Challenges to Patent and Trade Mark Validity in Canada

Roger T. Hughes

Follow this and additional works at: http://scholarlycommons.law.case.edu/cuslj
Part of the Transnational Law Commons

Recommended Citation
Available at: http://scholarlycommons.law.case.edu/cuslj/vol11/iss29

This Speech is brought to you for free and open access by the Student Journals at Case Western Reserve University School of Law Scholarly Commons. It has been accepted for inclusion in Canada-United States Law Journal by an authorized administrator of Case Western Reserve University School of Law Scholarly Commons.
Challenges to Patent and Trade Mark Validity in Canada

by Roger T. Hughes

I. OVERVIEW

The Federal Government of Canada exercises jurisdiction over patents and trade marks; it has set up and administers an office to grant patents and an office to register trade marks following an examination procedure. Once granted or registered, the validity of a patent or a trade mark registration may be challenged in the Federal or Provincial superior court system on various grounds, with somewhat differing results.

II. PATENTS

A. Grant

The Federal Government of Canada has exclusive jurisdiction to grant patents and to set the terms and conditions attaching to the grant. A patent is granted for a term of seventeen years from the date of grant, and may not be renewed or extended. There is a presumption that a patent is valid unless, in proceedings before the Courts, a party attacking the validity of the patent, satisfies the Court on a civil burden of proof that the patent is invalid.

The grant of a patent gives to the owner of the patent the exclusive right throughout Canada of making, constructing, using and vending the invention, subject to adjudication before any court of competent jurisdiction.

B. Application and Examination

An inventor or his assignee may apply for the grant of a patent. The Patent Office examines the application for form and substance. Substantial examination usually relates to a question of the applicability of prior art to the question of novelty or invention. There is no opportunity for

---

* Member of the law firm of Sim, Hughes (Toronto). Mr. Hughes has authored a number of publications in the intellectual property field.

1 Constitution Act, 1867, 30 & 31 Vict. art. VI, § 91(22).
4 Id. at § 47.
7 See generally, id. at §§ 37-81.
third party intervention (such as opposition proceedings) during the ex-
amination procedure. All examination is done in confidence and no pub-
lic record exists until the patent is granted.\footnote{8}{Id. at § 10.}

C. Reissue

The owner of a patent may apply within four years from the date of
the grant to have the patent reissued\footnote{9}{Id. at § 50.} on the following basis:

Section 50 (1): Whenever any patent is deemed defective or inop-
erative by reason of insufficient description or specification, or by rea-
son of the patentee's claiming more or less than he had a right to claim
as new, but at the same time it appears that the error arose from inad-
vertence, accident or mistake, without any fraudulent or deceptive in-
tention, the Commissioner may, upon the surrender of such patent
within four years from its date and the payment of a further prescribed
fee, cause a new patent, in accordance with an amended description
and specification made by such patentee, to be issued to him for the
same invention for the then unexpired term for which the original pat-
ent was granted.

The patent owner is the person who "deems" the patent defective or
inoperative;\footnote{10}{Farbwerke Hoechst A/G v. Comm'r of Patents, 1966 S.C.R. 604.} grounds for reissuance include the failure of a patent agent
to properly appreciate the invention\footnote{11}{Curl Master Mfg. Co. v. Atlas Brush, Ltd., 1967 S.C.R. 514.} and the failure to appreciate cer-
tain prior art.\footnote{12}{Burton Parsons Chemicals, Ltd. v. Hewlett Packard (Canada), Ltd., [1976] 1 S.C.R. 555.} Canada has not entertained reissuance or re-examination
proceedings such as those in the United States where new art or other
information is presented to the Patent Office and new examination is
requested.

D. Terms and Conditions Attaching to the Grant

The monopoly granted to the owner of a patent is restricted by con-
ditions that may be general to all kinds of patents, or peculiar to some.\footnote{13}{See Smith, Kline & French Laboratories, 67 C.P.R.2d at 103.}
(There are no specific conditions which uniquely apply to selected indi-
vidual patents). These conditions include:

\begin{itemize}
  \item a) A compulsory license for a patent relating to a food or
        medicine to make the product or import it;\footnote{14}{Patent Act, R.S.C. ch. P-4, § 41 (1970).}
  \item b) A compulsory license to permit the invention to be marked in
        Canada when the patentee or his licensee has failed to do so without
        good reason three years after the date of the grant;\footnote{15}{Id. at § 67.}
  \item c) The right of the Federal Government to obtain a license to use
\end{itemize}
a patented invention;\textsuperscript{16}
d) In the case of a ship, vessel or aircraft company in Canada, the right to use the patented invention.\textsuperscript{17}

Furthermore, under the Combines Investigation Act\textsuperscript{18} and upon information of the Attorney General of Canada, the Federal Court may cancel a license, declare certain transactions void, or grant a license if an abuse of a patent is demonstrated. Since these provisions have never been tested in Canadian Courts, their limits and nature are left to speculation.

\section*{E. Conflicting Applications for a Patent}

When two or more parties apply for a patent for what the Commissioner of Patents determines is much the same invention, a "conflict" is declared and each application is kept pending before the Patent Office while evidence is presented by the parties and the Commissioner decides who is the first inventor and is therefore entitled to a patent.\textsuperscript{19} This decision may be placed before the Federal Court of Canada, not by way of review, but by way of trial de novo.\textsuperscript{20} A final determination in these proceedings apparently does not preclude reargument on validity at a later trial.\textsuperscript{21}

\section*{F. Challenges to Validity}

1. The Forum

The validity of a Canadian patent may only be challenged in the court system. The Patent Office has no jurisdiction to hear or to determine issues of validity once a patent has been issued.\textsuperscript{22}

An action for infringement of a patent may be brought either in the Federal Court of Canada or in the Superior Court of a province in some way connected with the issues.\textsuperscript{23} Usually a defense of invalidity is raised and may be determined by any of these Courts as between the parties to the action. However, the Federal Court has additional jurisdiction and may also declare that a patent is invalid and void, whereupon it is impeached and no longer exists.\textsuperscript{24} It is usual that a defendant in a patent infringement action brought in the Federal Court will counterclaim for such impeachment.

\textsuperscript{16} Id. at § 19.
\textsuperscript{17} Id. at § 23
\textsuperscript{20} Id. at § 45 (8).
\textsuperscript{21} W. H. Brady Co. v. Letraset Canada, Ltd., 7 C.P.R.3d 82 (Fed. Ct. 1985).
\textsuperscript{24} Id. at § 62.
Logically, it appears that if one has a weak patent, one should sue in the Provincial Courts. There are some instances where a possible defendant, suspecting a lawsuit, has rushed to the Federal Court seeking a declaration that the patent be impeached. As a practical matter, only a very few patent actions are brought in Provincial Courts; they don’t like them and they are therefore discouraged. There is no reported instance of a party having a patent declared invalid in one Provincial Court, and then seeking to re-litigate the patent elsewhere. Probably, he would not stand a great chance of success.

2. Grounds for Challenging Validity

The grounds for challenging the validity of a Canadian patent are, generally speaking, the classical grounds used in litigation elsewhere, and include:

a) **Novelty**: Is the invention already disclosed elsewhere? In examining this issue, Canadian courts generally look to a single reference and seek to determine whether all elements of the invention are found; no “mosaicing” is permitted.

b) **Prior Use or Sale (Anticipation)**: Has the invention been already used or sold by someone else in a public manner? The test is similar to the one for novelty.

c) **Lack of Invention (Obviousness)**: There is no statutory requirement that there be “invention,” but the Courts clearly require that there be an invention. The standard of invention changes with the Courts and with the times, but at present, there seems to be a rather low threshold.

d) **Fraud**: The Canadian Courts have rarely dealt with the popular United States concept of “fraud on the Patent Office” and no reported case has held a patent invalid for “fraud.”

e) **Prior Inventors**: The inventor named in a patent must be the “first to invent.” However, for prior inventorship to prevail, there must be a demonstration that the prior inventor made his work known publicly before the application for the patent at issue was filed and that the prior activity was not just an abandoned experiment.

f) **Improper Joinder of Inventors**: The Patent Act requires that all inventors be named in an application, however the Courts have not

---

25 Id. at § 28.
26 Id. at § 28(1)(b).
been overly technical in the cases where in several inventors where perhaps too many or too few were joined.  

g) *Improper Draughtsmanship:* The specification must disclose the invention and the best mode of carrying it out. Failure to point clearly to the invention in the specification will render the patent invalid.

h) *Improper Claiming:* A claim must be based fairly on the specification. A patentee must not claim more than he invents nor more than he discloses in the specification.

i) *Double Patenting:* A second patent should not issue in an instance where the same invention was claimed in a prior patent.

These grounds are reviewed by a trial judge, usually with the aid of expert witnesses called by the parties. (In the Federal Court, there are no juries; in the Provincial Courts, juries are rare in civil cases—there is no reported instance of one in a patent case). A determination of invalidity is usually followed by an award of "costs to the successful party," which are a meaningful amount in Canada.

III. TRADE MARKS

A. *Registration and Jurisdiction*

The jurisdiction of the Federal Government of Canada over trade mark cases is not altogether clearcut. There is a federal system whereby trade marks are registered and a legislative scheme exists for granting and enforcing monopoly rights obtained through such registration. However, the scope of federal power over trade marks has been restrictively interpreted in recent years so that matters of "unfair competition" which may include imitation of unregistered trade marks, copying of "get up" or "trade dress," and substitution of wares for those ordered now appear to fall within the administrational jurisdiction of each of the provinces. No province has yet enacted any legislation addressing trade marks or regulating "unfair competition." It therefore falls to the common law for interpretation of how those matters should be dealt with and enforced.

A registration of a trade mark under the Federal Act gives the

35 *Leitheiser,* 12 C.P.R. at 117.
39 In the Federal Court, about one-third of the actual fees and all reasonable disbursements can be recovered; in the Provincial Courts, at least two-thirds of the fees and all reasonable disbursements can be recovered.
42 Constitution Act, 1867, 30 & 31 Vict. art. VI, § 91(22).
registered owner the exclusive right to the use of that trade mark in respect of the wares or services for which it is registered throughout Canada, subject to adjudication. Registration also grants the right to prevent others from using a confusingly similar trade mark. Registration subsists for a period of 15 years and may be renewed indefinitely for further 15 year periods.

B. Application and Examination

An applicant seeking to register a trade mark may do so on several bases:

1. that the mark has been used by him in Canada;
2. that the mark has been “made known” by him in Canada;
3. that he has duly registered the mark in his country of origin, which country is a “convention country”; or
4. that he “proposes” to use the mark in Canada, (in which case the mark will not be registered until the applicant has filed a declaration that he has begun to use the trade mark in Canada).

The application is examined for form and substance; all files are open and accessible to the public. The substantial part of the examination usually relates to whether the mark is registrable, i.e., not a surname, geographical name, name of the wares, or too descriptive. There is also a register search to determine whether any confusing marks have previously been registered or for which applications have previously been filed. Once the Examiner is satisfied, a trade mark is advertised in the Trade Marks Office Journal to check for opposition. If unopposed or not opposed successfully, the trade mark is then registered.

C. Opposition Proceedings

A trade mark may be opposed before it is registered, and if the opposition is successful, the trade mark is not registered. Opposition proceedings are begun by filing brief pleadings followed by an exchange of affidavits upon which there may be, with leave of the Registrar, cross-

---

44 Id. at § 19.
45 Id. at § 20.
46 Id. at § 45(4)(d).
47 Id. at § 45(1).
48 Id. at § 16(1).
49 Id.
50 Id. at § 16(2).
51 Id. at § 16(3).
52 See generally, id. at §§ 29-68.
53 Id. at § 36(1).
54 Id. at § 38.
55 Id. at § 37, 38.
56 Id. at § 37(1)-(6).
examination. Written arguments are then filed and an oral hearing, in person or by telephone, will follow if requested by either party. The Registrar, or more usually a Hearing Officer, renders a written decision on whether he will allow the mark to be registered. This decision may be appealed to the Trial Division of the Federal Court where additional affidavits and evidence may be filed, which may be cross-examined on leave of the Court.

The grounds for opposition include:

a) the application was improper in form;  
b) the trade mark is not registrable;  
c) the applicant is not the person entitled to registration; and  
d) the trade mark is not distinctive.

Essentially, these are all the grounds upon which a registered trade mark may be attacked (these will be discussed more fully later). As a practical matter, these oppositions take an undue length of time, often several years, to reach final determination. This is largely due to the practice of each party to seek, and the Trade Marks Office to grant, generous extensions of time so as to complete each step of the process.

D. Challenges to Validity in The Trade Marks Office

Once a trade mark is registered, there is no requirement that the registered owner file any further material in order to sustain the registration until the registration is due for renewal. At this time a simple request for renewal, together with payment of a fee, is made.

However, at any time after three years from the date of registration, the Registrar may, at his own volition or at the request of any interested party, give notice to the registered owner requiring him to file an affidavit attesting to the use of the trade mark, including presentation of a good excuse if the trade mark is not in use. There is no cross-examination upon this affidavit. Each party may file a written submission and the Registrar will decide whether to expunge the registration for failure to use or to amend the registration (for instance, to eliminate wares or services in respect of which no use has been made). An appeal lies with the Trial Division of the Federal Court of Canada. This procedure is intended to be a summary one, so as to remove "dead wood" from the

---

57 Id. at § 37(7).  
58 Id.  
59 Id. at § 37(8).  
60 Id. at § 56.  
61 Id. at § 37(2).  
62 Id. at § 45.  
63 Id. at § 44.  
64 Id.  
65 Id. at 56.
E. Challenges to Validity In the Courts

1. Forum and Procedure

The Federal Court of Canada has exclusive jurisdiction to expunge or vary the registration of a trade mark.76 The Provincial Courts may hear infringement actions and declare a registration invalid as between the parties, but cannot direct that the registration be expunged or varied.

A proceeding in the Federal Court to expunge or vary a registration may be brought in a summary manner supported by affidavits, or by way of a normal action, i.e., pleadings, discovery and trial.68 A defendant in an infringement action before the Federal Court may, and often does, counterclaim for expungement or variation.

Actions respecting registered trade marks are more frequently brought before the Provincial Courts than are patent actions, largely because many trade mark actions are also accompanied by unfair competition claims such as imitation of "get up" and the like.

2. Grounds for Expungement

An interested person69 may seek to expunge or vary a registration of a trade mark on many grounds, including:

a) Failure to Use: If the trade mark has not been used by the owner in respect of the wares or services for which it is registered, it may be expunged. Often, the question is whether the trade mark in use sufficiently resembles the trade mark as registered,70 or whether the wares for which it is used are sufficiently close to those as registered.71 Often, Court proceedings rather than proceedings before the Registrar are used to expunge on this ground because it is arguable that the relevant date in Court proceedings appears to be the date the action was commenced, whereas in proceedings before the Registrar, any date, including one after notice was given, may be considered.72

b) Lack of Distinctiveness: A registration may be challenged on the basis that it was not distinctive at the time the action was begun or that it was not distinctive at the time of registration.73 Distinctiveness is always a difficult issue. For instance, when a mark is used in a generic fashion by some but not others, and a policing effort by the

---

owner has been maintained, the registration may be allowed to remain.74

Canadians are at a disadvantage where massive media campaigns from the United States pervade our lives and carry with them trade mark information which is inconsistent with use by a Canadian owner, e.g., a different person owns the same trade mark in each country. In such instances, Canadian Courts seem to sympathize with the Canadian owner, particularly where he has done his best to use and police the mark in Canada.75

c) The Mark Was Improperly Licensed: Strictly speaking, this is a form of “lack of distinctiveness” but deserves a separate topic. Canadian law concerning the licensing of others to use a registered trade mark is, in a word, scary. In Canada, a trade mark may be licensed as long as the owner provides for the exercise of some controls. However, the licensee must be registered with the Trade Marks Office as a registered user of the trade mark, whereupon, by statute, the use of the trade mark by such registered user license is deemed to be that of the owner.76 Failure to do so will result in the mark losing its distinctiveness. At first, the Courts were strict with compliance with these provisions;77 however, recently the Courts have been more lenient, in a practical sense, if an honest effort to comply was made.78

d) The Trade Mark Was Not Registrable: Notwithstanding that the mark has been registered, an attack on the validity of that registration may be made on the basis that the trade mark was never registrable in the first place. Such grounds include:79 the mark is a name or surname; the mark is descriptive; the mark is the name in any language of the wares or services; the mark has been previously registered to another; or, the mark is one which is prohibited.80

e) Prior Use or Making Known by Another: A registration is invalid if another person made known or used in Canada the same or a confusingly similar trade mark. An allegation of this kind must be made by the prior user who bears the burden of proving that he had not abandoned the mark.81 If a registration has subsisted for five years or more, it cannot be expunged on this basis, unless the registered owner is shown to have known of the previous use. The previous user may, however, be entitled to continue a limited use of the mark in the same geographical area as was formerly used.82 The concept of “making known” a trade mark in Canada is always difficult to prove.83 However, the Courts have recently reaffirmed some old jurispru-

77 E.g., Wilkinson Sword (Canada), Ltd. v. Juda, [1968] 2 Ex. C.R. 137.
80 Id. at §§ 9-10.
81 Id. at § 17(1).
82 Id. at § 21.
dence\textsuperscript{84} holding that they will not tolerate the usage of going to another country, seeing a mark and using it in Canada.\textsuperscript{85}

f) \textbf{The Trade Mark Is Not a Mark}: What is a "mark" has, from time to time, been raised as an issue. For instance, functional\textsuperscript{86} or appearance\textsuperscript{87} items have been found to be not trade marks.

Other grounds will, of course, arise, but these are the most frequent.

\textbf{IV. SUMMARY}

Canadian law and jurisdiction provides for attacks on the validity of patent and trade marks. In the case of patents, not only is an inter partes attack possible, but so is an in rem declaration as to validity. In the case of trade marks, both inter partes and in rem attacks are possible with the possibility to seek relief, not only in the Courts, but also in the Trade Marks Office.

\textsuperscript{85} Orkin Exterminating Co. v. Pestco Co. of Canada, (Ont. C.A. June 10, 1985).
\textsuperscript{87} Adidas (Canada), Ltd. v. Colins, Inc., 38 C.P.R.2d 145 (Fed. Ct. 1978).