. The response to the argument that the value of IPRs is consequently weakened is that a wrongly enjoined defendant may suffer as much loss during the years he is kept out of business as a wrongly denied IPR holder may suffer if the defendant really is infringing. No reason exists why allegedly aggrieved claimants should, as a class, be preferred over allegedly aggrieved defendants.¹⁵⁸

It is nonetheless seriously arguable that the current formulaic Canadian approach to the grant of interlocutory injunctions is rather worse than the flexible approach prevalent just a decade ago, and also prevalent now in the United Kingdom, whence, ironically, the current Canadian position supposedly derives.¹⁵⁹ Take an all-too-common case where a Canadian business adopts the name of a well-known similar foreign business to attract customers familiar with the latter. Such petty deceptions should be stamped out quickly, at least where the foreign business has a Canadian registered trade-mark or a local repute and the taking is deliberate.¹⁶⁰ And so they were a decade ago: a Vancouver restaurant that took for itself the unregistered name of a well-known Hong Kong restaurant quickly had an interlocutory injunction granted against it by a B.C. court.¹⁶¹ But a similar trick recently played on consumers by a Victoria restaurateur, at the expense of a U.S. restaurant chain with a Canadian trade-mark registration, was not foiled by the Federal Court, which cited a lack of clear evidence of irreparable harm to the U.S. chain's goodwill.¹⁶² The result presumably encourages a forced foreign buyout of the local trickster's *rights*, but at a price reflecting the advantage to the buyer of a solution now rather than one years later when the dispute would be finally tried. Cases like this underscore the need for a flexible approach to the grant of interlocutory injunctions. A rigid formula milled from the statutory requirement that injunctions be issued where "just and convenient" may promote neither justice nor convenience but instead sharp dealing and public deception.

U.S. courts also emphasize the extraordinary and drastic nature of pre-trial relief but nevertheless manage to grant injunctions more readily than do Canadian courts. While similar legal hurdles appear, their height and spacing is

different and the courts are willing, where Canadian courts are not, to conduct mini-trials on the merits. For example, the Ninth Circuit, which handles many copyright cases, grants preliminary injunctions to claimants who demonstrate “either (1) a combination of probable success on the merits and the possibility of irreparable injury or (2) the existence of serious questions going to the merits and that the balance of hardships tips sharply in [the claimant’s] favor.”¹⁶³ A stricter test used by the Federal Circuit for patents and trade-marks, and often mirrored elsewhere for other IP cases, looks more like the Canadian test. It requires the claimant to establish:

- (a) a reasonable likelihood of success on the merits, i.e. a right that is probably valid and infringed despite any defences raised;
- (b) irreparable harm if preliminary relief is denied,
- (c) a balance of hardships in the claimant’s favour, and
- (d) the public interest favouring grant.¹⁶⁴

But even this superficially stricter test, seemingly as formulaic as the Canadian one, favours claimants more than in Canada, for a strong, not just a reasonable, case on the merits may cross not only the first hurdle, but also the second one of irreparable harm. And if actual proof of irreparable harm — lost market share or business relations — is shown, the last two hurdles quickly fall.¹⁶⁵

Final Injunction

Final injunctions are usually granted in infringement cases to vindicate the treatment of IPRs as *property*. The remedy is nevertheless discretionary. What justifies withholding it, other than standard equitable defences such as long delay or acquiescence in the infringement, can be contentious. The Federal Court of Appeal said in a copyright case that an injunction should be issued even where the right holder would suffer no damage were the order refused. Reversing a trial court’s decision to award reasonable royalty damages instead of an injunction, the Court said that (a) the court had no power to do what was “tantamount to the imposition of a compulsory licence,” and (b) only something “in the conduct of the [IP] owner, not in the conduct or motives of the infringer” justified refusal.¹⁶⁶ These statements are contradictory and, in any event, both wrong. The first negates the discretionary nature of equitable remedies: the result of any refusal of an injunction is tantamount to imposing a compulsory licence. The second statement is too narrow: equity always looks at the whole case, not just the conduct of one party, to determine whether an injunction is more “just and convenient” than the usual money remedy.

An injunction may be the right remedy for infringement — but only presumptively. Just as the punishment should fit both crime and criminal, so civil remedies should fit both wrong and wrongdoer. Trivial infringements warrant trivial remedies.¹⁶⁷ Canadian and U.K. courts are rightly reluctant to encourage the idea that an IP holder's choice to license can be eliminated simply by paying money but they will, if pressed, say just that. So a music publisher discovered that the making of increasingly extravagant claims for compensation against an inadvertent infringer was not a costless exercise. A U.K. court refused the publisher a summary injunction, saying that “it is arguable that if [the publisher] seeks to exploit this right [viz. to charge whatever price he wishes] unreasonably so as to take advantage of the defendant's weak position (albeit one of his own making) his conduct may be regarded as oppressive.”¹⁶⁸

U.S. practice is comparable. Injunctions against infringement are normal but may exceptionally be refused at the court's discretion. Thus, an appeals court said, in endorsing the *flexible approach* taken by a trial court, which had awarded damages in lieu of an injunction to a patentee who preferred practicing law to practicing his invention:

An injunction ... is not intended as a club to be wielded by a patentee to enhance his negotiating stance. [cite] Here ... the defendant manufactures a product; the appellant does not. In the assessment of relative equities, the court could properly conclude that to impose irreparable hardship on the infringer by injunction, without any concomitant benefit to the patentee, would be inequitable. [cites] Instead, the District Court avoided ordering a cessation of business to the benefit of neither party by compensating appellant in the form of a compulsory license with royalties.¹⁶⁹

Similarly, in another patent infringement case, a U.S. appeals court refused an injunction that would have closed down a sewage treatment plant: “where the health and the lives of more than half a million people are involved, we think no risk should be taken”.¹⁷⁰

DAMAGES

INFRINGEMENT OF AN IPR ENTITLES the claimant to recover, as for any other tort or delict, damages to compensate for foreseeable losses caused by the infringement. The claimant should get lost profits on the sales it would have made but for the infringement, and a reasonable licence fee on sales the infringer made but which the claimant would not have secured. *Guesstimates* can be made for intangible losses such as lost goodwill or mental suffering caused by a particular infringement. On the other hand, the discretionary language in which some statutes are cast — the court “may” award damages¹⁷¹ — encourages

the denial of substantial damages where losses are speculative or a grant would be unconscionable, e.g. to a claimant who lets an innocent defendant detrimentally change his position without demur.¹⁷²

The court may, at its discretion, also award punitive damages for particularly bad conduct — e.g. against an infringer who thinks it can get away with deliberate wrongdoing — if the compensation awarded is not enough to tell the defendant and the world that infringement does not pay. Punitive awards have usually been moderate, usually between \$5,000 and \$50,000, but can go higher. The Federal Court of Appeal discharged a record award of \$15 million in a patent infringement case against an oil company that had chosen to ignore an inconvenient interlocutory injunction. The court took this action, however, only because the trial judge had not yet awarded compensatory damages. The appeal judges could not tell how much exemplary damages, if any, were needed to teach the oil company some good manners in business. Something below \$15 million might do; then again, something higher might be needed.¹⁷³

U.S. rules on damages are superficially similar to Canadian rules, but in practice are less flexible because — unlike Canada — damages awards are frequently made by a lay jury, which needs precise direction. To illustrate, the following extract from a judgment on damages for infringing copyright in building plans is unexceptionable in Canada, but would probably be considered “speculative and uncertain”¹⁷⁴ under U.S. law:

There is evidence here that on occasion [the plaintiff] would grant a licence to erect the [house] at a cost of \$60. This sum I regard as being inadequate. The damages being at large, I assess them at \$650, and I must confess that I have been unable to find any satisfactory measuring rod in so doing but follow the example [of a 1911 U.K. judge] where he said that the matter before him (the measure of damages in a patent action) “is to be dealt with in the rough — doing the best one can, not attempting or professing to be minutely accurate.” He said later that “such matters should be dealt with broadly and as best we can as men [sic] of common sense.”¹⁷⁵

It is partly to avoid problems of proof of loss that the U.S. *Patent Act* prescribes “in no event less than a reasonable royalty” to compensate a prevailing claimant patentee, and adds that damages may be multiplied only up to three times against a “wilful” infringer.¹⁷⁶

ACCOUNT OF PROFITS

THE COURT HAS THE DISCRETION, on request by a claimant, to order an infringer to account for its profits from the infringement and pay its net gain to the claimant. This order is available as an alternative to compensatory damages

in all IP cases in Canada — except for copyright, where, as in the United States, an account of profits and damages can both be awarded so long as double counting is avoided. Jurisdiction exists to add an award of punitive damages to an account of profits.

The remedy of account was virtually unknown before the 1960s in Canadian IP cases, but it resurged in the mid-1970s to become quite popular, especially in patent cases. The claimant avoids the need to prove its lost profits; the defendant has to lay open its books and to prove its deductions from revenue; and awards of compound prejudgment interests have become common. However, a major disadvantage is the time and cost of isolating and apportioning deductions to reach the net amount attributable to the infringement.¹⁷⁷ The costs of taking the account can be more than the amount recovered. A court which suspects that result may deny the remedy at its discretion and leave the claimant with his damages remedy.¹⁷⁸

An account of profits is also available in the United States for all IP cases except those involving the infringement of utility patents.

COPYRIGHT

SINCE 1999, COPYRIGHT HOLDERS have had the right to choose, instead of the standard set of damages and account remedies, a special remedy of statutory damages borrowed from U.S. law. A right holder can elect to recover between \$500 and \$20,000 in a single action for all infringements in respect of each work involved in a single proceeding. The remedy is much like a civil fine: the court fixes a figure after considering all the circumstances: the good or bad faith of the parties, their conduct before and during the proceedings, deterrence, and presumably any losses or gains resulting from the infringement.

The Canadian remedy differs from the U.S. one in some respects. The latter is available only where the copyright was registered at the time of infringement; in Canada, non-registration is at most a discretionary factor in assessing the sum. The range of damages also differs: when exchange rates are taken into account, the U.S. range of between \$US 750 and \$30,000 is about double the Canadian minimum and maximum, and could rise to \$US 150,000 for deliberate infringements. In both countries, the statutory award may drop to \$200 for innocent infringements, but in Canada, a particularly egregious infringement may attract a separate, theoretically uncapped, punitive award.

Canadian courts can also multiply awards to collecting societies against defaulters on blank audio recording media levies or musical performing right royalties: up to 5 times the levy owing, and between 3 and 10 times the royalty.

ANCILLARY ORDERS, COSTS AND ATTORNEY'S FEES

ORDERS TO SEIZE AND DESTROY infringing goods and labels are standard in both countries. In Canada, the successful party also usually recovers its reasonable costs (i.e. attorney's fees) and disbursements from the losing party. In practice, costs awards cover only part (perhaps only a third) of actual expenditures. Sometimes, an unsuccessful party who has run an obviously losing case, who has made unsubstantiated allegations or who has otherwise behaved particularly badly during the case in or out of court may be ordered to pay a larger share — sometimes even the whole — of the other side's costs. Exceptionally, too, a winning party may have behaved so badly either before or during the litigation that the court will exercise its discretion to issue no order for costs in its favour.

By contrast, in the United States each side usually bears its own costs. Thus, in patent cases, an award of attorney's fees is made only exceptionally, e.g. against a wilful infringer or a party who has misbehaved in the litigation. However, copyright legislation allows courts a wider discretion to award attorney's fees. Such awards have become more common recently, although they are available only if the claimant has registered its right in a timely manner.¹⁷⁹

CONCLUSION

IN THEORY, IP PROTECTION IS A GOOD IDEA but its current configuration is hard to agree with. Certainly, far more is protected far longer and far more vigorously today than was the case 50 or even 25 years ago: *maius, longius, irritandius* could serve as IP's version of the Olympic motto. Members of the public — businesses, follow-on inventors and creators, other users, you and I — can do fewer things, including creating new IP, without first seeking permission or paying for the privilege of using earlier IP-protected work. New technology, while providing fresh opportunities and liberties in one direction, may have constrained opportunity and liberty in other directions, or may have driven them underground. Whether the overall result is positive may be doubted.

Thus, in Canada, nobody can copy virtually anything longer than a few sentences, or any squiggle more elaborate than a straight line that has been produced within the last century, or any collocation of sounds — e.g. morning birdsong — that has been recorded in the last 50 years, without risking copyright infringement. Nothing on the material need say that the work is protected, nor does checking the copyright registry help since comparatively little material is registered there. It does not matter that the earlier work is simple and took hardly any time, money or skill to create. However, much as one may admire minimalism as an art form, one need not espouse such a system of protection for these sorts of periods.

The same holds true for patents. Few patents issue for breathtaking inventions. Most are for humdrum improvements, which would be made and marketed anyway. The patent system commonly claims to draw out innovations that would not have occurred without its lure. But the one time a U.S. appeals court openly applied such an incentive-based test to invalidate a trivial improvement in the art of making spanners, it was soundly reversed by the full appeals bench. The first court thought that the invention was of “the sort that was likely to be made, and soon”; patenting was therefore redundant and the invention should be held obvious. The full appeals bench disagreed. The real, more technical and supposedly more meaningful, question was whether the differences between the claims and the prior art made the improvement obvious to an ordinary skilled worker in that art. In answering that question, the tribunal had to remember that (1) something may be simple without being obvious, (2) something may be obvious to try without being obvious to complete, (3) persistence counts as much as Eureka!-type discoveries, for patient plodders need encouragement as much as — perhaps more than — the flashy geniuses, and (4) a host of other far-from-obvious factors may intervene.¹⁸⁰

Not only are IPRs easily acquired, but today they are more easily infringed. Broad claim construction and the doctrine of equivalents catch those who tread too closely to the wording of a patent's claims. Trade-mark owners catch not only those who confuse but also those who simply use a mark in a way that might lessen the mark's advertising value or brand extension potential. Copyright owners find it easier to prove infringement as smaller and smaller units are called substantial parts of a work, and subconscious copying of any such part is called infringement.

How has all this occurred? The very use of the nomenclature *intellectual property* is partly at fault. It muddies clear thought and analysis. Much of the trivia that gets protected by copyright and patent laws has little intellect behind it, certainly not enough to warrant the broad and long protection it gets.¹⁸¹ Calling IP “property” too obscures the fact that there is property and property. What is desirable legally or economically for land or goods does not necessarily follow for ideas, information or trade symbols. Yet, the equation tends to be made automatically, perhaps even subconsciously. Internationally, IP has now become a *thing* and principles are deduced from its *thing-ness*.¹⁸² Attempts to trim back its excesses are attacked as an interference with property or even unconstitutional *takings*. Competing arguments — that to create a right may be to take some *thing* from the public; that to retrench a right may be to return some *thing* to the public which it, until recently, possessed anyway — are dismissed as unthinkable or subversive.

IP is supposed to represent a balance of interests, but that balance itself is upset by property nomenclature. Take the case of parody. A few years ago, the Michelin Tire Co. sued a union for infringing Michelin's copyright by using a

caricature of the Michelin Man logo on the leaflets the union handed out during a labour dispute. Lacking a specific parody defence in the *Copyright Act*, the union defended by claiming that it was exercising its freedom of expression, guaranteed by the *Canadian Charter of Rights and Freedoms*. The Federal Court disagreed. It said that free speech does not entitle anybody to tread on a property right, here copyright. The union could have found some non-infringing way to express itself. The fact that way may have been less effective did not matter.¹⁸³ Once copyright is classified as property, it acquires the *gravitas* it lacks as a mere exclusive right. Balancing two rights, or a freedom against a right, is one thing; balancing a freedom against property (a right not even mentioned in the *Charter*) is apparently quite another.¹⁸⁴

The argument that IP already has its own internal set of checks and balances is only superficially plausible. User rights — exceptions — are typically written and interpreted narrowly, while subject-matter and the rights attaching to it are typically written and interpreted broadly. So, as a new technology appears, the courts quickly extend protection to it, often placing it beyond the balance of user exceptions drawn narrowly with earlier technology in view. Later attempts to widen the exceptions are then resisted as interferences with vested rights — as attempts to upset, rather than redress, the balance. That mindset is written into international law through the TRIPs Agreement: States can easily provide “more extensive protection” than the minima imposed by the TRIPs Agreement, but creating exceptions to existing or future rights is far more constrained, as Canada and the United States discovered from the recent WTO rulings upsetting exceptions in Canada’s patent law and in the United States’ copyright law.¹⁸⁵

I have disapproved elsewhere of these tendencies:¹⁸⁶

The recent expansion of intellectual property has come to be more an end in itself than a means to the end of stimulating desirable innovation. The question whether existing protections should be scaled back or re-contoured, because the activities that they supposedly foster would occur anyway and would be more widely distributed throughout society, is hardly asked any more. If intellectual property were seen as a form of subsidy — a willingness by society at large to provide economic benefits to one sector in return for the prospect of larger benefits to all — then few would question the need to keep intellectual property under constant review to ensure the scheme was working well. It would not be enough to say that intellectual property *as a whole* was returning social benefits that outweighed its costs *as a whole*. As with any other subsidy, each element within the scheme would need to be examined... A strong case for such systematic reviews must surely exist.

...[I]ntellectual property cannot be treated as an absolute value. ...[A]gainst it are ranged values of at least equal importance: the right of people to imitate others, to work, compete, talk, and write freely, and to

nurture common cultures. The way intellectual property should be reconciled with these values — or vice versa — has changed much over time and continues to vary among countries and among legal systems. The adjustments occur for social and economic reasons; they are not preordained by natural law. Where a particular line should be drawn can certainly not be answered by circularities like “intellectual property is property...”.

The pressure for greater intellectual property protection suggests the suppression of other values and a drift toward an economic system where the protection under the aegis of IP of any investment of time, money or labour is fast becoming the norm and competition is becoming the exception.

Finally, the TRIPs Agreement may have imposed standardized IP norms on much of the world, but it has not made believers in the new faith out of everyone. The IP system was developed in the West to serve the needs of the industrialized world. It does not necessarily fit with other cultures and other economies at different stages of development. To many countries who became WTO members, believing that access to world markets would benefit them overall, the TRIPs section of the Agreement seems presently to be delivering more detriments than benefits. The future challenge for IP may thus be to make itself more coherent and persuasive, not only domestically but internationally as well. To achieve that goal may mean a movement away from the present insistence on rigid standardized norms towards greater toleration of diversity and flexibility.

ENDNOTES

- 1 Incidental reference is also made to other IP rights, e.g. over designs, integrated circuit topographies (semiconductor chips), plant breeders rights, geographical indications, trade secrets and unfair competition.
- 2 Given time and space constraints, I make two confessions and avoidances:
 - This is a conference paper, not a treatise. I have selected some features of Canada's IP system which seem interesting to me, especially for comparative purposes. Others may have chosen differently. Trade-marks are covered more briefly, not because they are less important but for the more mundane reason that the paper was already inordinately long when I came to deal with them.
 - The law is stated only in general terms. It would, for example, be foolhardy to rely on the brief statement in the text below on copyright duration to figure out the present Canadian or U.S. copyright expiry date of a foreign work made in 1949. A striking feature of both Canadian and U.S. IP laws is their inordinate complexity.

- 3 A point made by Professor Michael Geist at the Conference in his commentary on this paper. Domain names are discussed below in notes 139-140.
- 4 *Constitution Act, 1867*, ss. 91(22), 91(23) (Canada).
- 5 *United States Constitution*, Art. I, § 8, cl. 8.
- 6 *Feist Publications Inc. v. Rural Telephone Service Co. Inc.*, 499 U.S. 340, 350 (1991), following a long line of similar rhetoric in U.S. Supreme Court case law.
- 7 A U.S. appeal judge experienced in IP admitted that she viewed natural rights theory “as fundamental to our national ethic” and as “underl[ying] much of the ensuing construct of intellectual property”, although the theory “doesn’t get much attention from economists”; see Newman (1994). For other theories, see Penrose (1951), pp. 20-41; see also Vaver (1997), pp. 3-13.
- 8 For federal power, see *Constitution Act, 1867*, s. 91(2) (Canada), (“Regulation of Trade and Commerce”). For provincial power, see *Constitution Act, 1867*, s. 92(13) (“Property and Civil Rights in the Province”) and s. 92(16) (“Matters of a Merely Local or Private Nature”).
- 9 *United States Constitution*, Art. I, § 8, cl. 3.
- 10 Or in Louisiana, the civil law.
- 11 Some consider antitrust law to be virtually constitutional law, especially in the United States. In Canada, the anti-competitive exercise of IPRs may come under the *Competition Act*. For recently formulated rules to guide Competition Bureau intervention, see Industry Canada, 2000. In the United States, the anti-competitive exercise of IPRs has sometimes attracted the attention of the Justice Department and has also caused the occasional IP holder to lose its infringement suit and face a counterclaim for damages because of a misuse of IPRs; see Roberts, 1995. As to Canada, see note 18.
- 12 *Florida Prepaid Postsecondary Education Expense Board v. College Savings Bank*, 527 U.S. 666 (1999). The United States may not be TRIPs-compliant in this respect.
- 13 Other more interstitial IP or IP-containing treaties common to both countries include:
 - the *Universal Copyright Convention*, 1952, (the United States, but not Canada, adhered to the 1971 revision), mandating national treatment and moderate minimum standards of protection with minimal formality;
 - the *International Convention for the Protection of New Varieties of Plants*, 1961, as amended to 1991 (United States adhering to 1991, Canada to 1978), creating rights for plant breeders;
 - the *Patent Co-operation Treaty*, 1970, streamlining the filing and processing of patent applications internationally;
 - the *Strasbourg Agreement Concerning the International Patent Classification*, 1971, as amended in 1979, standardizing the classification of patents;
 - the *Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the purposes of Patent Procedure*, 1977, as amended in 1980, establishing recognized depositories; and
 - the *United States-Canada Free Trade Agreement*, 1988, providing for copyright in cross-border television and radio broadcasts and committing the parties to international IP co-operation.

- 14 Among the more significant of recent treaties to which the United States has, but Canada has not, acceded, are the following:
- the *Nice Agreement concerning the International Classification of Goods and Services for the purposes of the Registration of Marks*, 1957, as amended to 1979;
 - the *Geneva Convention for the Protection of Producers of Phonograms against Unauthorized Duplication of their Phonograms*, 1971; and the *Geneva Trademark Law Treaty*, 1994.
- The United States has already acceded to and implemented the *WIPO Copyright Treaty 1996* and the *WIPO Performers and Phonograms Treaty*, 1996 (both to come into force on 30 accessions), designed to strengthen the protection of copyright holders in the digital environment.
- 15 The United States has actively pursued TRIPs complaints under the dispute settlement procedures. It has been the subject of a successful TRIPs complaint over broad exemptions for the public performance of music, passed as amendments to the U.S. *Copyright Act* in 1998. Canada has also been the subject of successful TRIPs complaints over its *Patent Act*, R.S.C., c. P-4 (Canada) provisions on pharmaceutical drug stockpiling and over the duration of patent rights. See:
- WTO. Report of the Panel. *United States Section 110(5) of the US Copyright Act*. Available at: http://www.wto.org/english/tratop_e/dispu_e/1234da.doc (accessed on April 22, 2005).
 - WTO. Report of the Appellate Body. *Canada: Term of Patent Protection*. Available at: http://www.wto.org/english/tratop_e/dispu_e/170abr_e.pdf (accessed on April 22, 2005).
 - WTO. Report of the Panel. *Canada—Patent Protection of Pharmaceutical Products*. Available at: http://www.wto.org/english/tratop_e/dispu_e/7428d.pdf (accessed on April 22, 2005).
- 16 Similar reasoning and results apply *mutatis mutandis* where the work is unprotected in Canada but protected in the United States.
- 17 Witness the U.S. doctrine under which a patentee cannot prevent the resale of a patented product anywhere in the United States; see *Keeler v. Standard Folding-Bed Co.*, 157 U.S. 659 (1895). Trade-marks may be less effective in barring the parallel import of genuinely branded goods; see *Smith & Nephew, Inc. v. Glen Oak, Inc.* (1996), 68 C.P.R. (3d) 153 (F.C.A.).
- 18 The transfer and exercise of copyright to prevent parallel imports of car parts bearing the copyright logo is arguably an anti-competitive practice that prevents the right holder from obtaining an injunction; see *Volkswagen Canada Inc. v. Access International Automotive Ltd.*, 2001 (F.C.A.) 79. For Europe, see Anderman, 1998.
- 19 This section draws on Vaver, 2000a, pp. 16-18.
- 20 E.g. *Apple Computer Inc. v. Mackintosh Computers Ltd.* (1986), 10 C.P.R. (3d) 1 (F.C.T.D.), aff'd [1988] 1 F.C. 673 (C.A.), aff'd [1990] 2 S.C.R. 209. Further on computer programs, see note 118.
- 21 *Thomas & Betts Corp. v. Panduit Corp.*, 138 F.3d 277 (7th Cir. 1998); *Thomas & Betts Ltd. v. Panduit Corp.*, [2000] 3 F.C. 3 (C.A.).
- 22 Cf. *Monsanto Canada Inc. v. Schmeiser*, 2001 Fed. Ct. Trial LEXIS 174, 2001 FCT 256 (patent for genetically modified seed enforced against farmer who saved seed;

- exemptions under *Plant Breeders' Rights Act*, S.C. 1990, c. 20, irrelevant to patent suit).
- 23 *Copyright Act*, R.S.C. 1985, c. C-42, ss. 64.1(1)(a), (d), 64(1), (2) (Canada).
 - 24 *Matrox Electronic Systems Ltd. v. Gaudreau*, [1993] R.J.Q. 2449, 2457 (S.C.). To similar effect, see *Tennessee Eastman Co. v. Commissioner of Patents*, [1974] S.C.R. 111; *Cuisenaire v. South West Imports*, [1968] 1 Ex. C.R. 493, aff'd [1969] S.C.R. 208; *Rucker v. Gavel's Vulcanizing Ltd.* (1985), 7 C.P.R. (3d) 294 (F.C.T.D.).
 - 25 See, for example, *TraFFix Devices Inc. v. Marketing Displays Inc.*, 120 S. Ct. 2715 (2001), barring trade dress protection for a functional design feature covered by the claims of an expired patent.
 - 26 See *Apple Computer Inc. v. Mackintosh Computers Ltd* (1986), 10 C.P.R. (3d) 1 (F.C.T.D.), aff'd [1988] 1 F.C. 673 (C.A.), aff'd [1990] 2 S.C.R. 209; *Roland Corp. v. Lorenzo & Sons Pty. Ltd.* (1991), 105 Aust. L.R. 623, aff'd (1992), 23 I.P.R. 376 (Full Aust. Fed. Ct.); *Krueger International Inc. v. Nightingale Inc.*, 915 F. Supp. 595 (S.D.N.Y. 1996) (stacking chair cannot be exactly copied after expiry of design patent); cf. see Zimmerman, 2000.
 - 27 Unlike U.S. federal courts, the Federal Court of Canada lacks pendent or diversity jurisdiction. A plaintiff complaining of copyright infringement in the latter court cannot validly join any related common law or delictual passing-off claim to its complaint; nor may he or she go to Federal Court merely because the defendant is domiciled in a different province.
 - 28 For example, the common law of Georgia differs from that of New York State. Georgia has long recognized a common law right of privacy, while New York has for almost as long denied the existence of any such right.
 - 29 The opportunity in Canada for the Federal Court and the provincial courts to develop discrepant approaches in IP cases exists in theory, but rarely appears or persists in practice.
 - 30 Thus, the test for trade-mark confusion is enunciated differently from one circuit to another; see Halpern, Nard and Port, 1999.
 - 31 Both laws are quite modern. Canada's law, though still bearing the heavy imprint of the *Copyright Act*, 1921 (Canada) (itself based on the *Copyright Act*, 1911 (United Kingdom)), was radically transformed by a series of amendments between 1988 and 1997. U.S. law is centered on the *Copyright Act* of 1976, updated by amendments such as the *Sonny Bono Copyright Term Extension Act* and the *Digital Millennium Copyright Act* of 1998.
 - 32 *Apple Computer Inc. v. Mackintosh Computers Ltd.*, [1990] 2 S.C.R. 209, note 20 above, rejecting the majority view of Australia's highest court in *Computer Edge Pty. Ltd. v. Apple Computer Inc.* (1986) 65 Aust. L.R. 33 (Aust. H.C.).
 - 33 Indeed, one of the examples, sound recordings, is classified as a traditional work of authorship and is protected for the duration of other copyrighted material. In Canada, sound recordings are protected as "neighbouring right" copyrights, more intensely (e.g. public performance rights attach to them) but for a shorter duration (straight 50 years) than traditional works.
 - 34 *Bulman Group Ltd. v. "One Write" Accounting Systems Ltd.* (1982), 132 D.L.R. (3d) 104 (F.C.T.D.); *Caron v. Assoc. de Pompier de Montréal Inc.* (1992), 42 C.P.R.

- (3d) 292 (F.C.T.D.); *U & R Tax Services Ltd. v. H & R Block Canada Inc.* (1995), 62 C.P.R. (3d) 257 (F.C.T.D.).
- 35 *British Columbia Jockey Club v. Standen* (1985), 22 D.L.R. (4th) 467 (B.C.C.A.); *University of London Press Ltd. v. University Tutorial Press Ltd.*, [1916] 2 Ch. 601.
- 36 Copyright Office Regs. 37 C.F.R. § 202.1(d), as an example of a work “consisting entirely of information that is common property containing no original authorship”.
- 37 Copyright Office Regs. 37 C.F.R. § 202.1(c), endorsed in *Bibbero Systems Inc. v. Colwell Systems Inc.* 893 F.2d 1104 (9th Cir. 1990); *Advanx Behavioral Management Resources Inc. v. Miraflor* 21 F. Supp. 2d 1179 (C.D. Cal. 1998).
- 38 Copyright Act, 17 U.S.C. § 103(a) (United States).
- 39 For example, in *Compo v. Blue Crest Music Inc.*, [1980] 1 S.C.R. 357, 374.
- 40 The U.S. position, taken before the United States acceded to the *Berne Convention for the Protection of Literary and Artistic Works*, 1886, appears to contravene *Berne*, and thus both NAFTA and TRIPs; see Vaver, 1995. In the United Kingdom, see *ZYX Music GmbH v. King*, [1995] 3 All E.R. 1, 9-11 (Ch.).
- 41 Copyright Act, § 1101 (United States). U.S. law may not comply with TRIPs art. 14 to the extent that it protects only one class of performances. Oddly too, the U.S. legislation contains no provision that specifies how long this musical performance right lasts or what statute of limitation applies.
- 42 Copyright Act, §§ 105 and 101 (United States) (definition of “Work of the United States Government”).
- 43 *R. v. James Lorimer & Co.*, [1984] 1 F.C. 1065 (C.A.). Other Commonwealth governments have been no less reticent in this respect than Canadian governments. It is a sound adage that power given will inevitably be used as and when its bearer thinks opportune.
- 44 *Reproduction of Federal Law Order*, SI/97-5 (1997).
- 45 See generally, Vaver, 1996.
- 46 *McKenna's Furniture Store v. Prince Edward Island (Fire Marshal)*, [1997] P.E.I.J. No. 33, ¶ 28 (QL) (T.D.).
- 47 *Veeck v. Southern Building Code Congress International Inc.*, 241 F.3d 398 (5th Cir. 2001).
- 48 See Liu, 2000.
- 49 Starting from *Wheaton v. Peters*, 33 U.S. (Pet.) 591, 668 (1834): “The court are [sic] unanimously of opinion that no reporter has or can have any copyright in the written opinions delivered by this court, and that the judges thereof cannot confer on any reporter any such right.”
- 50 No originality requirement applies to neighbouring rights in Canada.
- 51 *University of London Press Ltd. v. University Tutorial Press Ltd.*, [1916] 2 Ch. 601 (routine university examination papers held “original”). The case is cited with approval in virtually every Canadian (and U.K. and Commonwealth) case involving the law of originality.
- 52 *British Columbia v. Mihaljevic* (1989), 26 C.P.R. (3d) 184 (B.C.), aff'd (1991) 36 C.P.R. (3d) 445 (B.C.C.A.).
- 53 *Francis Day & Hunter v. Twentieth Century Fox Corp.*, [1940] A.C. 112 (P.C.); *Canadian Olympic Assn. v. Konica Canada Ltd.*, [1992] 1 F.C. 797 (C.A.).

- 54 *Motel 6 Inc. v. No.6 Motel Ltd.*, [1982] F.C. 638 (T.D.); *Canadian Tire Corp. Ltd. v. Retail Clerks Union, Local 1518 of United Food and Commercial Workers Union* (1985), 7 C.P.R. (3d) 415 (F.C.T.D.); *Visa Int'l Service Assn. v. Auto Visa Inc.* (1991), 41 C.P.R. (3d) 77 (Que.); *Cie Générale des Éts. Michelin v. C.A.W.-Canada* (1996), 71 C.P.R. (3d) 348 (F.C.T.D.).
- 55 *DRG Inc. v. Datafile Ltd.* (1987), 18 C.P.R. (3d) 538 (F.C.T.D.), *aff'd* on other grounds (1991), 35 C.P.R. (3d) 243 (F.C.A.).
- 56 *Tett Bros. Ltd. v. Drake & Gorham*, [1928-35] Macg. Cop. Cas. 492 (Ch. 1934).
- 57 *British Northrop Ltd. v. Texteam Blackburn Ltd.*, [1974] R.P.C. 57, 68 (Ch.).
- 58 *Feist Publications Inc. v. Rural Telephone Service Co. Inc.*, 499 U.S. 340, (1991), itself an innovation not universally admired by U.S. commentators; see, for example, Heald, 1991. For a recent fascinating discussion of authorship, originality and creativity, see Nimmer, 2001.
- 59 *Gould Estate v. Stoddart Publishing Co.* (1996), 30 O.R. (3d) 520, *aff'd* (1998), 161 D.L.R. (4th) 321 (C.A.): the journalist had copyright in his transcript of Glenn Gould's conversation, the court relying, *inter alia*, on *Walter v. Lane*, [1900] A.C. 539 (H.L.). See *Lipman v. Massachusetts*, 475 F.2d 565 (1st Cir. 1973): no copyright in transcript of Mary Jo Kopechne inquest; *Walter v. Lane* not followed.
- 60 *Ateliers Tango argentin Inc. v. Festival d'Espagne et d'Amérique latine Inc.*, [1997] R.J.Q. 3030 (S.C.): *obiter* comment that ordinary photograph "réalisée au hasard, sans recherche et sans cadrage particulier" should have copyright. See also *SHL Imaging Inc. v. Artisan House Inc.*, 117 F. Supp. 2d 301 (S.D.N.Y. 2000): professional photographer's commercial work protectible because of "creative choices" made; *Bridgeman Art Library Ltd. v. Corel Corp.*, 36 F. Supp. 2d 191 (S.D.N.Y., 1999): no U.S. — or U.K. (?) — copyright in photographs of public domain old masters paintings.
- 61 See *Motel 6 Inc. v. No.6 Motel Ltd.*, [1982] F.C. 638 (T.D.); *Canadian Tire Corp. Ltd. v. Retail Clerks Union, Local 1518 of United Food and Commercial Workers Union* (1985), 7 C.P.R. (3d) 415 (F.C.T.D.); *Visa Int'l Service Assn. v. Auto Visa Inc.* (1991), 41 C.P.R. (3d) 77 (Que.); *Cie Générale des Éts. Michelin v. C.A.W.-Canada* (1996), 71 C.P.R. (3d) 348 (F.C.T.D.). Cf. *Muller & Co. v. New York Arrows Soccer Team Inc.*, 802 F.2d 989 (8th Cir. 1986): register's decision to refuse registration of copyright in New York Arrows word and simple design mark affirmed; Madison Avenue's view of creativity was found to be too low for the Copyright Office or the courts.
- 62 *National Film Board v. Bier* (1970), 63 C.P.R. 164 (Ex.): 775 word English/French glossary of motion picture terminology held original. See *Signo Trading International Ltd. v. Gordon*, 535 F. Supp. 362 (N.D. Cal. 1981): translation, for input into a hand-held electronic translator's database, of 850 single words and 45 short phrases from English into phonetically spelt Arabic, held not to be original.
- 63 See notes 58 to 61 above.
- 64 *Feist Publications Inc. v. Rural Telephone Service Co. Inc.*, 499 U.S. 340, (1991).
- 65 *Tele-Direct (Publications) Inc. v. American Business Information Inc.* (1997), 76 C.P.R. (3d) 296 (F.C.A.); *Ital-Press Ltd. v. Sicoli* (1999), 86 C.P.R. (3d) 129 (F.C.T.D.); *Key Publications Inc. v. Chinatown Today Publishing Enterprises Inc.*, 945 F.2d 509 (2nd Cir. 1991).

- 66 *CCC Information Services Inc. v. Maclean Hunter Market Reports Inc.*, 44 F.3d 61 (2nd Cir. 1994); *Édutile Inc. v. Automobile Protection Assn.* (2000), 6 C.P.R. (4th) 211 (F.C.A.).
- 67 *American Dental Association v. Delta Dental Plans Assn.*, 126 F.3d 977 (7th Cir. 1997): taxonomy of dental procedures original. See *Warren Publishing Inc. v. Microdos Data Corp.*, 115 F.3d 1509 (11th Cir. en banc 1997, 8:3 decision): selection of communities listed in a cable systems directory unoriginal.
- 68 *Tele-Direct (Publications) Inc. v. American Business Information Inc.* (1997), 76 C.P.R. (3d) 296 (F.C.A.).
- 69 Accord: *Hager v. ECW Press Ltd.* (1998), 85 C.P.R. (3d) 289 (F.C.T.D.); *Neudorf v. Netzwerk Productions Ltd.* (1999), 3 C.P.R. (4th) 129 (B.C.).
- 70 The contrary view, espoused in *CCH Canadian Ltd. v. Law Society of Upper Canada* (1999), 2 C.P.R. (4th) 129 (F.C.T.D.) (currently under appeal) is not enhanced by the court's view that headnotes in law reports, although involving "extensive labour, skill and judgement", lacked any "creative spark" and hence any copyright — a result reached by no other common law court for quite some time: e.g. *Sweet v. Benning* (1855), 16 C.B. 459 (C.P.); *Banks v. Manchester*, 128 U.S. 244 (1888).
- 71 See Vaver, 2000a, p. 63.
- 72 *Édutile Inc. v. Automobile Protection Assn.* (2000), 6 C.P.R. (4th) 211 (F.C.A.).
- 73 The court approvingly quoted the words "brilliant" and "innovative" from evidence given by the defendant's witness. If this endorsement of hyperbole is correct, the idea in *Édutile* must equally have been new, non-obvious and useful — and thus protectible under the *Patent Act*, were business method patents available in Canada — as they probably are not, at least for the time being; see text accompanying notes 120 and ff. below.
- 74 Duration is, of course, a far more complex subject in both countries than this short exposition implies. Transitional provisions, when new copyright terms are adopted, are particularly elaborate; for Canada, see Vaver, 2000a, pp. 99-118; see also McKeown, 2000.
- 75 *Abkco Music Inc. v. Harrison's Ltd.*, 722 F.2d 988, 999 (2nd Cir. 1983).
- 76 Consideration of user rights becomes relevant, of course, only once the copyright holder has established a *prima facie* case of infringement — that the defendant has copied (or publicly performed, broadcast, etc.) the whole or a substantial part of the holder's work.
- 77 *Copyright Act*, s. 29 ff. (Canada).
- 78 *Hyde Park Residence Ltd. v. Yelland*, [2000] 3 W.L.R. 215 (C.A.), limiting intervention to where a work is "(i) immoral, scandalous or contrary to family life; (ii) injurious to public life, public health and safety or the administration of justice; (iii) incites or encourages others to act in a way referred to in (ii)." Class (i) may not apply in Canada, which has extended protection to pornography: *Aldrich v. One Stop Video Ltd.* (1987), 17 C.P.R. (3d) 27 (B.C.), following a U.S. precedent.
- 79 *Copyright Act*, § 107 (United States).
- 80 *Allen v. Toronto Star Newspapers Ltd.* (1997), 152 D.L.R. (4th) 518 (Ont. Div. Ct.); *Nunez v. Caribbean International News Corp.*, 235 F.3d 18 (1st Cir. 2001).
- 81 *Princeton University Press v. Michigan Document Services*, 99 F.3d 1381 (6th Cir. 1996); cf. *Boudreau v. Lin* (1997), 150 D.L.R. (4th) 324 (Ont. Gen. Div.).

- 82 *Copyright Act*, s. 30.7 (Canada); *Ringgold v. Black Entertainment Tv. Inc.*, 126 F.3d 70 (2nd Cir. 1997).
- 83 *Cie Générale des Éts. Michelin v. C.A.W.-Canada* (1996), 71 C.P.R. (3d) 348 (F.C.T.D.); *Campbell v. Acuff-Rose Music Inc.*, 114 S.Ct. 1164 (1994).
- 84 Especially since audio-taping of musical recordings for private use was from 1999 specifically exempted as an infringement in return for the establishment of a blank audiotape levy: expression *unius est exclusion alterius*. See further *Tom Hopkins International Inc. v. Wall & Redekop Realty Ltd.* (1984), 1 C.P.R. (3d) 348 (B.C.S.C.), varied (1985), 6 C.P.R. (3d) 475 (B.C.C.A.) (dictum); *Sony Corp. of America Inc. v. Universal City Studios Inc.*, 474 U.S. 417 (1984).
- 85 *Sony Computer Entertainment America, Inc. v. Bleem, LLC* 214 F.3d 1022 (9th Cir. 2000) (frozen frame screen shot may be used in comparative advertising by rival who markets computer program to allow playing of videogames on a computer instead of a Sony PlayStation); *National Rifle Assn. of America v. Handgun Control Federation*, 15 F.3d 559 (6th Cir. 1994) (political lobby group may copy other group's list of legislators to conduct rival lobbying effort).
- 86 *Register.com Inc. v. Verio Inc.*, 126 F. Supp. 2d 238 (S.D.N.Y. 2000), finding a contract in the second situation noted. Use contrary to the stated terms was said to be both a breach of a contract and an actionable trespass to chattels.
- 87 *ProCD v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996), reflected in the approach taken in the *Uniform Computer Information Transaction Act* of 1999; see *North American Systemshops Ltd. v. King* (1989), 27 C.P.R. (3d) 367 (Alta. Q.B.).
- 88 See N. Elkin-Koren, 2001.
- 89 *Universal City Studios Inc. v. Reimerdes*, 111 F. Supp. 2d 294 (S.D.N.Y. 2000), currently on appeal.
- 90 *Copyright Act*, ss. 14.1, 14.2, 28.1, 28.2 (Canada). Moral rights attach only to "works" and not — until the *WIPO Performances and Phonograms Treaty*, 1996, is ratified — to any neighbouring rights.
- 91 *Snow v. Eaton Centre Ltd.* (1982), 70 C.P.R. (2d) 105 (Ont. H.C.). Today, the artist's evidentiary burden would be even lighter since prejudice to honour or reputation is presumed where a painting, sculpture or engraving is modified: *Copyright Act*, s. 28.2(2) (Canada).
- 92 *Prise de Parole Inc. v. Guérin Éditeur Ltée.* (1996), 73 C.P.R. (3d) 557 (F.C.A.), aff'ing (1995), 66 C.P.R. (3d) 557 (T.D.).
- 93 *Gnass v. Cité d'Alma* (Que. C.A., 1977, unreported).
- 94 An artist has recovered substantial damages where a city council bulldozed his sculpture off a site bought for urban renewal: *Martin v. City of Indianapolis* 192 F.3d 608 (7th Cir. 1999).
- 95 *Gilliam v. American Broadcasting Companies Inc.*, 538 F.2d 14 (2nd Cir. 1976).
- 96 See Ginsburg and Sirinelli, 1991.
- 97 The Act has a long lineage in Canada. Lower Canada passed the first such law in 1824, modelled on the 1793 U.S. Act, but an earlier grant had been made by the Quebec legislature, in 1791. Interestingly enough, the recipient was an American, Samuel Hopkins, in respect of the same technology — the making of pearl ash and potash — for which he had received the first patent under the U.S. Act of 1790. See Hayhurst, 1996.

- 98 The applicant must file within 12 months of disclosing his invention, or lose the right to file because the invention will no longer be considered new. The United States has a similar one-year grace period, but Europe has a more limited 6-month period for disclosures at trade fairs. *Show and tell* before filing remains a bad idea wherever patenting beyond North America is envisaged.
- 99 Canada had this system before 1987. Astonishingly, an interference appeal dealing with pre-1987 applications, filed in Canada in 1975 and having an earlier U.S. priority date, came to be decided before the Trial Division in the year 2001 from a decision of the Commissioner of Patents made in 1987. The decision was reversed: *Goldfarb v. W.L. Gore & Associates Inc.*, 2001 FCT 45. *Jarndyce v. Jarndyce* lives.
- 100 *Patent Act*, s. 2 (Canada), definition of “invention”.
- 101 Starting with different 5:4 majorities in *Diamond v. Chakrabarty*, 447 U.S. 303 (1980) (biotechnology) and *Diamond v. Dehr*, 450 U.S. 175 (1981) (computer programs).
- 102 *Shell Oil Co. v. Canada (Commissioner of Patents)*, [1982] 2 S.C.R. 536.
- 103 *Progressive Games Inc. v. Canada (Commissioner of Patents)* (1999), 3 C.P.R. (4th) 397, aff'd [2000] F.C.J. No. 1829 (F.C.A.). The grant of a corresponding U.S. patent made no difference.
- 104 *Re Application for Patent of Pioneer Hi-Bred Ltd.*, [1987] 3 F.C. 8 (C.A.), aff'd on other grounds *sub nom. Pioneer Hi-Bred Ltd. v. Canada (Commissioner of Patents)*, [1989] 1 S.C.R. 1623.
- 105 *President and Fellows of Harvard College v. Canada (Commissioner of Patents)*, [2000] 4 F.C. 528 (C.A.), leave to appeal granted June 14, 2001 ([2001] S.C.C. Bull. 1096).
- 106 See Simon, 1997.
- 107 *Agreement on the Trade-Related Aspects of Intellectual Property Rights* (TRIPs), art. 28.1; *North American Free Trade Agreement* (NAFTA), art. 1709(1). The words in square brackets are found in NAFTA but not in TRIPs.
- 108 *European Patent Convention*, 1973, art. 53(a).
- 109 See Cornish, 1999.
- 110 *Harvard/Onco-Mouse*, [1991] E.P.O.R. 525.
- 111 *Lawson v. Canada (Commissioner of Patents)* (1970), 62 C.P.R. 101 (Ex. Ct.).
- 112 Thus, in *Lawson*, previous note, the comparable patent for a method of subdividing land was granted in the United States after contested proceedings. The Canadian court refused to follow the U.S. decision.
- 113 *Novopharm Inc. v. Wellcome Foundation Ltd.* (2000), 10 C.P.R. (4th) 65 (F.C.A.), leave to appeal to S.C.C. sought.
- 114 *Imperial Chemical Industries Ltd. v. Canada (Commissioner of Patents)*, [1986] 3 F.C. 40 (C.A.), foll'ing *Tennessee Eastman Co. v. Canada (Commissioner of Patents)*, [1974] S.C.R. 111.
- 115 *Ex p. Scherer*, 103 U.S.P.Q. 107 (PO Bd. App. 1954), distinguishing *Morton v. N.Y. Eye Infirmary*, 17 Fed. Cas. (No. 9,865) 879 (S.D.N.Y. 1862).
- 116 *Burroughs Wellcome Co. v. Barr Laboratories*, 32 U.S.P.Q.2d 1915 (Fed. Cir. 1994).
- 117 *Patent Act*, 35 U.S.C. § 287(c) (United States). The defence applies only to patents with a priority date after September 30, 1996.

- 118 *Re Abitibi Co.* (1982), 62 C.P.R. (2d) 81, applying *Diamond v. Chakrabarty*, 447 U.S. 303 (1980).
- 119 Expressly not patentable under *Patent Act*, s. 27(8) (Canada).
- 120 *Diamond v. Dehr*, 450 U.S. 175 (1981); *Re Tokyo Shibaura Electric Co.'s Pat. App.* (1985), 7 C.P.R. (3d) 555: computerized method of controlling the operation of an industrial plant patentable.
- 121 *State Street Bank & Trust Co. v. Signature Financial Group*, 149 F.3d 1368 (Fed. Cir. 1998); *Re Alappat*, 33 F.3d 1526 (Fed. Cir. 1994).
- 122 Patents were denied in *Re Patent Application No. 178,570* (1983), 2 C.P.R. (3d) 483 (Comm. Pat.) (computerized method of calculating value of investment portfolio) and *Re Patent Application No. 564,175* (1999), 6 C.P.R. (4th) 385 (Comm. Pat.) (computerized method of financial investment), following *Schlumberger Can. Ltd. v. Commissioner of Patents* (1981), 56 C.P.R. (2d) 204 (F.C.A.).
- 123 *Welcome Real-Time SA v. Catuity Inc.*, [2001] FCA 445 (Fed. Ct. Aust.).
- 124 Most practitioners are naturally all in favour; see, for example, Eisen (2001) and Ferance (2000). The comment from the judgment of the four dissenters in *Diamond v. Dehr* 450 U.S. 175 (1981) disapproving of the patenting of computer programs, come to mind:
The broad question whether computer programs should be given patent protection involves policy considerations that this Court is not authorized to address. ... [T]hat question is not only difficult and important, but apparently also one that may be affected by institutional bias. In each of [the prior cases touching the point], the spokesmen for the organized patent bar have uniformly favoured patentability and industry representatives have taken positions properly motivated by their economic self-interest. Notwithstanding fervent argument that patent protection is essential for the growth of the software industry, commentators have noted that 'this industry is growing by leaps and bounds without it'.
- 125 Whether infringement has occurred in fact may be decided in the United States by a jury. In Canada, the judge decides both questions of claim construction and infringement as there are no juries in IP cases.
- 126 *Consolboard Inc. v. MacMillan Bloedel (Sask.) Ltd.*, [1981] 1 S.C.R. 504, 520-521, approved in *Whirlpool Corp. v. Camco Inc.*, 2000 SCC 67.
- 127 The claims, being approved by the Patent Office, have even been equated with statutory regulations for interpretative purposes: *Whirlpool Corp. v. Camco Inc.*, 2000 SCC 67, para. 49, citing s. 2(1) of the *Interpretation Act*, R.S.C. 1985, c. I-21. The prospect that counsel may now start citing from statutory interpretation treatises in patent cases is surely a gloomy one.
- 128 *Catic Components Ltd. v. Hill & Smith Ltd.*, [1982] R.P.C. 183 (H.L.).
- 129 Purposive construction may, of course, narrow the literal meaning of a claim; more often, it expands it. A narrow interpretation sometimes helps patentees, for example by avoiding the prior art and overcoming invalidity challenges on grounds of obviousness or lack of novelty.
- 130 *Graver Tank v. Linde Air Products Co.*, 339 U.S. 605 (1950).
- 131 As the dissenters (Black and Douglas JJ.) in *Graver Tank* (see previous note) recognized.

- 132 *Free World Trust v. Électro Santé Inc.*, 2000 SCC 66; *Warner-Jenkinson Co. Inc. v. Hilton Davis Chemical Inc.*, 520 U.S. 17 (1997); *Festo Corp. v. Shoketsu Kogyo Kogyo Dabushiki Co. Ltd.*, 234 F.3d 558 (Fed. Cir. en banc 2000).
- 133 Recognized indirectly by Patent Act, s. 55.2(6) (Canada); *Micro-Chemicals Ltd. v. Smith Kline & French Inter-American Corp.*, [1972] S.C.R. 506; see Vaver, 1997, pp. 161-162.
- 134 *Intermedics Inc. v. Ventritex Inc.*, 775 F. Supp. 1269 (N.D. Cal. 1991), aff'd, 991 F.2d 808 (Fed. Cir. 1993).
- 135 See, for example, O'Rourke, 2000.
- 136 See *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203 (1942).
- 137 Taste is included as a possible mark under New Zealand's trade-mark law. How one goes about accurately describing taste in a way that fairly binds third parties is an interesting question. Presumably, "finger-lickin' good" as a written description fails the grade. As to smells, see the varying approaches in Europe: *Venootschap onder Firma Senta Aromatic Marketing's Application*, [1999] E.T.M.R. 429 (Eur. Comm. Trade Marks Office, Second Board of Appeal), registering the smell of freshly cut grass for tennis balls; *John Lewis of Hungerford Ltd.'s Trade Mark Application*, [2001] R.P.C. 575 (Trade Marks Registry Appeal), denying registration of cinnamon smell for furniture. See, generally, Lyons (1994) and McGrath (2001).
- 138 *Trade-marks Act*, R.S.C. 1985, c. T-13, ss. 9(1), 10, 11, 12(1) (Canada).
- 139 The *Trade-marks Act* allows rights to arise even from an application to register an unused mark; the mark will have to be used before it is registered but will have priority as from the application date.
- 140 *Saskatoon Star Phoenix Group Inc. v. Noton*, 2001 SKQB 153 (Sask. Q.B.). See also *Itravel2000.com Inc. v. Fagan*, [2001] OJ No. 943 (Ont. Super. Ct.), following *Panavision Int'l v. Toepfen*, 141 F.3d 1316 (9th Cir. 1998) to grant interlocutory injunction to travel agent with reputation under "itravel" against cybersquatter who had acquired "itravel.ca" as a domain name.
- 141 *Heathmount AE Corp. v. Technodome.com*, 106 F. Supp. 2d 860, further proceedings 2000 U.S. Dist. LEXIS 20316 (E.D. Va. 2000); *Northern Light Technology Inc. v. Northern Lights Club*, 236 F.3d 57 (1st Cir. 2001) (U.S. firm vs. Canadian dot.com cybersquatter); see Greenfield, 2001. One must still file in the right U.S. judicial district: *Mattel Inc. v. Barbie-Club.com*, 58 U.S.P.Q.2d 1798 (S.D.N.Y. 2001).
- 142 *People for the Ethical Treatment of Animals Inc. v. Doughney*, 113 F. Supp. 2d 915 (E.D. Va. 2000).
- 143 *Trade-marks Act*, s. 6 (Canada). Oddly, the U.S. trade-marks law, the *Lanham Act*, lacks a comparable set of criteria, resulting in widely varying formulations of the test for confusion among the various circuits.
- 144 *E. & J. Gallo Winery v. Andres Wines Ltd.*, [1976] 2 F.C. 3 (C.A.)
- 145 *Orkin Exterminating Co. v. Pestco Co. of Canada* (1985), 50 O.R. (2d) 726 (C.A.), applying analogous U.S. precedents and disapproving contrary U.K. case law.
- 146 *Pro-C Ltd. v. Computer City* (2000), 7 C.P.R. (4th) 193 (Ont. Super. Ct.), currently under appeal.
- 147 *Sun Life Assurance Co. of Canada v. Sunlife Juice Ltd.* (1988), 65 O.R. (2d) 496 (H.C.). The now almost *de rigueur* marketing survey was trotted out, revealing

- that 24 percent of the respondents polled in a shopping mall, when shown a fitness-promoting brochure published by the insurance company and a bottle of Sunlife fruit juice, thought the two items were associated with the same company. The result recalls the U.S. case where 12 percent of respondents, who viewed a t-shirt labelled “Mutant of Omaha - Nuclear Holocaust Insurance” and carrying a distinctive Mutual of Omaha’s design trade-mark, thought that the insurance company went along with the anti-nuclear message of the shirts: *Mutual of Omaha Insurance Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987), a 2:1 majority finding of infringement. Presumably similar percentages of such respondents would respond affirmatively to a question asking them whether they believed the earth to be flat.
- 148 *Pink Panther Beauty Corp. v. United Artists Corp.*, [1998] 3 F.C. 584 (C.A.), Linden JA for the majority.
- 149 *Lexus Foods Inc. v. Toyota Jidosha Kabushiki Kaisha* (2000), 9 C.P.R. (4th) 297 (F.C.A.), Linden JA for a unanimous court. Toyota presumably chose conveniently to ignore the decision in which Lexus was allowed its U.S. registration for cars over the opposition of the Lexis legal database operator: *Mead Data Cent. Inc. v. Toyota Motor Sales Inc.*, 875 F.2d 1026 (2nd Cir. 1989).
- 150 *Chemical Corp. of America v. Anheuser-Busch Inc.*, 306 F.2d 433 (5th Cir. 1962).
- 151 *Trade-marks Act*, s. 22(1) (Canada).
- 152 *Clairol International Corp. v. Thomas Supply & Equipment Co.*, [1968] 2 Ex.C.R. 552, 573.
- 153 A view recently confirmed by *BCAA v. Office and Professional Employees’ Int. Union*, 2001 B.C.S.C. 156.
- 154 See generally, Berryman, 2000.
- 155 *Ex parte* orders to seize allegedly infringing goods and other evidence of infringement may be made without prior notice against defendants who would otherwise hide the material if they had advance warning of the claimant’s intention to sue: *Anton Piller KG v. Manufacturing Processes Ltd.*, [1976] Ch. 55 (C.A.); *Pulse Microsystems Ltd. v. Safesoft Systems Inc.* (1996), 134 D.L.R. (4th) 701 (Man. C.A.); *First Technology Safety Systems Inc. v. Depinet*, 11 F.3d 641 (6th Cir. 1993); Berryman, 2000, chapter 5.
- 156 *RJR-MacDonald Inc. v. Canada (Attorney General)*, [1994] 1 S.C.R. 311.
- 157 The pre-1975 requirement to show a prima facie case — i.e. that one’s chances of winning at trial were over 50 percent — no longer prevails.
- 158 *Signalisation de Montréal Inc. v. Services de Béton Universels Ltée* (1992), 46 C.P.R. (3d) 199 (F.C.A.) (patent); *A. Lassonde Inc. v. Island Oasis Canada Inc.*, 2000 Fed. Ct. Appeal LEXIS 431 (trade-mark); *Teklogix Inc. v. Zaino* (1997), 79 C.P.R. (3d) 1(Ont. G.D.) (copyright).
- 159 For the U.K. approach in IP cases, see *Series 5 Software Ltd. v. Clarke*, [1996] F.S.R. 273, 286 (Ch.).
- 160 As established by Orkin, note 146 above.
- 161 *Coin Stars Ltd. v. K.K. Court Chili & Pepper Restaurant Ltd.* (1990), 33 C.P.R. (3d) 186 (B.C.S.C.).
- 162 *Viewpoint International Inc. v. On Par Enterprises Inc.*, 2001 FCT 629 (T.D.).
- 163 *GoTo.com Inc. v. The Walt Disney Co.*, 202 F.3d 1199, 1204 (9th Cir. 2000).
- 164 *Genentech, Inc. v. Novo Nordisk, A/S* 108 F.3d 1361 (Fed. Cir. 1997).

- 165 *Hybritech Inc. v. Abbott Labs.*, 849 F.2d 1446 (Fed. Cir. 1988); *Schawbel Corp. v. Conair Corp.*, 122 F. Supp. 2d 71 (D. Mass. 2000) (patents); *Suntrust Bank v. Houghton Mifflin Co.*, 136 F. Supp. 2d 1357 (N.D. Ga. 2001) (copyright).
- 166 *R. v. James Lorimer & Co.*, [1984] 1 F.C. 1065 (C.A.).
- 167 *Sony Computer Entertainment Inc. v. Connectix Corp.*, 203 F.3d 596, n. 11 (9th Cir. 2000).
- 168 *Ludlow Music Inc. v. Robbie Williams*, [2001] F.S.R. 271, 283 (Ch.).
- 169 *Foster v. American Machine & Foundry Co.*, 492 F.2d 1317, 1324 (2nd Cir. 1973).
- 170 *City of Milwaukee v. Activated Sludge Inc.*, 69 F.2d 577, 593 (7th Cir. 1934). Whether that order would, in Canada, have been labelled as “tantamount to a compulsory licence” is an interesting question.
- 171 For example, for an infringement of moral rights or of trade-marks.
- 172 *Habib Bank Ltd. v. Habib Bank AG Zurich*, [1981] 2 All E.R. 650 (C.A.).
- 173 *Imperial Oil Ltd. v. Lubrizol Inc.* (1996), 67 C.P.R. (3d) 1 (F.C.A.).
- 174 E.g. *Frank Music Corp. v. Metro-Goldwyn-Mayer*, 772 F.2d 505 (9th Cir. 1985).
- 175 *Hay v. Sloan* (1957), 12 D.L.R. (2d) 397 (Ont.), citing old U.K. appellate authority.
- 176 *Patent Act*, § 284 (United States).
- 177 For other calculation complications, see Stack, Davidson and Cole, 2000.
- 178 *Monsanto Canada Inc. v. Schmeiser*, 2001 Fed. Ct. Trial LEXIS 174, 2001 FCT 256.
- 179 *Fogerty v. Fantasy Inc.*, 510 U.S. 517 (1994).
- 180 *Roberts v. Sears, Roebuck & Co.*, 723 F.2d 1324 (7th Cir. 1983, en banc), Posner and Eshbach JJ. dissenting. A comparable set of platitudes is deployed in Canadian law; see *Beloit Canada Ltd. v. Valmet Oy* (1986), 8 C.P.R. (3d) 289 (F.C.A.).
- 181 To similar effect, see Jacob, 1997: “To call [the general area of law now called ‘intellectual property’] ‘intellectual’ is misleading. It takes one’s eye off the ball. ‘Intellectual’ confers a respectability on a monopoly which may well not be deserved. A squirrel is a rat with good public relations. ‘Intellectual property’ is perhaps a phrase coined by the same public relations agent for monopolies!”
- 182 See Vaver, 2000b, pp. 633-635.
- 183 *Cie Générale des Éts. Michelin v. C.A.W.-Canada* (1996), 71 C.P.R. (3d) 348 (F.C.T.D.).
- 184 The first U.K. decision, where copyright met free speech as protected under article 10 of the *European Convention for the Protection of Human Rights and Fundamental Freedoms*, 1953, is even more radical. The court thought that copyright and, it seems, every other piece of IP legislation was already optimally balanced: there was “no room for any further defences outside the code which establishes the particular species of intellectual property in question”: *Ashdown v. Telegraph Group Ltd.*, [2001] 2 W.L.R. 967, 975 (Ch.).
- 185 See TRIPs art. 1.1, with arts. 13 (copyright), 17 (trade-marks) and 30 (patents).
- 186 See Vaver, 2000b, p. 621, 636. See McLachlin C.J.C.: “We must stop thinking of intellectual property as an absolute and start thinking of it as a function — as a process, which, if it is to be successful, must meet diverse aims: the assurance of a fair reward to creators and inventors and the encouragement of research and creativity, on the one hand; and on the other hand, the widest possible dissemination of the ideas and products of which the world, and all the individuals in it, have

such great need; see “Intellectual Property – What’s it all About?”, in Henderson (ed.) *Trade-Marks Law of Canada* (1993), p. 397, cited in *Pink Panther Beauty Corp. v. United Artists Corp.*, [1998] 3 F.C. 584 at 547 (C.A.), Linden JA for the majority.

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