

# The Year We Won't Forget- Reviewing 2020's Top Canadian IP Decisions

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## ROADMAP:

COVID-19 AND THE COURTS - JUDITH

COPYRIGHT - BOB

PATENTS - JUDITH

TRADEMARKS - MICHELLE

QUESTIONS

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# COVID-19 AND THE COURTS

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- Faced with the onslaught of the pandemic in March, courts across Canada reacted rapidly to:
  - increase electronic procedures
  - limit in-person access
  - suspend procedural deadlines and timetables
  - limit certain operations and adjourn hearings / trials
- Practice Directions, Notice to the profession etc. as the situation evolves (available on Courts and Bar websites)

*Rovi Guides, Inc. v. Videotron Ltd.* 2020 FC 596; 2020 FC 637 – 1<sup>st</sup> Federal Court Zoom patent trial

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- In person and hybrid hearings and trials are gradually resuming with public access and appropriate precautions
- The *Time Limits and Other Periods Act (COVID-19)* retroactively suspends various limitation, prescription, and time periods in federal legislation between March 13, 2020 and September 13, 2020

*Reasons of the Federal Court of Appeal 2020 FCA 137:*

COVID-19 Orders and COVID-19 practice directions, as well as its intervening judgments, orders and directions, remain in full force and effect

# COPYRIGHT

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#### Stross v Trend Hunter

- Failed fair dealing defence

#### Keatley

- Crown copyright

#### Bell v GoldTV.biz

- Site-blocking orders

#### Access Copyright v York U

- Board-certified tariffs not mandatory

#### Wiseau v Harper

- Fair dealing and documentaries

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## *Stross v Trend Hunter, 2020 FC 201*



"low bar" in the first step of fair dealing test is really low - but the "analytical heavy-hitting" in the second step of the test will preclude lots of attempts to assert the defence, including this one! Also, if you have a "copyright policy", abide by it!

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## *Stross v Trend Hunter*, 2020 FC 201

- Website used six photographs taken by Stross
- Website is a “market research company that advises clients on consumer trends” – crowdsources content and measures user interaction with the content
- D argued fair dealing for purposes of research
- Court: on a large and liberal interpretation, it is “research”, but it is not “fair”, therefore not fair dealing
  - Purpose: commercial
  - Character: only viewed 168 times, therefore not really “wide”
  - Amount: 100% of photos used, low quality not favouring Ds
  - Alternatives: available
  - Nature: neutral factor
  - Effect: no evidence that P’s ability to monetize has been negatively affected
- D had a copyright policy, but they didn’t enforce it

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## *Keatley Surveying v Teranet* 2019 SCC 43



Crown copyright has two branches: works "prepared" by govt + works "published" by govt - publication must exhibit sufficient degree of government "direction and control".  
Indicia: regulating form/content, transfer of rights to Crown, exclusive right to modify, physical possession

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## *Keatley Surveying v Teranet* 2019 SCC 43

- Does the government own copyright in plans of survey filed with the Ontario land registry? Yes!
- Minority: “direction and control” test lacks textual basis; instead, limit scope of Crown copyright to “government works” published by govt – work that serves a public purpose and requires that copyright be vested in Crown to serve that purpose
- Risk: if you submit copyrighted works to govt (eg compilations of data, patent applications, trademark applications) – copyright could be “expropriated” to Crown if Crown exercises “direction and control”
- Lots of ambiguity for owners and users (how to determine who owns the work?)
- Majority hints that legislative reform might be a good idea

## *Bell Media v GoldTV.biz* 2019 FC 143



Canadian courts have jurisdiction to issue site-blocking orders that oblige ISPs to prevent access to websites engaging in infringement - test is usual test for interlocutory injunctions which covers innocent third parties. Orders do not infringe free expression or net neutrality

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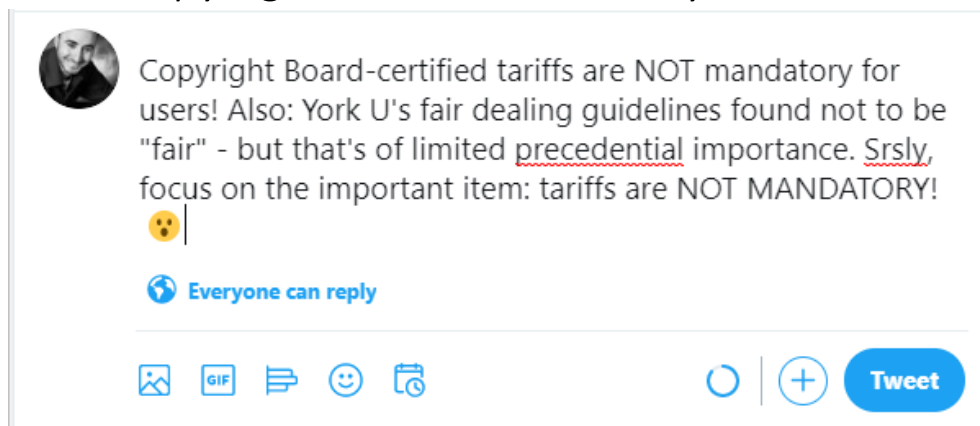
## Bell Media v GoldTV.biz 2019 FC 143

- first site-blocking order issued by Canadian court
- Ds operated unauthorized subscription streaming services with infringing content
- earlier injunctions against Ds were ignored – sites (located overseas) remained up and accessible – plaintiffs: we need help from intermediaries
- Court: we have jurisdiction to make order, order would be effective, would not result in violation of free expression or net neutrality
- Factors (*Cartier*, UK): Necessary? Effective? Deterrent effect? Complexity/cost? Create barriers to legitimate use? Fair balance btwn parties, third parties and public? Measures to safeguard against abuse (time-limited, Ps have to indemnify for costs)
- context: CRTC earlier concluded in response to FairPlay coalition that CRTC does not have jurisdiction under *Telecommunications Act* to issue site-blocking orders; Parliamentary committee recommended a separate administrative remedy not be created
- site-blocking orders used in 45+ other countries – many have explicit legislative provisions
- under appeal (TekSavvy, one of the affected ISPs)

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## Access Copyright v York University 2020 FCA 77



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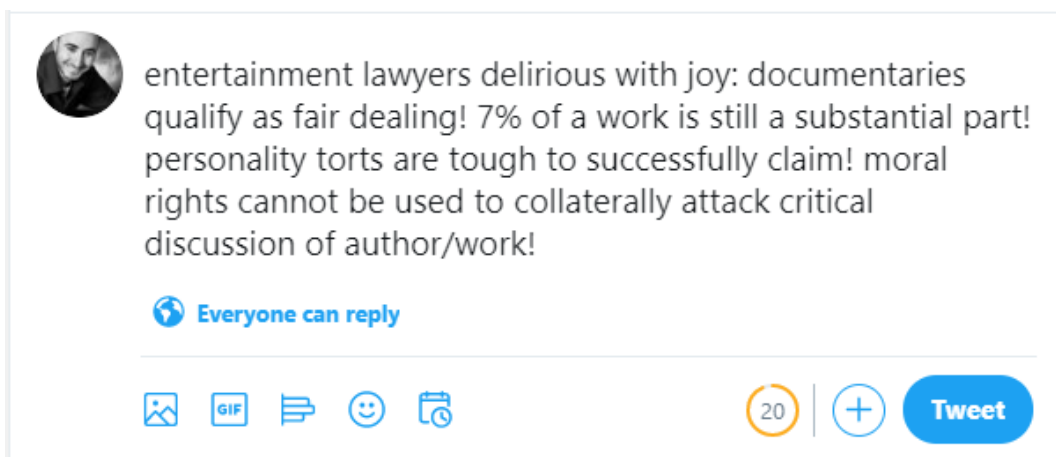
## *Access Copyright v York University 2020 FCA 77*

- “landmark”, “seismic”, “momentous”, “WTF”
- based on text and legislative history, tariffs are not binding on users – only binding on collectives (collective has to grant rights on terms set out in tariff)
- if user does not agree to be bound by tariff and engages in infringing activities, remedy is to sue for damages (incl statutory) and other relief – cannot sue for the amount set out in the tariff
- users can “opt-out” of tariff – can knit together licences and defences (fair dealing, non-substantial part, specific exceptions, etc.) – risk of being sued for “normal” infringement
- whether agreeing to a tariff will make sense will be a function of the use/activity, budget, appetite for uncertainty, and risk profile of each user

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## *Wiseau Studio v Harper 2020 ONSC 2504*



entertainment lawyers delirious with joy: documentaries qualify as fair dealing! 7% of a work is still a substantial part! personality torts are tough to successfully claim! moral rights cannot be used to collaterally attack critical discussion of author/work!

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## *Wiseau Studio v Harper* 2020 ONSC 2504

- documentaries = criticism, review, news reporting
- including extensive clips from prior movie in documentary (with extensive commentary) = fair dealing
- on-screen end credit attribution = satisfies Sections 29.1/29.2 reqs
- 7 minutes from a 99 minute movie = “a substantial part” (but barely!)
- cannot use moral right of integrity to prevent criticism of work
- freedom of expression is important: making unauthorized documentary does not constitute misappropriation of personality, passing off, or intrusion upon seclusion
- cannot simply point to copying to ground claim of TPM infringement

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## 2020 PATENT CASES

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Hospira Healthcare Corp v. The Kennedy Trust for Rheumatology Research 2020 FCA 30

- Obviousness (reasonably diligent search), inducement to infringe – and so much more

ViiV Healthcare Co v. Gilead Sciences Canada 2020 FC 486 Gemak Trust v. Jempak Corp. 2020 FC 644

- Summary trial on claim construction

Apotex Inc. v. Adir 2020 FCA 60

- Accounting of profits / non-infringing alternative

Glaxosmithkline Biologicals S.A. v. Minister of Health 2020 FC 397

ViiV Healthcare ULC v. Minister of Health 2020 FC 756

- Certificates of Supplementary Protection

Choueifaty v. Canada 2020 FC 837

- Computer-implemented and medical diagnostic methods (patentable subject matter)

***Hospira Healthcare Corp. v. The Kennedy Trust for Rheumatology Research*** 2020 FCA 30; 2020 FCA 62 (reconsideration) - Nadon, Rivoalen and Locke, JJA.

- Hospira impeachment action and counterclaim of infringement by The Kennedy Trust
- 2018 FC 259 ( Phelan J.) held the patent valid and infringed
- appeal allowed from the principal trial decision, and returned for redetermination to the trial judge on certain issues

### Key points:

- ▶ on obviousness per s. 28.3 of the *Patent Act* and the 4-step approach in *Sanofi*:
- agrees with the classical touchstone of *Beloit Canada Ltd. v. Valmet Oy* [1986] 8 C.P.R. 289 for the characteristics of the PSA
- for the “state of the art” in the Sanofi test, do **not** exclude prior art that was available to the public at the relevant date **simply because it would not have been located in a reasonably diligent search**

- ▶ on inducement to infringe:

FCA clarifies the third prong of the test set out in *Corlac Inc. v. Weatherford Canada* 2012 FCA 228

1. act of infringement by a direct infringer
2. completion of the infringing acts must be influenced by acts of the alleged inducer to the point that, without the influence, direct infringement would not take place
3. the influence must be knowingly be exercised by the inducer
  - **is knowledge that the influence is being exercised, rather than knowledge that the resulting activity will be an infringement**

*Since then .....*

- request for leave to appeal filed in SCC File no. 39099
- 2020 FCA 62 (reconsideration by FCA pursuant to Rule 397(1) motion re infringement issue)
- Reconsideration hearing (hybrid Zoom and in-person) heard by Phelan J. T-396-13 on September 8, 2020 (judgment reserved)

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***VIIV Healthcare Co et al v. Gilead Sciences Canada*** 2020 FC 486 (Manson J.); ***Gemak Trust v. Jempak Corp.*** 2020 FC 644 (Lafreniere J.)

- motions by the defendants for summary trials in two patent actions under *Federal Court Rule 216*
- *Canmar Foods Ltd v. Ta Foods Ltd.* 2019 FC 1233 (on appeal A-408-19) was also a summary trial
- issues: claim construction and whether the defendant's product falls within the claims (infringement)
- motion for summary judgment was granted in both cases, and the actions were dismissed
- appeals filed from both judgments (A-115-20; A-165-20)

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### Key Points:

- ▶ currently 3 appeals pending from summary trials that construed the claims, found non-infringement and dismissed the actions
- ▶ commentators have wondered whether this trend is the equivalent to a type of *Markman* hearing in Canada?

[www.sufficientdescription.com/2020/04/markman-hearings-come-to-canada.html](http://www.sufficientdescription.com/2020/04/markman-hearings-come-to-canada.html)

### ***Apotex Inc. et al. v. Adir et al.* 2020 FCA 60 Webb, Near and Mactavish, JJA**

- appeal from an accounting of profits re alleged non-infringing alternative (NIA) suppliers
- Apotex argued that the trial judge erred in law by following the NIA factors developed in the assessment of damages
- Appeal dismissed; application for leave to appeal pending SCC No. 39172

### Key Points:

- ▶ NIA case law principles summarized
- ▶ Apotex's arguments were not accepted: the "could have" and "would have" analysis developed in *Lovastatin* is applicable to an accounting of profits
- ▶ the intentions and preferences of a party may be relevant to the "would have" component of the test

### ***Glaxosmithkline Biologicals S.A. v. Minister of Health* 2020 FC 397 Barnes J. ("GSK"); *VIIV Healthcare ULC v. Minister of Health* 2020 FC 756 Fuhrer J. ("ViiV")**

- First FC decisions in respect of Certificates of Supplementary Protection (CSP) under ss. 104-134 *Patent Act* and the *CSP Regulations* SOR/2017-165
- CSP regime came into force in September 2017 to satisfy Canada's obligations under the *Canada- European Union Comprehensive Economic and Trade Agreement (CETA)*
- both proceedings were judicial reviews of decisions of the Minister of Health that refused to issue CSPs

- in *GSK*, the patent claim is to compositions consisted of a truncated antigen + adjuvant (re SHINGRIX®)
  - Minister refused the CSP: an adjuvant is not a medicinal ingredient and a CSP may only be issued for a patent directed solely to a medicinal ingredient or ingredients
- in *ViiV*, a CSP was sought for JULUCA®, a fixed dose combination of two medicinal ingredients D and R
  - Minister refused the CSP: the patent did not pertain to the combination of the medicinal ingredients D and R
- in both cases, the FC held that the Minister's decision was unreasonable, and remitted the matter back for redetermination
- appeal filed from the decision in *GSK* (A-138-20)

### Key Points

- ▶ both matters indicate that the Minister has initially adopted a narrow approach to the interpretation of the *CSP Regulations*
- ▶ on the other hand, the FC has indicated a broader approach, in which the Minister is required under s. 3 of the *CETA Implementation Act* to consider the *CSP Regulations* in a matter consistent with the *CETA*

### ***Choueifaty v. Canada* 2020 FC 837 Zinn J.**

- appeal of the refusal of the Commissioner of Patents to issue a patent for a computer implemented method (CIM) to select and weigh investment portfolio assets
- 13.05.02c MOPOP (Practice Notices 2013-02 & 2013-03) established a problem-solving approach to claim construction of CIM's and medical diagnostic inventions

- the Commissioner found that the essential elements of the claims were directed to a scheme or rules involving mere calculations for weighing securities with no discernible physical effect to satisfy the definition of invention per s. 2 Patent Act
- the FC allowed the appeal, set aside the Commissioner's decision and directed a fresh consideration of the application



## Key Points

- ▶ the MOPOP does not intend or direct patent examiners to follow *Free World Trust* and *Whirlpool* on purposive construction
- ▶ *Genencor International Inc. v. Canada* 2008 FC 608 that is relied on by the Commissioner to deviate from *Whirlpool* for patent examination is no longer good law
- ▶ the FCA in *Canada v. Amazon.com Inc.* 2011 FCA 328 held that the Commissioner is required to employ the purposive construction approach of *Whirlpool* and *Free World Trust*

- ▶ the problem-solving approach to claim construction is akin to using the « substance of the invention » approach discredited by the SCC in *Free World Trust*
- ▶ FC reiterates the principles to determine whether a claim element is essential or non-essential per *Free World Trust* para 55
  - Commentary has just started, e.g. :  
[www.sufficientdescription.com/2020/09/cipos-approach-to-patentability-of.html](http://www.sufficientdescription.com/2020/09/cipos-approach-to-patentability-of.html)

# TRADEMARKS

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INFRINGEMENT CASES

SECTION 22 – Depreciation of Goodwill

SECTION 56 – Expungement

APPEALS – Standard of Review

APPEALS – Section 45 – “Use”

INJUNCTIONS

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# INFRINGEMENT CASES

**Corey Bessner Consulting v. Core Consultants Realty et al** 2020 FC 224 (February 11, 2020)

- o Summary trial –use of trademarks in a JV when the JV breaks up
- o Court found an implied license from the plaintiff to the defendants for the mark “Core Consultant Realty” even though no license terms, payments, etc. were discussed – found infringement and passing off and ordered injunction



**Biofert Manufacturing Inc v. Agrisol et al** 2020 FC 379 (March 13, 2020)

- o Parties in fertilizer business – plaintiff had purchased assets including **BioFert** trademark from receiver - a directing mind of defendant had placed unsuccessful bid for assets - the defendant unsuccessfully attempted to challenge the validity of the registration on the basis that the mark was clearly descriptive and not registrable – must be “readily discernible from the combination”
- o Infringement, passing off and s 22 claims were successful - the Court used a mathematical per incident damages calculation – \$81 k in compensatory damages ordered

A few late 2019 decisions:

- **Louis Vuitton Malletier C.A. v. Wang et al** 2019 FC 1389 (November, 2019)
  - o Summary trial - counterfeit case with BC operator - \$7500/8500 in compensatory damages per proven act of infringement ordered; highest range of statutory damages ordered for copyright infringement; court also ordered \$225k in punitive damages
- **Sandhu Singh Hamdard Trust v. Navsun Holdings Ltd. and 6178235 Canada Inc.** 2019 FCA 295 (December, 2019)
  - AJIT newspaper saga; appeal from a judgment on a redetermination for passing off, infringement and s. 22; allowed in part but the FCA declined to decide and remitted (both sides asked for determination - proceeding began in 2010!)



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## SECTION 22 – Depreciation of Goodwill



**Energizer Brands, LLC v. The Gillette Company** 2020 FCA 49 (February 19, 2020)

- o Pack stickers claiming batteries lasted longer than “the bunny brand”/“the next leading competitive brand” – appeal arose from motion for summary judgment to strike Energizer’s s 22 claim - struck for leading brand and decided for “bunny brand” – Energizer’s successful appeal focused on point of law –the Court exceeded the scope of the motion in *answering* whether the phrases were similar enough to evoke a mental association rather than whether it *could*
- o Upheld underlying decision under section 54 of the *Competition Act* – only remedy for breach is compensation for loss, damages and costs (not profits)

**Toys “R” Us (Canada) Ltd. v. Herbs “R” Us Wellness Society** 2020 FC 682 (June 11, 2020)



- o Summary application – hearing via Zoom - permanent injunction awarded – damages/costs of \$30 k
- o Court found: a “link, connection or mental association” was “inevitable and must be inferred to have been intended”; significant goodwill in TOYS R US mark; requisite likelihood of a mental linkage or mental association (eg. there was a news article that drew a connection); and there would be damage/depreciation (cannabis dispensary was operating without a license and marketed itself with *adult themed* content - inconsistent with a brand directed to sale of toys)

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# APPLICATIONS FOR EXPUNGEMENT – Section 56

**Blue Seal Inc v. Lourens Poorter** 2020 FC 178 (Jan. 30, 2020)

- o Blue Seal (US company) had sold resin for the marine industry in Canada since 2010 under BLUE SEAL word and design mark
- o Individual Lourens Poorter was a managing director of Pollyflake LLP, a producer of marine surface protectants – applied and registered BLUESEAL – registration expunged



**Bedessee Imports Ltd. v. GlaxoSmithKline Consumer Healthcare (UK) IP Limited** 2020 FCA 94

- o Video hearing on May 7, 2020 (Judgement on May 26, 2020)
- o Bedessee did not meet burden that HORLICK'S and HORLICKS were not distinctive, or that they had been abandoned - appeal dismissed



**Beyond Restaurant Group LLC v. Qiang Wang** 2020 FC 514 (Apr. 15, 2020)

- o *Ex parte* hearing – Beyond Restaurant runs chain of POKEWORKS restaurants in US; Mr. Wang had registered “pokeworks” in Canada
- o Application dismissed - Beyond Restaurant did not file sufficient evidence to show that the mark was non-distinctive here as of the material date (when proceeding was commenced). Spill-over from US also not enough to negate distinctiveness



**Beijing Jingdong 360 Du E-Commerce v. Yue Zhang** 2019 FC 1293 (October 15, 2019)

- o Court found registered mark (JD design) was abandoned and ordered expungement (no evidence of mark on Internet or social media; home was abandoned; no retail outlets)

**Friedrich Geldbach GmbH v. M Geldbach (Shanxi) Flange & Fittings Co, Ltd.** 2019 FC 1301 (October 16, 2019)

- o Registration for “geldbach” expunged for flanges and pipes – applicant had, for 30 years, used these designs



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# APPEALS – Standard of Review

**Post Vavilov\*:** Correctness standard on issues of law (Would the legal question be decided the same way? If no, the court will correct the decision)

**Pentastar Transport Ltd. v. FCA US LLC** 2020 FC 367 (March 12, 2020)


- o *Vavilov* applies to review of a TMOB decision given the statutory right of appeal under the *Trademarks Act*
- o TMOB dismissed an opposition to PENTASTAR for oil and gas rigs - upheld on appeal

**Arterra Wines Canada, Inc. v. Diageo North America, Inc.** 2020 FC 508 (April 9, 2020)

- o Appeal allowed - NAKED TURTLE (word and design) confusing with NAKED GRAPE - additional evidence on appeal was not sufficiently material to justify a *de novo* review, but still found palpable and overriding error such that marks were likely to be confused, including due to degree of resemblance of common “NAKED” element



**The Clorox Company of Canada, Ltd. v. Chloretec S.E.C.** 2020 FCA 76 (April 20, 2020)

- o *Vavilov* calls for a “fresh start” – Chloretec filed for JAVELO (word) and 
- o TMOB did not find likelihood of confusion with JAVEX marks; FCTD and FCA dismissed appeal
- o No change to standard if new evidence on appeal is material; if no new evidence or immaterial evidence, reasonable standard no longer applies – questions of law will be determined on correctness – questions of fact or mixed fact and law on palpable and overriding error

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# APPEALS – Continued

**Obsidian Group Inc. v. Canada (Attorney General)** 2020 FC 586 (May 2020)

- Registrar of Trademarks refused application for FREDDO (app no 1689088) for coffee/tea, jewelry, merchandise and restaurant services under s. 12(1)(d) - likelihood of confusion with FREDDA for beverages and FREDDO for ice cream – appeal dismissed and *Vavilov* approach applied
- AG advocated that NICE classes have *no relevance* when assessing confusion – this was confirmed by the Court

**Sim & McBurney v. Gayle Gordon** 2020 FC 710 (June 2020)

- Section 45 decision where registrations for FORGET-ME-KNOT and LOVE-KNOT for jewelry were maintained; appeal was allowed and the marks were struck (post-*Vavilov* standard of review undertaken – court found an unsatisfactory evidentiary record on whether sales were in ordinary course of trade - no new evidence was filed on appeal and Ms. Gordon was represented by counsel)



# APPEALS – Section 45 – “Use”

**Miller Thomson LLP v Hilton Worldwide Holding LLP** 2020 FCA 134

- Hearing by online videoconference on June 5 – Judgment on Sept 9
- What is use of a mark for services?
- FCA upheld decision of FCTD that there is use of word mark WALDORF ASTORIA for “hotel services” without brick and mortar in Canada – reservation and loyalty steps taken by Canadians enough – *“ultimately question in each case will be whether the trademark owner has provided enough evidence that establishes that people in this country can derive a material benefit from services that are performed in this country”*



**Live! Holdings, LLC v. Oyen Wiggs Green & Mutala LLP** 2020 FCA 120

- Online video hearing June 30 – decision on July 14 –TMOB found no use of LIVE (word mark) here for hotel or entertainment service – upheld on appeal - Canadians buy tickets and make online reservations to visit LIVE! Venues in the US but no tangible benefit here – if there was use here by affiliates, there was no evidence about licenses – corporate relationship alone is not enough

**FFAUF SA v. Industria Di Diseno Textil, S.A.** 2020 FCJ 533

- Did use of variant establish use of registered mark?
- New evidence filed on appeal – registration maintained

Registered	Used
<p><b>LE DELIZIE ZARA</b> (TMA 691,781)</p>	
<p>(TMA 395,023)</p>	

# INJUNCTIONS

***Visionwerx Investment Properties Inc. v. Strong Industries, Inc.*** 2020 FC 378 (March 19, 2020)

- Involved a distinguishing guise for hot tubs – Visionwerx sold tub under SPABERRY name – Costco Canada was sole distributor in Canada for hot tub made by Strong sold under SOLSTICE name
- Serious issue found but Court held that evidence on irreparable harm was not enough – confusion alone will not establish loss of distinctiveness/goodwill



***TFI Foods Ltd. v. Every Green International Inc.*** 2020 FC 808 (August 4, 2020)

- Grey market case - labelling issue involving I-MEI & Design Mark– defendant claimed it was the exclusive distributor of Taiwanese food manufacturer plaintiff's products in Canada
- Federal Court granted interlocutory injunction – enjoined from using such labels (Every Green did not appear)
- Court found serious issue under s. 7(b) –there was evidence that retailers thought there were 2 Canadian retailers and customers were impacted – Court found plaintiff would suffer irreparable harm to reputation and goodwill

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# THANK YOU!

## Questions?

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