

Trade Mark and Industrial Design

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Domain Debate Deepens

The question of domain names on the internet continues to cause trade mark headaches.

For readers not yet fully internet-friendly, a domain name is the name by which a “host” computer is known on the internet. In theory, the domain name is a recognizable version of the organization’s name. Thus, pepsi.com is the domain name for Pepsi. However, in the new-age anarchy of the net, domain names are given out on a first-come-first-served basis. This means that, for example, coke.com was initially claimed, not by the soft drink company, but by some clever hacker in California. Ronald@mcdonalds.com was initially registered by a journalist from Wired magazine. Rolex Watches of Switzerland discovered recently that one Janice Ard of Colorado owns rolex.com.

This might not constitute trade mark infringement, unless the hacker is using the domain name to sell competing goods, so it is not clear that large trade-mark owners can use normal trade mark infringement court proceedings to stop such activity. As well, issues arise as to who should get a particular domain name where companies have the same name but may be in different businesses or in different countries.

In the summer of 1995, Network Solution Incorporated (NSI), the body that gives out .com domain names, was forced by outraged trade mark owners to set up a system to discourage hackers from grabbing high-profile names. It began to charge a \$50 fee for each new domain name, and set up a policy to allow the owner of a registered trade mark to complain if its name has been grabbed by someone else.

If a domain name is challenged, NSI notifies the domain name holder that it has 30 days to provide proof of a trade mark registration (one from any jurisdiction in the world will apparently do), and may ask the owner of the domain name to sign an agreement to indemnify NSI for any legal costs associated with the challenge.

If both parties have trade mark registrations, the company that registered the domain name first gets to keep it. This may not resolve the problem. Not all well-known names are registered. As well, doubtful trade mark registrations are obtainable fast and cheap in some countries.

A recent case illustrates this last point. Roadrunner Computer Systems, a small internet-service company in New Mexico registered roadrunner.com. It was then challenged by Warner Brothers, the entertainment giant that owns Bugs Bunny, Roadrunner et al. The small company, in response, produced a Tunisian trade mark registration, obtained in 48 hours.

A Tunisian trade mark registration also came up in another case involving the domain name unum.com. A small company named Fogbelt Consulting registered unum.com, but was challenged by a large insurance company, Unum Corp. in Maine that owned US trade mark registrations on UNUM for various commercial activities. When Fogbelt produced its Tunisian trade mark registration, which technically complied with the NSI policies, NSI asked Fogbelt to indemnify it against costs of any legal proceedings brought by Unum Corp. Fogbelt refused. NSI then put the name on hold, meaning that no one could use it until the dispute was resolved.

Resolution of these problems is complicated by the fact that the internet is international, and not subject to the law of any one jurisdiction. No international system of trade mark registrations looks likely in the foreseeable future.

So far, these problems have not so far affected the Canadian subdomain, .ca. Parties located in countries other than the US have the option of obtaining a regional domain name within a national subdomain. Canada's subdomain is .ca. Australia's is .au. Thus, Air Canada's domain name is aircanada.ca. Many business, however, want the more general designation .com or .net because the national subdomain designation seems too local. For example, the Bank of Montreal chose bmo.com, not bmo.ca.

The Registrar of the ca. subdomain., John Demco, at the Department of Computer Science at the University of British Columbia, told me there have not been any significant domain name disputes within the Canadian regional subdomain to date.

“We haven't had any big problems so far,” he told me. “We generally ask for evidence of a federal incorporation before we grant a particular subdomain name. There have been some cases where we have turned down applications for particular domain names because we don't think the party is actually entitled to it.. We're thinking of charging a fee to cover the costs, but we haven't started do so yet. Our policy has also been to only allocate one domain name per customer, with the exception that a party can get an English and French version.”

The number of applications seems to be sufficiently small that Mr. Demco and his staff, all of whom are volunteers, are able to make an evaluation of whether a party should be

given a particular domain name or not. On the other hand, NSI deals with so many applications that it does not even attempt to evaluate the bona fides of someone wanting to register coke.com, for example.

It could be problems will develop for the .ca subdomain as the number of applications rises. Mr. Demco notes that there at present are only about 5,000 applications for .ca domain names a year, although this number is doubling every few months. However, .ca domain names are never likely to be as valuable as non-regional ones ending in .com, .net, .org, or .gov.

In Search of the Perfect Piller Order

A recent decision of Madame Justice Barbara Reed of the Federal Court, Trial division has set out guidelines as to the scope of Anton Piller orders.

Anton Piller Orders are a favorite remedy of trade mark or copyright litigators when faced with clear cases of infringement. Such an order allows a intellectual property owner to grab infringing goods from unsuspecting bootleggers in dramatic raids, usually with bulky policemen in attendance.

I have obtained a number of these orders, and have always found when attempting a draft order that there is a lack of information as to how far the order can go, and what safeguards should be included in the order to satisfy the court. Because such orders are obtained ex parte, there tends not to be a reported decision. Practitioners therefore rely on an informal grapevine to find what orders have been granted. Sometimes they search the court file in other cases to see what order may have been granted.

It is obvious that such orders raise Charter concerns about unreasonable search and seizure, and that they are potentially capable of being abused. One English judge called them the “nuclear weapon” in a litigator’s arsenal.

In late May, 1996, Barbara Reed set out some guidance on these various questions in her reasons in *Fila Canada v. Jane Doe and John Doe*. The plaintiff sought a “rolling” order, that is, an order aimed at transient street vendors whose identities may not be known. Such an order may be in force for a year, and subject to renewal at the end of that time, and it allows the plaintiff to enter virtually any place of business or residence in Canada where it has reason to believe there may be infringing material. Madame Justice Reed also released a carefully-worded 10-page order, containing various safeguards and restrictions. She also noted in her decision that, “there has been some discussion amongst the judges of this court with respect to the establishment of a model order”. According to Lorne Lipkus, counsel for Fila, there has been no such model order to date.

“I often execute five or six of these orders for different plaintiffs at once, so there’s need for some standardization of the orders.” Mr. Lipkus told me. “Madame Justice Reed

obviously put a lot of thought into the Fila order. It will serve as a good precedent for the future.”

The order is open for a year, subject to further order of the court on its own motion, and can be executed anywhere in Canada during that time. It has to be explained in “everyday language” to the person against whom it is being executed. That person has the right to legal advice “provided such advice is sought and obtained forthwith”. It must be executed between 7:00 am and 9:00 pm, and entitles Fila’s solicitors to enter and seize merchandise and records. The persons being raided must inform the plaintiff’s representatives of their names and addresses, where the infringing merchandise is, who their suppliers are, the names of their customers, and “the names and addresses of all persons of whom they have knowledge who are engaged in or assist in the [infringing activity].”

There are various obligations on the solicitors serving the order, such as, to begin with, to be present. Mr. Lipkus had asked that the order say that a solicitor need not be present to reduce the cost of such raids, but Madame Justice Reed expressly rejected this. She held that a solicitor should be there on the theory this acts as a safeguard against abuse of the order. Counsel should be present to represent the plaintiff and “as an officer of the court” (Madame Justice Reed’s italics). They must also make a list of what is taken, and provide it to whomever is being raided, and must serve the claim, the order, and a notice of motion. This motion is to inform about about. The review motion must be within ten days, and at the court premises closest to where the order was executed. In general, these terms reflect the practice as it already existed, as I understood it, with the exception of the term that the review motion be at the premises nearest to the defendant. This means that multiple review motions would have to be brought where a seizure is carried out in several cities at once, as sometimes happens.

In England, the Lord Chief Justice released a standardized wording for Anton Piller and Mareva orders in a Practice Direction in 1994 ([1994] 4 All ER 52), but the UK Practice Direction was not mentioned by Madame Justice Reed in her reasons in Fila. The UK order has a number of safeguards which are fairly restrictive from the point of view of the plaintiff, and which are not present in the Fila order. For example, the UK order deals with the possible payment into court of damages, and also requires that the order be executed by a law firm other than the one obtaining the order. The order can only be carried out during ordinary business hours. If the premises are occupied by an unaccompanied woman, at least one of the persons attending on the service of the order must be a woman. Of course, a UK judge is able to depart from the wording suggested in the Practice Direction in an appropriate case.

Pill Appearance Problems

Should generic pills and brand name pills look alike? That’s the question now before the courts in a number of cases in the Federal Court of Canada.

In these cases, the brand name drug companies say that the size, shape and colour of the pills is proprietary to the manufacturer, just as Coke owns the shape of the Coke bottle. The generic drug companies, on the other hand, argue that the appearance of the pills does not belong to anyone, and therefore generic equivalent drugs can be marketed in the same size, shape and colour as the brand name drug.

Underlying the dispute is a struggle for market share; generic pills that look different from their brand name equivalents are less acceptable to patients. Establishing rights in the appearance is therefore a way for originator drug companies to maintain market share for drugs for which they lack patent protection. As well, there may be safety issues: the generics say there will be fewer medication mix-ups if all tablets of a particular kind of medicine look the same. Many pharmacists and seniors' groups have released position papers in recent months saying that generic drugs should look the same as the originator so as to lessen the chance of mix-ups and make it easier to identify medications in emergency situations.

The plaintiff generally does not have a trade mark registration in these cases. The issue is whether brand name company has common law rights under the law of passing off. The test is whether the brand name company has a "reputation" or a "secondary meaning" in the tablet's appearance, and, if so, whether people would confuse the generic drug for the brand name drug.

There has been much litigation of this point over the years, most of it favoring the generics. But a 1993 decision of the Supreme Court of Canada, *Ceiba Geigy v. Novopharm and Apotex*, favored the brand name point of view by holding that the perception of patients was relevant to the question of whether there was passing off in pharmaceutical size, shape and colour cases. Earlier cases had held that only doctors, nurses, pharmacists and other health care professionals were relevant. This imposed a difficult threshold on the brand name companies because brand-confusion was clearly unlikely among knowledgeable professionals.

In *Ceiba Geigy*, Mr. Justice Gonthier of the Supreme Court of Canada, in what was perhaps obiter dicta, made a general statement that generic drugs should not look like brand name drugs. He also said, however, that every case had to be decided on its own facts.

Since then a number of new generic drugs have been the subject of interlocutory injunction proceedings by brand name companies on the passing off issue. In the best known of these cases, *Eli Lilly v. Novopharm and Apotex*, Mr. Justice Rothstein of the Federal Court of Canada, Trial division granted an injunction in March, 1996 preventing Novopharm and Apotex from marketing their generic versions of the anti-depressant drug fluoxetine, better known by its brand name PROZAC, in the same green and beige capsules in which Prozac is sold. An expedited trial has also been ordered and is likely to take place late in 1996.

Another recent case, however, went the other way. In *Procter & Gamble Pharmaceuticals Canada v. Novopharm*, Mr. Justice Wetston of the Federal Court, Trial Division in a decision released in July, 1996, refused Procter & Gamble's application for an interlocutory injunction. Procter & Gamble had asked for an order preventing Novopharm from marketing a lookalike generic version of P&G's colitis drug ASACOL.

Leslie L. Dan, Chairman and CEO of Novopharm, said the Procter & Gamble case is "a major victory for Novopharm". Dan hopes that case will be of assistance in the two other size, shape and colour court cases now going on against Novopharm. In addition to the Prozac case, Monsanto is seeking an interlocutory injunction in *Monsanto v. Novopharm*, which involves verapamil SR, an arthritis medication. In the Monsanto case, an interim injunction was granted, prior to cross-examinations, but then struck down shortly afterwards by the Federal Court of Appeal in May, 1996. Monsanto's interlocutory injunction application has not yet been heard.

I should disclose that I am not a neutral commentator on these cases, as I argued the Procter & Gamble injunction application for Novopharm.

I myself have the least catchy internet address imaginable:
102403.1242@compuserve.com, on which comments are welcome.

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