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**Intellectual Property Law Newsletters**  
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— **DLA Piper Intellectual Property Law Newsletter**

DLA Piper

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**I — Headlines**

***I.1 — Trademarks — infringement — passing off — depreciation of goodwill***

This was an application for trademark infringement, passing off, and depreciation of goodwill. Both the corporate respondent, Conscious Consumption, and its two individual owners were held liable for trademark infringement, passing off and depreciation of goodwill.

The application concerned two registered trademarks owned by Trans-High Corporation (Trans-High): HIGH TIMES (registered for use with magazines) and HIGHTIMES (registered for use in association with retail store services, smoking accessories and other goods).

For nearly 30 years, Trans-High has published the HIGH TIMES magazine, known for covering a wide range of topics, including politics, film, music and counterculture interests such as decriminalization/legalization of marijuana. The HIGH TIMES mark itself has become very well known in the counterculture community with respect to the magazine, as well as a diverse array of merchandise bearing the mark.

The respondents operated a headshop in Toronto, in which the tradename "HIGH TIMES" was used prominently on exterior signage and other advertising material. The Court had no difficulty in finding that such use amounted to trademark infringement.

As mentioned earlier, the Court also held that the two individual owners of the corporate respondent were also liable. While the reasons for judgement suggest that the individuals' relationship to the company was not entirely clear; Manson J. was satisfied that the two were the directing minds of Conscious Consumption. In light of Trans-High's repeated but failed attempts to resolve the dispute, the Court was also satisfied the individual respondents willfully and knowingly pursued "a course of conduct that is likely to constitute an infringement or that reflects an indifference to the risk of it."

Despite the lack of any evidence to establish the quantum of Trans-High's actual damages, the Court awarded \$25,000, citing the respondents' knowing and willful conduct, and costs at \$10,000.

*Trans-High Corp. v. Conscious Consumption Inc.* (2016), 2016 CarswellNat 4078, 2016 FC 949 (F.C.); August 18, 2016, Mason J.

### ***1.2 — Trademarks — appeal from Trademarks Opposition Board — new evidence on appeal — standard of review — distinctiveness***

Richtree appealed a decision of the Trademarks Opposition Board rejecting its opposition to Mövenpick's application for a design mark (the "Marché and Wave Design"), for use in association with "restaurant services, take-out services and offering technical assistance in the establishment and operation of restaurant franchises". The appeal was dismissed.

On appeal, Richtree pursued just one of the three grounds of opposition it previously raised before the Board: non-distinctiveness. Specifically, it argued that the mark was neither distinctive nor capable of distinguishing the applicant's services from others, because numerous third parties used the word "marché" or "market" in association with similar or identical services. To support its argument, Richtree relied on the results of various searches relating to trademarks or business tradenames that use the words "market" or "marché" in association with the food service industry.

The Board rejected Richtree's argument, and held that Richtree failed to meet its evidentiary burden to show that "Marché" or "Market" was a term commonly used by third parties to describe the applied-for services. According to the Board: Richtree's evidence failed to show that either term had a shared meaning adopted within the industry to describe a particular style of restaurant or any other commonly understood meaning. Moreover, the Board noted that the majority of Richtree's evidence pertained to convenience stores, grocery stores, public markets, supermarkets and specialty food stores that did not share a "commonly known character or quality".

On appeal, Richtree filed new evidence, said to show that these same businesses offered services that are not fundamentally different than those provided by restaurants. In the Court's view, the evidence was repetitive and supplementary to that before the Board, and would not have materially impacted its decision.

The Court also noted that the Board had not made a determination of distinctiveness, but rather, concluded that in the context of an opposition, Richtree failed to meet its initial burden to adduce sufficient evidence that could support the ground of non-distinctiveness. In the Court's view, the Board's decision was reasonable and dismissed the appeal with costs.

*Richtree Market Restaurants Inc. v. Mövenpick Holding AG* (2016), 2016 FC 1046, 2016 CarswellNat 4441 (F.C.); September 15, 2016, Justice Boswell

### ***1.3 — False and misleading statements — section 7(a) of the Trade-marks Act — causation***

A counterclaim for false and misleading statements that had previously been bifurcated from an infringement proceeding was heard by counterclaim. The underlying action related to a patent and industrial design (the "IP") concerning a

flexible, expandable hose, sold under the name "Xhose". At trial, the Court found both the patent and industrial design invalid (see *E. Mishan & Sons, Inc. v. Supertek Canada Inc.* (2014), 453 F.T.R. 20, 2014 CarswellNat 947, 2014 FC 326, 2014 CF 326, 2014 CarswellNat 2333, 124 C.P.R. (4th) 83 (F.C.); and *E. Mishan & Sons, Inc. v. Supertek Canada Inc.* (2016), 2016 FC 613, 2016 CarswellNat 2255 (F.C.)

Broadly, Supertek argued that it had suffered lost sales due to statements made by Emson, purportedly "threatening possible legal action" against a distributor (Canadian Tire) who stocked and sold both the Xhose and Supertek's competing product.

The Court reviewed what was meant by a "false and misleading statement" under subsection 7(a) of the *Trade-marks Act*, but noted that *not* every assertion of a patent or industrial design, even if subsequently held invalid, would amount to a false and misleading statement. However, in the circumstances of this case, Emson was found to have made a false and misleading statement - even if not directly. In particular, the Court held that Emson had "skillfully" conducted itself in such a manner to leave Canadian Tire with the impression that it would be sued for infringement; that Emson's IP was subsequently invalidated, *and* Emson had not brought proceedings against Canadian Tire.

However, based on the subpoenaed evidence of a Canadian Tire buyer responsible for dealing with competing products at the time, the Court concluded that Emson's threats ultimately had no bearing on Canadian Tire's buying decisions (especially in light of an indemnity agreement with Supertek) such that there was no causal connection (i.e. causation) between the false and misleading statements made by Emson and any potential damage suffered by Supertek.

Accordingly, the counterclaim was dismissed, without costs.

Finally, since the injunction would not prevent the defendants from selling set-top boxes that did not include the software that facilitated access to infringing content, the Court concluded that the balance of convenience sided in the plaintiffs' favour.

*E. Mishan & Sons Inc. v. Supertek Canada Inc.* (2016), 2016 CarswellNat 4079, 2016 FC 986 (F.C.); August 30, 2016, Hughes J.

#### ***1.4 — False and misleading statements -section 52(1) of the Competition Act — section 7(a) of the Trade-marks Act — interlocutory injunction***

Bell Canada ("Bell") sought an interlocutory injunction to restraining Cogeco Cable Canada ("Cogeco") from continuing with two aspects of a recent marketing campaign. In particular, this concerned Cogeco's use of the phrase "the best Internet experience in your neighbourhood" and the prefix "Ultra" in association with its Internet service packages. The motion was allowed, in part.

Bell's underlying action is based on alleged false and misleading statements made in the advertising campaign, purportedly breaching s. 52(1) of the *Competition Act* and s.7(a) of the *Trade-marks Act*. As well, Bell Canada asserts the torts of injurious falsehood and unlawful means.

Unsurprisingly, the Court's reasons are framed by the three-part test for an interlocutory injunction outlined in *RJR MacDonald*.

In considering whether there is a serious question to be tried, the Court agreed that "experience" (as used by Cogeco) incorporates other factors (such as quality of customer service, security, etc . . . ) but subsequently held that Cogeco could not claim the "best experience" title if it was not able to provide the best speed and performance for accessing the web. Since Cogeco could not offer the fastest, most reliable internet service, its advertising was deemed to be false and misleading.

However, unlike the flexible hose case discussed above, the motions judge was willing to overlook the issue of causation/damages in determining the merits of the alleged cause of action. Instead she noted that it would be unfair to require

proof of damages (such as lost customers) at such an early stage in both the campaign and the proceeding, and was sufficiently satisfied with what we have done so far.

The Court also determined that Bell would suffer "irreparable harm" not compensable by damages; as it would be too difficult, if not impossible, to determine which potential or existing customers were misled by the Cogeco's claim as the best; and issued an injunction.

With respect to the "Ultra" branding, the Court held that the prefix "Ultra" was not definitive of "the best" and was generally in the realm of "puffery". No injunction issued with respect to this aspect of Cogeco's advertising.

*Bell Canada v. Cogeco Cable Canada GP Inc.* (2016), 2016 ONSC 6044, 2016 CarswellOnt 14895 (Ont. S.C.J.); September 26, 2016, Matheson J

### ***1.5 — PM(NOC) — expert blinding — anticipation — obviousness — inutility — VIREAD (tenofovir)***

In an application pursuant to the *Patented Medicines (Notice of Compliance) Regulations*, Gilead sought an order prohibiting the Minister of Health from issuing a Notice of Compliance to Apotex for its generic version of VIREAD® (tenofovir disoproxil fumarate). VIREAD is a prodrug, used in the treatment and prophylaxis of HIV and is covered by Gilead's Canadian Patent No. 2,261,619 (the "619 Patent").

Apotex admitted that its proposed new drug would infringe the 619 Patent but alleged that the patent was anticipated, obvious, lacked utility, and was an invalid selection patent. Court allowed the application, holding that Apotex's allegations were not justified.

Adding to the string of cases in which the issue of "blinding of experts" has been commented on this year, the Court concluded that evidence of an expert would not be preferred simply because that expert was blinded. In its view, blinding is just one, "of perhaps several", factors to be considered in the overall assessment of the relevance, reliability and weight to be given to an expert's evidence.

With respect to Apotex's allegation of anticipation, the issue had previously been considered in a prior decision of the Federal Court. Thus, as a preliminary question, the Court considered whether invalidity findings in *PM(NOC)* proceedings are binding on subsequent *PM(NOC)* decisions. The Court held that it was not bound by the previous decision except in the limited context of claim construction, or other questions of law. Embarking on a review of the evidence, the Court found Gilead's experts to be more credible in their explanation of the disclosure of asserted prior art — or more specifically, the lack of disclosure of a required carbonate group — given their considerably longer experience in the relevant field, as well as their knowledge of matters at the relevant time. The Court found that there was no clear direction in the asserted art that would inevitably lead a skilled person to the invention claimed in the 619 Patent.

Apotex also argued that the 619 Patent was an invalid selection patent. However, the Court concluded that the purported "genus" patent did not include tenofovir disoproxil within its scope—such that the 619 Patent was not a selection patent.

On the issue of obviousness, the Court found that an expert affidavit filed by Apotex contained two significant false statements. The Court concluded that these were not inserted by accident or mistake. Rather, they were deemed to have been included by drafters who hoped the statements were true and would lead to the conclusion that the 619 Patent was obvious. These misstatements cast doubt on the evidence and reinforced the Court's conclusion that the evidence was of less value generally than that proffered by Gilead's experts.

With respect to utility, the Court began its analysis by identifying the promise of the 619 Patent. Gilead submitted that the only promise of the 619 Patent was efficient oral delivery of the parent compound (tenofovir), while Apotex argued that the 619 Patent also promised an effective treatment for, amongst other things, HIV. The Court reiterated that there are differences between goals of a patent and specific promises and held that the goal of the 619 Patent was to improve treatment for HIV, amongst other viral infections, but that the patent only promised efficient oral delivery of the parent

compound. The Court noted that examples present in the 619 patent sufficiently demonstrated a "scintilla of utility" in regards to improved oral bioavailability and, therefore, Apotex's arguments on inutility were also unjustified.

*Gilead Sciences, Inc. v. Canada (Minister of Health)* (2016), 2016 CarswellNat 4752, 2016 FC 857 (F.C.); August 23, 2016, Brown J.

### ***1.6 — Patents — infringement action — read-ins***

Bell Canada moved for an order under Rule 289 of the *Federal Courts Rules* requiring the plaintiff, Mediatube, to include various refusals and corrections to answers provided during discovery as part of its read-in evidence under Rule 288.

Rule 288 permits a party to rely on answers given during the examination for discovery of an adverse party as its evidence at trial. Rule 289 provides that the Court may order additional portions of the discovery transcript to be included if they should not be omitted.

The Court noted that the purpose of Rule 289 is to ensure that the answers to questions read into evidence fairly reflect the true response given. In reviewing the applicable principles, the Court held that qualifying answers should only be permitted where: (i) the witness misunderstood something in the question put to them, (ii) the passage misrepresents what the witness was saying, or (iii) the passage read-in by lacks necessary context or subject matter.

The qualifying answers proposed in the present case involved corrections to answers. The Court was cognizant of the fact that the defendant could adduce its own evidence to contradict the discovery evidence originally given and thus there is no need to force the plaintiffs to include corrected answers as part of their evidence. However, there would be a potential for a greater wrong if the plaintiffs were permitted to omit the corrections and thereby misrepresent the answers given by the defendant. The evidence read-in must fairly reflect the true responses given, even if this includes corrected answers. The potential dangers of admitting the corrected answers were further mitigated by the fact that the witnesses were to be called at trial (and therefore subject to cross-examination), and the appropriate considerations of weight the judge may accord. Accordingly, the proposed supplemental read-ins of this type were accepted.

In contrast, Bell also sought to have various refusals to questions asked read into the trial evidence. The Court refused, holding that so long as the refusal is not actually providing an answer of sorts, than it is not an answer that can be read in.

*Mediatube Corp. v. Bell Canada* (2016), 2016 FC 1066, 2016 CarswellNat 4510 (F.C.)

## **II. — News**

### ***II.1 — Judicial Appointment — Supreme Court of Canada — Hon. Malcolm Rowe***

On October 28, 2016, the Honourable Justice Malcolm Rowe was formally appointed to the Supreme Court of Canada. Justice Rowe has been a member of the Court of Appeal in Newfoundland since 2001, and was a trial judge for about two years before that.

Justice Rowe was appointed to replace Justice Cromwell, who retired from the Court at the beginning of September.

### ***II.2 — Canadian IP bar — shifting landscape***

With the changing colour of the leaves, the fall season also came with the announcement of two small(er) Canadian firms with strong IP practices combining, separately, with significantly larger, global firms.

On September 12, it was announced that the Vancouver based firm Bull Housser was joining forces with Norton Rose Fulbright, effective at the start of the new year.

Just a few days later, but effective as of November 1, IP boutique Dimock Stratton and DLA Piper announced having reached an agreement to join together.

### *II.3 — Comprehensive Economic Trade Agreement (CETA)*

For almost two years, there has been speculation concerning which EU member(s) may or may not support the implementation of CETA, with Germany first signalling dissent in late 2014, up to more recently in which the whole agreement nearly collapsed in the hands of Wallonia, a French speaking region in the south of Belgium. Nonetheless, as of October 30, all EU member states and Prime Minister Trudeau, on behalf of Canada, have now signed the agreement.

The agreement will require that Canada amends certain of its IP laws, including those related to trademarks and geographical locations, and pharmaceutical patent developments.

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