

Door to Grey Market Goods May be Open

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Usually, before writing a column I have to read a huge pile of cases. This time, the Law Society conveniently arranged a one-day mini-conference, "Intellectual Property Law: The Year in Review" shortly before my deadline. Instead of having to read cases, I was able to have a muffin and listen to other people who had read them.

(Actually, being a dutiful, diligent sort of columnist, I read the cases anyway. I am nevertheless indebted to the knowledgeable speakers at the conference for their insights.)

The program, held in Toronto on January 24, was chaired by Ron Dimock, a well-known intellectual property litigator who kept up a steady stream of peppery one-liners throughout, and also kept things moving along on time. The intention seems to be to hold a similar conference next year, which I would recommend to anyone interested in the area.

A great many of the recent intellectual property cases are about pharmaceuticals. However, I will deal with the pharmaceutical cases in a separate article.

A selection of notable non-drug IP developments follows:

Trade marks

Grey Goods Get Go-ahead?

A recent Federal Court of Appeal case might lead to price drops for some consumer and food products in Canada.

As we all know, food and consumer products are often more expensive in Canada than similar products in other countries, such as, in particular, the United States. Products made for the US market have the advantage of huge economies of scale, but often cannot easily enter the Canadian market.

Trade-mark laws sometimes may keep foreign-sourced goods out of Canada, even if those goods originate from the parent or affiliate of the Canadian trade mark owner or licensee. For example, in 1991 Heinz Canada got an interlocutory injunction to prevent American HEINZ ketchup from being imported into Canada by an importer. The court said that use of the HEINZ trade mark without the consent of the registered owner, Heinz Canada, was trade-mark infringement, even though the ketchup originated from Heinz US, the parent of Heinz Canada. (Heinz v. Edan Foods (1991) C.P.R. (3d) 213 (FCTD)).

There was also a somewhat similar earlier case involving Nintendo products, where an injunction also issued to prevent importation. (Mattel Canada v. GTS and Nintendo of America (1989), 27 C.P.R. (3d) 358) This practice is known as grey marketing or parallel importation.

However, a recent case of the Federal Court of Appeal, Smith & Nephew v. Glen Oak seems to have changed the law. The court said that Mattel was wrongly decided, and Heinz was “perhaps open to question.” The case involved NIVEA facial cream products imported from Mexico. The Canadian distributor, a licensee of the Canadian trade mark registration, got an injunction at the trial level, but this was overturned on appeal.

Enterprising importers will likely take advantage of this apparent change in Canadian law. We are therefore likely to see other grey market cases in the near future. Each case will turn on its facts. In grey market cases, the issue often revolves around whether the consumer who buys the grey market import is misled because the import may be slightly different from what the consumer thinks he or she is buying. There may be differences in the product itself (for example, Canadian Heinz ketchup tastes slightly different from US Heinz ketchup) or in the warranty support offered with the product. In the Smith & Nephew case there were differences in ingredients between the import NIVEA and the all-Canadian version, but the appeal court was still prepared to overturn the trial level injunction.

It remains to be seen how widely this decision will be interpreted by future courts. If enterprising entrepreneurs are able to buy cheaper US or foreign goods and sell them in Canada, this could mean trouble for some Canadian subsidiaries or distributors. But it might be good news for shoppers.

Ever heard of the PINK PANTHER?

The trade marks Opposition Board recently allowed a trade mark application for PINK PANTHER for hair care and beauty supplies by Pink Panther Beauty Corp. United Artists Corporation (i.e. the movie people) opposed the application on the grounds that this was confusing with its mark THE PINK PANTHER, registered for records, films and film distribution services. Remarkably enough, the Opposition Board (obviously no Peter Sellers fan) did not find that the opponent’s mark THE PINK PANTHER was well-known in Canada.

The Opponent appealed, and filed more evidence. Mr. Justice MacKay of the Federal Court, Trial Division found that THE PINK PANTHER was widely known throughout Canada, and allowed the appeal.

Copyright

Bill C-32 changes

There was a time when copyright was considered one of the more straightforward areas of intellectual property law. That was before the Phase 1 and 2 amendments to the Copyright Act, which no one on earth understands. Phase 2 is not yet law, but is a lengthy and complex bill known as Bill C-32. There is a committee examining the bill, and considering what if anything to do about developments such as the growth of the internet. The main thrust of Bill C-32 will likely be to increase creator rights by creating neighboring rights i.e. additional rights in artists to get payment for performance of their works.

What is an “original work?”

To attract copyright protection, a work must be “original”. Two recent cases deal with what this means.

A work need not be the Mona Lisa to attract copyright protection. It must merely be the product of some kind of creativity or effort, even of a very functional, prosaic kind. For example, it was recently held that tax forms were original and attracted copyright protection, even though they were modeled on the government’s own tax forms, but modified to accommodate recent changes in tax laws. U&R, creator of this “original” work, was therefore able to sue H&R Block for copyright infringement for copying portions of its form (U&R Tax Services Ltd. V. H&R Block Inc. (1995), 62 C.P.R. (3d) 257)

A more recent case went the other way. It involved telephone listings under headings, compiled by Tele-Direct. Tele-Direct claimed that its subscriber information, obtained from Bell Canada and arranged under headings in its YELLOW PAGES Directory, was an original work or, more specifically, a “compilation” within the Copyright Act. Tele-Direct claimed rival ABI, which also published directories, had taken its original work. The court rejected this on the grounds that Tele-Direct had merely arranged its subscriber information in accordance with accepted, commonplace standards in the industry. Therefore there had been no element of creativity or judgment, and Tele-Direct’s compilation was not an “original” work that would attract copyright protection. (Tele-Direct Publications Inc. v. American Business Information, Inc., unreported, June 28, 1996, FCTD T-1373-94)

Patents

There were certain changes to the Patent Law in 1996, as a result of the coming into force (after a three year delay) on October 1, 1996 of certain provisions of the IP Improvement Act of 1993. These affect various matters such as obviousness (now defined, whereas it was previously a concept that existed entirely in case law), novelty, and infringement. There are also new Patent Rules.

A notable change is that a deposit of biological material is now permitted, as part of a patent specification.

The change is intended to open the door to more biotech patenting. A patent must set out an invention clearly so that someone “skilled in the art” can reproduce the invention. This is because a patent is meant not only to give the patentee a 20 year period of exclusivity, but also to make the invention public so that others can use it, once the exclusivity period has expired. A problem with biotech patent applications involving life forms is that it may only be possible to duplicate the invention by actually having access to genetic material itself that may be the starting point of the invention.

Patent laws in other countries have for some time allowed the “deposit” of biological material, as part of the patent specification. The idea is that anyone who wants to reproduce the invention can go to the depository and get access to whatever is deposited if they want. Canada’s amendment therefore brings the Canadian practice into line with other countries such as the United States.