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Discussion

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Discussion Following the Remarks of Mr. William Hayhurst and Mr. Roy Jackson

QUESTION, Professor King: Thank you for a very comprehensive presentation. I was very much interested in your observations on what Hans Smit had to say. One question that I had is the question of users. In Canada you don't have to use a trademark to get it registered. In the United States you do. Do you want to comment on that, and what difference that has made?

ANSWER, Mr. Hayhurst: It's not quite right to say that you don't have to use a mark to get it registered. You don't have to be using it to apply for registration. But after the examination of the application by the Trade Marks Office, and after opposition proceedings, if any, then you are told your mark appears to be registrable, and you must file a declaration that you have begun to use the mark in Canada and you will get your registration.

I think there is no situation in Canada where you can get a registration without use of the mark somewhere, unlike your Crocker National Bank case which seems to say that in the special circumstances of that case, you may be able to get a U.S. federal registration, even though the mark hasn't been used anywhere.

QUESTION, Professor King: I have a question for Roy Jackson. On the compulsory licensing provision, it says, in effect, that three years after the grant of a patent a person interested in obtaining a license may be granted a license by the Commissioner of Patents if it can be shown that the patentee has abused his rights in certain specified ways. Has that had a definite impact in real terms?

ANSWER, Mr. Jackson: Fortunately, a lot of statutory requirements don't have to be enforced because their mere presence changes the behavior of the people affected by them. In other words, if I want a license under a patent that I think has been abused, I'll probably ask for it nicely; if I'm refused, I might hint that there could be an application for a compulsory license, and the owner of the patent is likely to say, "well, I'll give you a license for a little lower royalty than otherwise to avoid this confrontation."

I think that is what has happened with the abuse provision of the Canadian Patent Act. It seems to work in other countries the same way. I think that's the answer. It's not used often, but it probably works.

QUESTION, Mr. Gill: Mr. Hayhurst, you don't have to be using your trademark when you file for registration, but you have to have used it when you get the registration. What if your marketing lags behind and

the Trade Marks Office is ready to grant the registration and you haven't quite used it yet? Do you drop it and start over again or can you delay it or what?

ANSWER, Mr. Hayhurst: When you get approval of the application, the Office will tell you that you must file a declaration of use within six months from that day; but if you are not able to do that, they will grant you an extension of time without too much difficulty.

There have been extensions of time for several six-month periods in order to enable you to use the mark in Canada, provided that you give the Office a reasonable assurance that use is going to commence. Of course, they won't go along with this forever, because you can't clutter the application files. The Office is, at present, very liberal about giving you time if your merchandising arrangements just aren't maturing in the way that you thought they would.

QUESTION, Mr. O'Flaherty: Mr. Hayhurst, in your concluding remarks about patents, you mentioned *Lear v. Adkins* and then you said that, in Canada, when you accept a license, you accept the validity of the patent under which you are licensed. Would you agree that that same doctrine of licensee estoppel applies if you request a compulsory license under section 41 or section 67 and you are granted that license by the Commissioner of Patents?

ANSWER, Mr. Hayhurst: In my opinion, yes. You have accepted the validity of the patent. There is no case law on it. I must say that there were a couple of cases in Canada where licensees, who had voluntary licenses, pleaded invalidity and the judges struck out the pleadings. However, the judges said that maybe a higher court would listen to an invalidity argument; therefore, there is a possibility of movement towards holding the patent invalid. At the moment, though, my view would be that having the license, whether voluntary or compulsory, you're estopped from denying the validity. I think this follows, in the case of compulsory licenses, from section 72 of the Canadian Patent Act which provides:

Any order for the grant of a licence under this Act, without prejudice to any other method of enforcement, operates as if it were embodied in a deed granting a licence executed by the patentee and all other necessary parties.

QUESTION, Professor King: We mentioned the fact that under a North American Patent Office there might be some problems because there wasn't a uniformity of patent laws. Europeans have a patent office which includes a number of varied countries, such as Yugoslavia, Italy and other countries, and there is not a uniformity there. I don't know whether this is feasible, but I wonder, Mr. Jackson, if you have any comment on that.

ANSWER, Mr. Jackson: That's really quite a constructive question because one answer is to be found in the European Economic Commu-

nity. The practice of the European Patent Convention has been to grant a patent through procedures that involve one application, one examination, and one prosecution; then they are separated into individual domestic patents for each country. From that point on, each national patent is interpreted and enforced substantially according to the law of that country. The net result is to save the wasted effort of going through each individual patent office and complying with their prosecution and filing requirements (which probably would end up with a variety of different patent claims) by, instead, going procedurally to that issued patent and sending it out to all of the various member countries. The result is that the divergencies in their substantive patent laws are then applied.

Of course, a "Common Market Patent", which does not yet exist, would be a true Community patent. They would go through the same procedures as the present European Patent Office, but they would end up with a single patent that would be enforceable in all countries within the Common Market. The difficulty of finding agreement between so many divergent laws is much greater in the substantive area. That would be the kind of situation we might run into between Canada and the United States if we issued only one patent.

However, we could have an arrangement like the European Patent Office: the common office would issue the patent, and then Canada and the United States would each enforce the patent according to its own laws.

QUESTION, Professor King: That's very enlightening. One question that Bill Hayhurst raised is the question of tradition. You said one of the problems in Canadian decisions is that they tend to quote only Commonwealth decisions. One of the problems is whether you can get the Canadian courts turned around so that they would look across the border instead of across the ocean. Is that something that is going to come naturally? What do you suggest?

ANSWER, Mr. Hayhurst: I think we will probably see a change in that atmosphere. I'm not so sure that it is going to be an immediate change. Law school professors in Canada talk a lot about U.S. law and I think that the coming generations of Canadian lawyers are going to be paying more attention to U.S. developments than they have in the past. However, one of our difficulties has been, of course, that we don't often understand U.S. law.

We don't often understand what the U.S. statutory background might be or what the legislative history might have been that led to a decision. Furthermore, it has been difficult to rely upon legislative history in Canadian court cases. There is a general reluctance to say, "Yes, we accept that." A U.S. decision may sound very well, but we wonder whether there is more underlying it than we really understand. I don't think that should pose the problem that it does. With your Court of Appeals for the Federal Circuit and the leading role that it is now playing in your patent cases, we will probably see a generation of Canadian

lawyers one day who will say: "That U.S. decision makes a lot of sense and we're going to follow it." This is provided that we don't unduly complicate our system—and that is a worry.

Nevertheless, there is so much valuable material that comes out of the U.S. decisions that we don't make reference to, that our judges don't refer to, that our counsel don't cite—something has got to give. I think the law schools will help. We do have some good judges, who understand the American system well and I think there will be more of a coming together.

QUESTION, Mr. Wolfe: I just wondered if this last speaker might care to comment about what he just said in the context of the cultural sovereignty debate in Canada.

ANSWER, Mr. Jackson: That is a question that I am interested in. I'm in a difficult position. When somebody asked me, "Are you going to come down in your paper on the U.S. side or the Canadian side?" I said, "I'm going to sit right on the border." I tried to do that, but my sympathy in terms of which patent law is the most socially useful would be on the Canadian side. The reason I say that is that I think the U.S. patent law has become too complicated: too much of a vehicle for lawyers. Being one myself, I guess it is fair enough to say that I think lawyers, when they get in positions of too much influence, are not to be trusted to keep things simple.

Lawyers tend to complicate things. They tend to create social divisions where there were none before, and are happy with niggling little differences and complications; these are the kind of things that you have in U.S. depositions, and the kind of things that make any United States patent suit of any importance cost in the hundreds and thousands of dollars—if not millions. That, I think and hope, Canada will avoid.

Of course, that gets me back again to the first-to-invent system versus the first-to-file system. The complications of the first-to-invent system have led to a lot of those problems. If, as somebody suggested, we establish a common patent office or patent system between Canada and the United States, I should like to suggest that we model it on the European Patent Office and not on either of our current systems.

ANSWER, Mr. Hayhurst: I would like to make a comment on this cultural topic, which is a very sensitive issue in Canada. I think there are sentimental reasons for that. There are, particularly in the Province of Quebec, good reasons for having strong sentiments about cultural sovereignty—but it is difficult to define culture. I have a neighbor who is an opera singer, and I suppose he is therefore "cultured." But he's the worst boor I have ever met. What is culture? What do you mean by culture? I think that when we talk about cultural difficulties, in part at any rate, there are economic underpinnings to the cultural arguments.

The Canadian book publishers are interested in less competition from the United States. Canadian authors find that their books, which

are published by their licensees in the United States, may not sell very well; so those books get remaindered. Consequently, no royalty is paid to the author and the books are bought by somebody where they are taken back to Canada and undersold. The Canadian market is undermined. Authors say that this is harmful to our culture, but there are many other aspects to it. There is the question of raising the revenues to subsidize Canadian authors, rather than sending money abroad by royalties paid to non-Canadian authors. It is a complex question and one which would require a lengthy seminar by people much more acquainted with the problems than I.

COMMENT, Mr. Wolfe: I think the point that I was suggesting was picked up well, but to answer your question on what is culture? It seems to me culture is partly legal tradition and, therefore, there is something valuable, perhaps, in the existing Canadian legal tradition.

QUESTION, Professor King: One question that I have relates to the role of the provinces in the trademark area. In this whole intellectual property context, does the role of the provinces pose any difficulties in connection with this so-called free-trade area?

ANSWER, Mr. Hayhurst: Well, it certainly plays a very important role in aspects of the free-trade area, but I think not a very large role in relation to the intellectual property aspects—most of which are under federal laws. There are common law aspects, as well, of course, and the provinces, to some extent, may be interested in that, but I don't think that the provinces are likely to be much worked up about what is done with intellectual property.

The provinces are more concerned about their own local problems with the maintenance of local industry, which might find itself at a competitive disadvantage, with questions of employment, etc. There are a host of problems that some of the provincial premiers have been raising in opposition to the attitude of the federal government towards going forward with free-trade negotiations.

COMMENT, Professor King: I wanted to thank both of you for the excellent job of laying out a very complex subject.

