

Intellectual Property 2021 Year in Review



Introduction

In the continuously evolving world of intellectual property law, 2021 was another milestone year. This Year in Review compiles key decisions and developments on issues related to copyright, trademark and patent law that will have broad implications for business and litigation strategy for the year to come.

1. Enforcement of Copyrights

The Federal Court of Appeal has confirmed the availability of a powerful remedy for copyright owners to protect their intellectual property against copyright infringement: a site-blocking order.¹ In *Teksavvy Solutions Inc. v Bell Media Inc.*,² the Court upheld an unprecedented interlocutory order that required several ISPS to restrict customers from accessing certain websites streaming illegal content. The decision is a reminder that the Federal Court has the power to make blocking orders under section 4 and 44 of the *Federal Courts Act* and section 34(1) of the *Copyright Act*.

In *Salna v Voltage Pictures*,³ the Federal Court of Appeal opened the door for a “reverse” class action as a method for copyright owners to enforce their claims against a large class of infringers. While it is yet to be seen whether Voltage, the copyright owner, will successfully certify a reverse class proceeding of all persons associated with an impugned IP address used to download copyright-protected content, *Salna* is an innovative development in the means by which authors attempt to protect their work in a digital environment. The decision also confirms that a reverse class action may be available in Canada for many types of claims, including mass copyright infringement, if the correct circumstances apply.

Justice Palotta’s reasoning in *Patterned Concrete Mississauga Inc. v Bomanite Toronto Ltd.*,⁴ encourages copyright owners seeking to protect their creations to obtain a certificate of registration in the ordinary course of business. While this decision confirmed that a certificate obtained in contemplation of litigation does not preclude the owner from relying on section 53(2) of the *Copyright Act* when enforcing a copyright, the timing on the registration is a factor a court may consider in determining the subsistence of copyright and its ownership. See our full bulletin [here](#).

Finally, the Ontario Court of Appeal reminds owners that copyright infringement claims without sufficient evidence to establish the interference with an original form of expression can be dismissed on summary judgment. Such was the outcome in *Walcott v. Toronto Transit Commission (TTC)*,⁵ wherein the plaintiff failed to demonstrate that the TTC was using a transit route guide he supposedly created, but never published nor provided to the motion judge.





2. Enforceability of Tariffs

The Supreme Court of Canada has clarified that there is a difference between paying royalties for a license, and paying damages for infringement. A tariff set by a collective society such as Access Copyright is not mandatory nor enforceable against non-licencees. If no tariff or license exists, a user who infringes copyright is liable for damages for infringement.⁶ The decision has important implications for post-secondary institutions across Canada and copyright law in general.

This case arose out of a dispute between York University and Access Copyright with respect to the enforcement of a tariff regime approved by the Copyright Board for works in Access Copyright's repertoire. While York University paid the tariff at first, it later opted out of the license agreement and relied upon its own "Fair Dealing Guidelines" to provide faculty and students access to the materials. Access Copyright sued York University for infringement of works in its collection and therefore claimed amounts due under the interim tariffs.

As there was no agreement in place under which it could order the University to pay the tariff, the Court dismissed Access Copyright's appeal. In the absence of a claim for infringement, the Supreme Court was not in a position to make a declaration regarding whether the University's "Fair Dealing Policy" complied with section 29 of the *Copyright Act*. Access Copyright, as a collective society, did not have standing to claim that York University's reproductions of artists' works were not fair dealing – only the artists themselves were entitled to that claim.

Collective society tariffs were also an issue at the Federal Court of Appeal. In *Bell Canada v Copyright Collective of Canada*,⁷ the Court heard a judicial application brought by broadcasting companies appealing a Copyright Board of Canada decision, which set royalty rates for retransmission of distant television signals.

3. Fair Dealing

The Canadian *Copyright Act* allows the use of material from a copyright protected work without permission under certain circumstances, including for the purpose of criticism or review. In *Canadian Broadcasting Corporation v. Conservative Party of Canada*,⁸ the Conservative Party of Canada



established that its use of materials created by CBC was fair, since the purpose of the taking of CBC's copyright work was to criticize ideas and actions of the Prime Minister. In doing so, the Federal Court confirmed that the allowable purpose of "criticism" encompasses the ideas expressed therein and is not limited to criticisms of the work itself.

By contrast, in *Stross v Trend Hunter Inc.*,⁹ the Federal Court held found that while the defendant clothed the language of its use of the plaintiff's photographs as research, which is one of the allowable purposes under the *Copyright Act*, the true purpose of the dealing was ultimately commercial and therefore not fair.

4. Trademark Proceedings Before the Federal Court

In the following 2021 trademark proceedings, the Federal Court:

- Warned business owners that using trademarks parodying or relying on puns based on another entity's trademarks can attract substantial liability. Accordingly, the Federal Court found that a cannabis company using the name and logo BUDWAY infringed Subway's trademarks.¹⁰
- Showed a step back from the 2020 Federal Court of Appeal decision in *Miller Thomson v Hilton*,¹¹ limiting what is considered "use" of a trademark for a service that is primarily located outside Canada. As the mark in this case was registered for "membership services, namely..." followed by a list of services, the Federal Court found that the scope of the mark's registration was limited to this list.¹²
- Followed the recent trend of protecting descriptive trademarks only in exceptional circumstances and to the extent that the trademark has transcended its descriptive meaning. Justice Southcott found it irrelevant that the average consumer may be unaware of the geographic significance of the road name in question, since the goods and services do indeed originate from that place.¹³
- Confirmed that an opponent in a trademark opposition is not required to amend its statement to reflect an expanded trademark registration.¹⁴
- Justified a *de novo* review of the Trademark Board's decision because the opponent in this case filed

new evidence on appeal that was “sufficiently substantial and significant” such that it could have materially affected the final outcome.¹⁵ Although not yet in force, and therefore not considered in this case, parties should be aware of an amendment to section 56(5) of the *Trademarks Act*, which would require parties to obtain leave to adduce additional evidence on appeal to the Federal Court. The Federal Court has yet to consider the grounds under which leave would be granted and parties should therefore carefully consider evidence they file with the Trademark Opposition Board to avoid unpleasant surprises.

- Emphasized the importance of conducting due diligence prior to using and registering a trademark in Canada. In *Norsteel Building Systems Ltd. v. Toti Holdings Inc.*¹⁶ The Federal Court has confirmed the longstanding tenet that prior use of a trademark by a third party in association with the same or similar goods or services can result in a trademark registration being struck from the registrar pursuant to subsection 57(1) of the *Trademarks Act*. See McMillan’s full bulletin on this case [here](#).
- Found that a striking feature in a short-form, acronym mark will be enough to differentiate it from a mark using the same acronym. For example, although Loblaws and Pampered Chef both use the PC mark in conjunction with kitchen goods, a spoon in the Pampered Chef logo was enough to differentiate the marks in the eyes of a consumer. The Court of Appeal dismissed Loblaw’s appeal, finding that a degree of resemblance is assessed based on “appearance or sound or in the ideas suggested by them”, and that the word “or” is clearly intended to be inclusive.¹⁷
- Granted a default judgment on a motion brought ex parte for trademark and copyright infringement, stemming from the defendants’ unauthorized use of the AMUL mark, name, designs and corporate information on LinkedIn.¹⁸
- Found parties in contempt for failing to abide by the terms of a judgment made against an affiliated entity, even though they were not specifically bound by the terms of the injunction.¹⁹
- Refused sporting brand Puma SE’s application for the trademark PROCAT based on confusion and non-distinctiveness. In doing so, the Federal Court re-visited the test the test of sufficient control under Section 50(1) of the *Trademarks Act* and overturned the Trademark Board’s finding that the Opponent did not have the requisite control to benefit from its licensees’ use of the CAT trademark.²⁰
- Decided a number of passing-off actions in favour of plaintiffs. ²¹ In *Dunn’s Famous International Holdings Inc. v. Devine*,²² several directors of the defendant company were also found liable for willingly, deliberately and knowingly pursuing infringing conduct. By contrast, the defendant director in *Boulangerie Vachon Inc. v. Racioppo*,²³ was not held to be personally liable for the passing-off infringement.

5. “Obviousness”

Section 28.3 of the *Patent Act* requires that the invention defined by a claim in a patent application be the result of ingenuity and unobvious. When a patent is obvious, it means that a person of ordinary skill in the art would know that prior art references if combined, would disclose every aspect of a patent claim. This past year, the Federal Court of Appeal interpreted the four-step analysis for assessing obviousness as set out by the Supreme Court in *Apotex v Sanofi-Synthelabo* (“*Sanofi*”).²⁴

In determining whether a claimed invention is obvious at step four of the analysis, Sanofi noted that an “obvious to try” analysis is sometimes appropriate and listed the non-exhausting factors to be considered. The Federal Court of Appeal has now clarified that when assessing whether an invention was “obvious to try”, the “more or less self-evident that what is being tried ought to work” is simply a factor to be considered and not a requirement of the obviousness to try analysis.²⁵ Accordingly, while the court

concluded that the combination of two drugs for the treatment of prostate cancer may have been “worth a try”, it was not “obvious to try” when considering the totality of the factors. Earlier this year, the Federal Court of Appeal once again reminded parties that the “obvious to try” test is not always a consideration under the fourth step in *Sanofi*, particularly in cases where experimentation is unnecessary.²⁶

The *Sanofi* test was also relevant in *Apotex Inc. v Shire LLC*²⁷ wherein the Federal Court of Appeal confirmed that the “inventive concept”, properly construed and applied, is a key part of the obviousness analysis and analytically distinct from claims construction. In that case, the Court clarified that where the inventive concept is not readily apparent and cannot be confirmed from previously conducted claims construction, the judge may have regard to the patent specification.

The Federal Court also clarified that while discoverability of prior art is relevant to the obviousness analysis, there is no requirement to show that the prior art would have been discovered by a person of ordinary skill in the art following a reasonably diligent search.²⁸ Indeed, even when an objector locates prior art through reasonably diligent research, the objector must nonetheless meet the burden of demonstrating that a person having ordinary skill in the art would have combined the prior art to reach the subject matter of the claim.²⁹

Finally, in determining the standard of review applicable to the Federal Court’s conclusion on obviousness, the Court of Appeal in *Bauer Hockey Ltd. v Sport Mask Inc. (CCM Hockey)*,³⁰ rejected the notion that the degree of intervention on appeal should depend on the experience of the judge at first instance. Accordingly, where the appeal on obviousness concerns issues of mixed fact and law, the standard of review is on the palpable and overriding error.



6. Claims Construction

This year, several cases considered the appropriate use of disclosure in the process of claims construction to determine the scope of a patent's claims. Recognizing an existing tension in the claims construction principles related to disclosure, the Federal Court in *Guest Tek Interactive Entertainment Ltd. v Nomadix Inc.*,³¹ found “the exercise of construction must consider both the disclosure and the claims, with the claims being purposively construed in the context of the patent as a whole.”³² Further, the court noted that disclosure should not be used to enlarge or contract the scope of the written claims.

In another decision, the Federal Court did not follow the defendant's argument that plain and unambiguous claims were insulated from the use of disclosure, given that such claims “may take on a different colour when the skilled person reads the claims in the context of the whole specification.”³³ Recourse to the disclosure was permissible in two other decisions – in one case, to assist in the understanding of a term in the claims,³⁴ and in another, as part of the necessary context for construing the claims.³⁵

The courts also commented on the use of expert evidence in claims construction. In one instance, the Federal Court noted that an expert should not be ‘creating language’ in an effort to interpret the claim so that it would encompass the invention at issue.³⁶ Other guidance from the Federal Court of Appeal on expert evidence in claims construction included:

- In appropriate circumstances, a judge can construe a claim without relying on expert evidence. However, the court noted “only in the clearest of cases that judges should feel confident enough to construe the claims of a patent as they would be understood by a skilled person, without the help of any expert evidence.”³⁷
- A judge is open to select certain aspects of an expert's evidence, as opposed to being “obliged to follow the entirety of the evidence of one side or the other.”³⁸

7. Patent Developments and Litigation

International Concerns with Canada's IP Framework

Canada was placed on the U.S. Trade Representative's 2021 Special 301 Report's (the “Report”) “Watch List” which raised concerns with “various challenges to adequate and effective protection of IP rights”.³⁹ The Report notes Canada's system for patent term restoration, and the Patented Medicine Prices Review Board's (PMPRB) pricing regulations.

Given the delays associated with pharmaceutical products in terms of research, marketing and regulatory approval, Canada allows a patentee to extend the period of protection with a Certificate of Supplementary Protection (CSP). While the Minister can approve an additional period of protection for drugs under certain circumstances, the Report refers to this system as “limited in duration, eligibility, and scope of protection.”⁴⁰

The recent Federal Court of Appeal decision, *Alexion Pharmaceuticals Inc. v. Canada (Attorney General)*,⁴¹ is one case arising in the context of drug pricing. At first instance, the PMPRB decided that Alexion priced its drug, Solaris, excessively pursuant to the *Patent Act*. The Federal Court of Appeal quashed the decision upon judicial review and remitted the matter back to the Board. In so doing, Justice Stratus faulted the Board for exceeding its statutory mandate, which is directed at controlling patent abuse, and not reasonable pricing, price-regulation or consumer protection at large.

Proposed Amendments to Patent Legislation

The Government of Canada is amending the *Patented Medicines Regulations* (“*Regulations*”), which have been further delayed to come into force on July 1, 2022 due to the COVID-19 pandemic and the need to give patentees sufficient time to prepare for compliance with the new regulatory regime. A key change is an updated schedule of comparator countries for which patentees will report price information, and further changes in reporting requirements. These are the first substantive amendments to PMPRB’s regulatory framework since it was established, and aim to equip the PMPRB with the tools needed to “protect Canadians from excessive patented medicine prices.”

The amendment allowing for the PMPRB to collect price information that is net of third party rebates has been the subject of rulings challenging the constitutionality of these powers (*Merck Canada v Attorney General of Canada*⁴²) and whether they exceed the regulatory power under the *Patent Act* (*Innovative Medicines Canada v Canada (Attorney General)*⁴³). These decisions have been appealed and cross-appealed, and consequently, these subsections have been delayed until “a future regulatory amendment fixes a coming-into-force date.”

Moreover, the Government of Canada conducted a consultation ending August 2, 2021, which proposed amendments to the Patent Rules to ensure Canada’s compliance with the patent term adjustment (PTA) obligation in the Canada-United States-Mexico Agreement (CUSMA) and recent amendments to the Patent Cooperation Treaty (PCT).

Under the PTA rules in CUSMA, granting authorities such as CIPO may be required to compensate patentees for unreasonable prosecution delays. To ensure patentees do not exploit this system to receive excessive compensation, the proposed amendments place reasonable limits on patent applications and processing, such as a new fee to encourage applicants to limit the number of claims included in a patent application. Secondly, the proposed amendments would ensure that the sequence listing standard in the *Patent Rules* is consistent with the international standards contained in the amended PCT. The final version of the amendments are expected in early 2022.

Patent Infringement

The Federal Court of Appeal clarified the use of section 53.1 of the *Patent Act* in *Canmar* and *Bauer* (both discussed above). Section 53.1 provides that file prosecution history may be used to rebut representations made by the patentee going to patent construction.

- In *Canmar*,⁴⁴ the Federal Court of Appeal held that the lower court erred by relying upon the patentee’s United States patent history in its patent construction. However, the Court declined to answer the more general question of whether foreign prosecution history may ever be considered under section 53.1. In the end, the Court upheld the summary judgment motion dismissing the infringement claim, affirming that such motions do have a place in patent litigation.
- In *Bauer*,⁴⁵ the Federal Court of Appeal disagreed with the Federal Court’s interpretation of section 53.1 of the *Patent Act*, which seemed to suggest that any prosecution history evidence was admissible for the purposes of claim construction. The Federal Court of Appeal found 53.1 was to be used against a patentee who takes inconsistent positions during the prosecution of a patent application and during litigation of the patent.

In *Apotex Inc. v Eli Lilly and Company*,⁴⁶ the Federal Court of Appeal affirmed that the “could have”, “would have” approach to damages assessment for patent infringement applies when those damages

flow from lost opportunity to make a profit. The case is significant because it shows that while compound interest may compensate for lost profits, plaintiffs must lead appropriate evidence to the effect that the lost profit “would have” been so invested.

8. CIPO's Initiatives to Reduce Delay and Modernize its Services

In an attempt to improve the timeliness and efficiency of its services, the Canadian Intellectual Property Office (CIPO) implemented a number of initiatives with the goal of offering a modern, client-centric service experience through e-enabled services, including:

- Telephone Amendments in Trademark Prosecution: The CIPO has expanded the list of issues that examiners are able to discuss with applicants (or their Canadian trademark agent) via telephone, instead of sending a formal examiner's report.
- Improving Timeliness in Examination: In a May 3, 2021 Practice Notice, the CIPO announced that applications with statements of goods or services selected from a pre-approved list will be examined more quickly by the Office of the Registrar of Trademarks.
- E-issuance process for patent documents: The CIPO announced the launch of electronic patent issuance, which allows those granted a Canadian patent to download their documents in an electronic format. A digital signature has replaced the physical Patent Office seal.
- National Entry Request (NER) online solution: The CIPO launched its NER online solution, which is a new digital service for completing the steps of the Patent Cooperation Treaty (PCT) process.

9. What to Expect in 2022

As we look forward to a new year, here is what could be on horizon for Canadian intellectual property law:

- Further changes to the Canadian Patent rules intended, in part, to help Canada meet its obligations under CUSMA. See our bulletin [here](#) for a full forecast.
- The coming into force date of the amended *Patented Medicines Regulations*, which govern the Patented Medicine Prices Review Board, has been deferred until July 1, 2022.
- The Federal Court is expected to decide whether to certify the reverse class action in *Salna*.
- *Nova Chemicals Corporation v Dow Chemical Company*, a case concerning disgorgement of profits as a remedy for patent infringement, is set to be heard by the Supreme Court of Canada in 2022. At first instance, the Federal Court had awarded Dow \$650 million in damages, the largest award for patent infringement in Canadian history.
- An appeal to the Supreme Court of Canada from the Federal Court of Appeal's decision in *Entertainment Software Association v SOCAN*,⁴⁷ will consider the interpretation of the “making available provision” found in s. 2.4(1.1) of the *Copyright Act*.



Lead Contributors

Keith Bird | Partner, Intellectual Property

keith.bird@mcmillan.ca

416.307.4205

[Read Full Bio >](#)

Adam Chisholm | Partner, Litigation & Dispute Resolution

adam.chisholm@mcmillan.ca

416.307.4209

[Read Full Bio >](#)

Peter Giddens | Partner, Intellectual Property

peter.giddens@mcmillan.ca

416.307.4042

[Read Full Bio >](#)

Pablo Tseng | Partner, Intellectual Property

pablo.tseng@mcmillan.ca

778.328.1631

[Read Full Bio >](#)

Yue Fei | Associate, Intellectual Property

yue.fei@mcmillan.ca

236.826.3263

[Read Full Bio >](#)

Paola Ramirez | Associate, Litigation & Dispute Resolution

paola.ramirez@mcmillan.ca

416.865.7030

[Read Full Bio >](#)

Kaleigh Zimmerman | Associate, Intellectual Property

kaleigh.zimmerman@mcmillan.ca

416.865.7896

[Read Full Bio >](#)

With Assistance From

Articling Students: William Burke, Matti Thurlin, Jessie Treagus

Footnotes



Notes

1. Website blocking orders are court injunctions requiring a third-party internet provider (ISP) to block its customers' access to infringing content through illicit websites.
2. 2021 FCA 100.
3. 2021 FCA 176 [Salna].
4. 2021 FC 314.
5. 2021 ONCA 358.
6. York University v Canadian Copyright Licensing Agency (Access Copyright), 2021 SCC 32.
7. 2021 FCA 148.
8. 2021 FC 425.
9. 2021 FC 955.
10. Subway IP LLC v Budway, Cannabis & Wellness Store, 2021 FC 583.
11. Miller Thomson LLP v Hilton Worldwide Holding LLP, 2020 FCA 134 ("Hilton"), where display of a trademark in the booking website for a hotel room was found to constitute use of the mark for "hotel services".
12. Sea Tow Services International, Inc. v Trademark Factory International Inc., 2021 FC 550.
13. Hidden Bench Vineyards & Winery Inc. v Locust Lane Estate Winery Corp., 2021 FC 156.
14. Schneider Electric Industries SAS v Spectrum Brands, Inc., 2021 FC 518.
15. Brandstorm, Inc. v Naturally Splendid Enterprises Ltd., 2021 FC 73.
16. 2021 FC 927.
17. Loblaw's Inc. v Columbia Insurance Company, 2021 FCA 29.
18. Kaira District Co-operative Milk Producers' Union Limited v. AMUL Canada, 2021 FC 636.
19. Canadian Standards Association v P.S. Knight Co Ltd., 2021 FC 770.
20. Caterpillar Inc. v. Puma SE, 2021 FC 974.
21. Parsons Inc. v. Khan, 2021 FC 57; TFI Foods Ltd. v. Every Green International Inc., 2021 FC 241; H-D U.S.A., LLC v. Varzari, 2021 FC 620.
22. 2021 FC 64.
23. 2021 FC 308.
24. 2008 SCC 61 [Sanofi].
25. Apotex Inc. v Janssen Inc., 2021 FCA 45.
26. Pharmascience Inc. v Teva Canada Innovation, 2022 FCA 2 at para 44.
27. 2021 FCA 52.
28. dTechs EPM v British Columbia Hydro and Power Authority, 2021 FC 190, at para 248 [dTechs]. See also Swist v MEG Energy Corp, 2021 FC 10, at para 205.
29. 2022 FCA 2 at paras 32-33.
30. 2021 FCA 166 [Bauer].
31. 2021 FC 276 [Guest Tek].
32. Ibid at para 47.
33. Bristol-Myers Squibb Canada Co v Pharmascience Inc., 2021 FC 1, at para 116.
34. Merck Sharp & Dohme Corp v Wyeth LLC, 2021 FC 317.
35. ViiV Healthcare Company v Gilead Sciences Canada, Inc., 2021 FCA 122, at paras 57-58.
36. Guest Tek, supra note 31, at para 327.
37. Canmar Foods Ltd. v TA Foods Ltd., 2021 FCA 7, at para 37.
38. Tensar Technologies Limited v Enviro-Pro Geosynthetics Ltd, 2021 FCA 3, at para 33.
39. "2021 Special 301 Report" (2021) at 66, online (pdf): Office of the United States Trade Representative <[https://ustr.gov/sites/default/files/files/reports/2021/2021%20Special%20301%20Report%20\(final\).pdf](https://ustr.gov/sites/default/files/files/reports/2021/2021%20Special%20301%20Report%20(final).pdf)>.
40. Ibid.
41. 2021 FCA 157.
42. 2020 QCCS 4541.
43. 2020 FC 725.
44. Canmar, supra note 37.
45. Bauer, supra note 30.
46. 2021 FCA 149.
47. 2020 FCA 100.



Vancouver | Royal Centre, Suite 1500
1055 West Georgia Street, Vancouver, BC, Canada V6E 4N7
604.689.9111



Calgary | TD Canada Trust Tower, Suite 1700
421 7th Avenue S.W. Calgary, AB, Canada T2P 4K9
403.531.4700



Toronto | Brookfield Place, Suite 4400
181 Bay Street, Toronto, ON, Canada M5J 2T3
416.865.7000



Ottawa | World Exchange Plaza, Suite 2000
45 O'Connor Street, Ottawa, ON, Canada K1P 1A4
613.232.7171



Montréal | 1000 Sherbrooke Street West
Suite 2700, Montréal, Québec, Canada H3A 3G4
514.987.5000



Hong Kong | 3508, Two Pacific Place
88 Queensway, Hong Kong, China
852.2218.7418

mcmillan

National Coverage. International Reach.