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When is a Penguin not a Penguin? - Evolving Trademarks

People change, styles change, businesses change. And so do trademarks. If a business replaces its trademark with a brand new one (pun intended), then it is an easy decision to register the new one and not to bother renewing the registration for the old one. But what if the trademark changes in character from what was registered, yet does not undergo an abrupt and radical change? Does the old registration protect the fresh variant of the mark?

This last question has been litigated fairly frequently. Which brings us to penguins. The Federal Court of Appeal came to grips with penguin trademarks in *Promafil Canada v. Munsingwear*, in which a clothing manufacturer used a depiction of a penguin to identify its products. When changing the labelling used on its products, the manufacturer found it necessary to change the depiction of its penguin; the change included a change from a slim penguin to a corpulent penguin, and also included changes in graphic details. However, reviewing the coverage of the trademark registration for the original penguin trademark, the Court ruled that the consuming public would react to the new version of the mark as being merely a variant, involving a change sufficiently minor as not to destroy the essential character of the mark. The Court placed emphasis on (i) the maintenance by the trademark owner of the identity of the mark; (ii) the recognition of the mark by the public; and (iii) the preservation of dominant features of the mark when the new variant replaced the old one. So in this case, the old registration served to protect the new variant of the trademark.

Sometimes the change involves adding something quite new to the registered version of the mark, or subtracting something from the registered version. In such cases, the courts have tended to demand a higher degree of similarity between the new and old versions of the trademark in order to have the original registration protect the new variant. A recent representative case of this sort involved a registered

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Can a farmer infringe a patent for a gene by growing a plant that contains the gene?

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Whenever a variant of a trademark adds or subtracts a material element to or from the original version of the registered trademark, there is a serious risk that the registration will not protect the variant.

trademark comprising the English words TWO GIRLS presented in a particular font, in combination with a series of Chinese characters. As currently used, the variants of the mark as presented on packaging and labelling included the following combinations:

- the words TWO GIRLS BRAND, without the Chinese characters;
- the Chinese characters, and separately the words TWO GIRLS BRAND, but not the words TWO GIRLS without “BRAND”;
- the words TWO GIRLS at the top of a panel of a package, the Chinese characters appearing separately halfway down the panel;
- for one product only, the trademark exactly as registered, but together with additional Chinese characters.

The Trade-marks Office hearing officer ruled initially that all of the foregoing variants were sufficiently different from the mark originally registered to be considered separate trademarks not within the ambit of the registration. On appeal, the Federal Court agreed with the hearing officer on all but the last variant. New evidence before the Court revealed that the additional Chinese characters were merely a descriptive reference to the product in question, so the mark as registered was ruled to have been displayed along with descriptive wording that did not alter the essential distinguishing character of the mark. In the result, the registration was salvaged for one product only.

The TWO GIRLS case raised another point, *viz* the question whether the Registrant was using the mark, or whether instead a different company was using the mark. To support a valid registration, a registered trademark must be distinctive of its owner, not of some other company. In this case, the trademark in question was registered by one of two related companies but used by the other of the two. The Court found that there was in effect a valid oral licence between the registered owner and its affiliate. Section 50 of the *Trade-marks Act* provides in part:

...if an entity is licensed by ...the owner of a trade-mark to use the trade-mark ...and the owner has, under the licence, direct or indirect control of the character or quality of the wares or services, then the use, advertisement or display of the trade-mark ... has, and is deemed always to have had, the same effect as such a use, advertisement or display of the trade-mark ...by the owner.

So the registration in this case was not invalidated by the use by the related company.

Registrations can also be invalid if the current use of the trademark is for wares or services other than those for which the mark was registered.

Because trademark registrations can be invalidated by non-use or by use that does not comply with the requirements of the *Trade-marks Act*, it is important for trademark owners to be confident, whenever any change is made in the manner of use of the mark, that the new use is fully compatible with and supportive of the original registration.

Evanescent Evidence: The Case of the Vanishing Website

Litigators rely upon examination for discovery and production of documents of adverse parties in order to help them prove their clients' cases. But what does one do if the adverse party operates a fly-by-night business and wishes to sabotage the judicial process?

In many cases, including cases of counterfeit goods, street merchants' trademark infringement, under-the-counter replicas of digital works involving copyright infringement, etc., plaintiffs may rely upon Anton Piller orders. The "Anton Piller order" is so named because the British case in which the procedure was first invoked involved a party whose name was Anton Piller. An Anton Piller order is granted without prior notice to the defendant in cases in which the defendant may be expected to destroy or conceal evidence, or to disappear entirely, or otherwise to obstruct the ordinary course of justice. The order is executed by the plaintiff's representatives, often including a solicitor and bailiff, and requires the defendant to open doors and locked drawers and books, to produce and deliver up for temporary custody evidentiary materials, including not only documents but also goods to be sold, etc. Because it borders on the draconian, an Anton Piller order will be granted only if the plaintiff not only shows a very good case on the merits but also proves that the defendant is likely to destroy or conceal evidence. The utmost good faith and complete disclosure of all pertinent facts, as well as care in the execution of the order, are required of the plaintiff.

What happens if the defendant is a scofflaw and disobeys some or all of the Anton Piller order? This question arose in *EchoStar Satellite v. Boudreau*, a recent case of satellite piracy. The plaintiffs were American satellite television broadcasters. The defendant's business was satellite signal piracy. The plaintiffs obtained an Anton Piller order permitting them access to the defendant's business premises and access to the defendant's website. The defendant was ordered to provide passwords and other means of access to the defendant's databases, to provide a customer list, etc. At the time that the plaintiffs were attempting to execute the order, the defendant was in default of payments to a Hong Kong company that operated the defendant's website server, and knew that if the plaintiffs failed to obtain access to the website, it would be shut down by the Hong Kong server company. So the defendant refused to obey the Court order.

Stymied in their attempt to obtain evidence, the plaintiffs moved the Court for a finding of contempt of court against the defendant. The Court readily granted the motion, finding that the defendant by his conduct intended to thwart and did thwart the Anton Piller order. A sentencing hearing followed, unreported at the time of this writing. In instances of a first contempt, typically defendants do not go to jail, but are fined. However, jail terms may have to be served if the contempt is flagrant or repeated.

Anton Piller orders are important tools to enforce intellectual property rights against dishonest defendants who are willing to destroy or suppress evidence. A defendant who flouts such order may face jail time.

The Last Roundup: Patenting Genetically Modified Organisms: *Monsanto v. Schmeiser*

In 1997, Percy Schmeiser was spraying weeds around his farm with *Roundup* herbicide. He noticed that the surviving plants in the sprayed areas were a sturdy variety of canola. He saved the seed from these plants and sowed them the next year. A 1998 test of his 1,000-acre crop revealed that it contained 95-98 % of a patented version of canola genetically modified to be resistant to *Roundup* herbicide. Monsanto owned the patent and sold the seed as *Roundup Ready*.

Monsanto sued Schmeiser for patent infringement; the case made its way to the Supreme Court of Canada. The Court ruled that it is permissible under the *Patent Act* to patent genes of plants, even though the plants themselves, and all other higher life forms, had been previously ruled by the Court in the prior *Harvard Mouse* case (discussed in a previous Newsletter) not to be patentable. The Court held further that the Defendant's possession of the patented genes (in the form of plants and seed) amounted to a presumption of infringing "use" under the *Patent Act*. Accordingly, the saving and planting of seed, the harvest of the plants and the selling of the crop were all acts of infringement.

Roundup Ready canola has been called a "superweed" by opponents of genetically modified organisms (GMOs). Critics of GMOs often advance the alleged dangers of emergent genetically resistant insects and viruses, safety to human health, concerns over biodiversity and immune response to such plants. Such critics would have preferred that the Court rule that the genes of such plants should not be permitted to be patented.

The Supreme Court avoided entering this highly charged debate, focusing instead on a strict interpretation of the *Patent Act*. It seems probable that eventually the debate will be resolved by legislation.

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The *Harvard Mouse* case ruled that no one may patent a higher life form, e.g. a plant. But one may patent low life forms such as bacteria and genetic constituents of plants. If someone grows a plant having a patented gene, the patent is infringed.

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