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Copyright or Design Protection for Useful Articles - Which Type of Intellectual Property Applies in Canada?

Roughly speaking, useful articles may be protected, as to their functionality, only by a patent, and as to their aesthetic shape, only by industrial design registration. Copyright can protect only artistic works that are "carried" by the article. In the leading Federal Court of Appeal (FCA) case *Bayliner v. Doral*, our firm's Bob Barrigar successfully persuaded the Court that the "flipping" of boats, *i.e*. the slavish copying of boat hulls, could not infringe copyright (but could infringe an applicable patent or industrial design registration). Subsequently, the *Copyright Act* was amended on the point, but continues the general principle of the *Bayliner* case that ordinarily, the shape of a useful manufactured article cannot be protected by copyright.

The Defendant in a motion for summary judgment in the recent copyright case *Pyrrha Design v. 623735 Saskatchewan* persuaded the trial judge that the Plaintiff could not possibly succeed in the action, because the Plaintiff's design was for jewellery, and items of jewellery are useful articles not protectable by copyright (useful because they are worn). The FCA reversed, remanding the case for trial, commenting as follows:

> The primary argument advanced by the respondent to support the Judge's conclusion is that, as jewellery is "to be worn", it is "functional". Rings are worn on fingers, earrings are worn on ears and necklaces are worn around the neck "to give a visual effect". Hence, it is argued, they have a function "other than merely acting as a substrate or carrier for a design". All jewellery that is capable of being worn, it is urged, is functional, and, hence, denied the protection of the Copyright Act…
>
> The appellants, on the other hand, contend that the wearing of jewellery does not by itself make it useful, any more than the hanging of a painting on a wall makes it useful. Jewellery is unlike clothing in that it does not provide warmth or protection. It is worn mainly because of the way it looks, its attractive appearance. If the respondent is right, suggests the appellants, any sculpture adorning a lobby or a painting decorating a wall would also be considered useful and would lose their copyright protection ...

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Copyright may protect the ornamental design of purely decorative articles such as jewellery or sculptures. But if the article serves some function other than mere decoration, copyright may not serve to protect the design.

The FCA was sympathetic to the Plaintiff Appellant's argument. It observed that if the Defendant's argument were upheld, then

> ...every work of art could be considered useful merely because it can be enjoyed as an adornment. It is not enough to hold without evidence that because jewellery is worn it is *ipso facto* useful. It is doubtful whether the usefulness of a work of art can be determined solely by its existence; there must be a practical use in addition to is esthetic value. Some items of jewellery that are worn may be useful whereas others may not be. For example, a tie pin or cuff links may be useful types of jewellery holding clothing together, while other objects such as a brooch or an earring may be purely ornamental and not useful at all, valuable only for their own intrinsic merit as works of art. Further, a sculpture may be created merely to be observed and admired or it may be made to be used as a paper weight. This issue is a genuine one deserving of a full trial on *viva voce* evidence.

While the FCA decision is not determinative of these issues, since it merely set aside the summary judgment granted by the trial judge, it does give us an idea of the thinking of the Court on how the amended *Copyright Act* is to be interpreted.

The Human Body as an Element in a Patent Claim or in an Infringing Combination

Patent claims may refer to the human body, and patent infringement may occur in the human body. But Canadian patents cannot protect higher life forms nor medical treatment.

Methods of medical treatment have been ruled to be unpatentable in Canada. So have higher life forms generally. Does this mean that any reference to the human body in patent claims is not allowed? Or that if a combination is patented, an infringing combination cannot include part of the human body as an element in the combination? Or that if a method is patented, no step of the method can occur in the human body? The answer to all three questions is "no".

Our firm has obtained for its clients patent claims to combinations one element of which is a part of the human body - for example, the cornea, as part of a claimed combination to correct eyesight. Note that while we could not claim the method of implanting a structure into the eye to correct eyesight (that would constitute a method of medical treatment), nevertheless a claim to the combination of the structure with, say, the cornea, may afford adequate protection. It has also been held that claims to diagnostic methods, as distinct from methods of medical treatment *per se,* are patentable.

The general point arose in the recent Federal Court case *Novartis Pharmaceuticals v. RhoxalPharma*. The patent in suit was for a pharmaceutical preparation including a hydrosol of cyclosporine. The defendant's product was a capsule containing cyclosporine in solution, but no hydrosol. But the patentee proved that when ingested, the cyclosporine in the defendant's capsule would form a hydrosol in the stomach. The Court held that a "pharmaceutical preparation" is not limited to components that subsist prior to ingestion, and that accordingly, the defendant's preparation when consumed by a human infringed the patent.

Internet Domain Name Dispute Resolution in Canada

Domain name registrants sometimes select names that are similar to names or trademarks in use by others. Anyone who wishes to contest the right of a given registrant to a selected domain name may litigate the issue in court, or may seek

redress by way of alternative procedures. In Canada, an alternative procedure for ".ca" domain names may be brought under the Domain Name Dispute Resolution Rules established by the Canadian Internet Registration Authority (CIRA).

Trademark and trade name owners should beware of any procedure other than conventional litigation to preserve their trademarks and trade names from confusing imitation by domain name registrants. Under the CIRA procedure, to succeed in a dispute with a domain name registrant, a prior trademark owner must prove three things, namely

- that the impugned domain name is "confusingly similar" to the prior trademark; that is, so nearly resembles the prior trademark as to be likely to be mistaken for it;
- that the registrant adopted the domain name in bad faith; and
- that the registrant has no legitimate interest in the domain name.

By contrast, in a civil action for trademark infringement or the like, the trademark owner would have to prove only a likelihood of confusion between the domain name and the prior trademark.

If a ".ca" domain name registrant has selected a domain name that imitates your trademark, you should probably sue in court rather than select an alternative dispute resolution procedure.

The recent case *Independent Order of Foresters v. Noredu Enterprises Canada* illustrates the CIRA procedure. In this case, Noredu was a tenant in the Foresters Building owned and operated by the Independent Order of Foresters (IOF). IOF owned a number of trademarks that include the word "Forester". Noredu established a business known as "Forester College of Technology" and registered the domain name forestercollege.ca. The CIRA tribunal found that a reasonable inference from the facts was that Noredu had adopted the name "Forester" in the domain name registration because it intended to promote its business by falsely associating it with IOF's business reputation. However, IOF failed in the case for reasons that would be considered risible in a civil action.

As to the "confusingly similar" test, the CIRA tribunal found that if the classic trademark conception of confusion were applied, IOF might well succeed on this test, because Noredu's use of its domain name might suggest an association with IOF. But because of the "so nearly resembles the prior trademark as to be likely to be mistaken for it" requirement of this test, IOF failed; it had not itself adopted a trademark "Forester College"nor a mark closely similar thereto.

IOF also failed to prove "bad faith." Under the CIRA test for bad faith, it must be proved that the registrant adopted the impugned domain name for the purpose of (i) selling the domain name to the complainant; or (ii) preventing the complainant from registering its trademark as a domain name; or (iii) disrupting the business of the complainant. Note as to the third element of the test that it is the registrant's intended purpose that must be assessed, not the effect of the registrant's use of the domain name. By contrast, in a civil suit, the complainant need not prove bad faith, and the effect of the impugned domain name registration and use on the complainant's business or on the complainant's reputation is material.

The CIRA tribunal found that Noredu had no legitimate interest in the domain name, but as IOF had to succeed on all three tests in order to prevail, this finding was insufficient to win the day for IOF.

The CIRA tests appear to be quite inadequate to support the legitimate interest of trademark and trade name owners to preserve the distinctiveness of their marks and names. Unless the CIRA rules and policies are drastically changed, any trademark owner seeking redress against a domain name registrant would be well advised to commence a civil action in court.

Ornamentation and Trademarks

Suppose that you are a retailer who obtains shirts from a supplier. The shirts bear an ornamental crest whose design is similar (but not identical) to a trademark displayed as a crest on a well-known line of designer shirts. On the shirts that you sell, the crest is intended to be purely ornamental. You have no intention of selling the shirts as genuine designer shirts and you take efforts to attach your own labels and tags to the shirts. But the owner of the designer brand sues you for trademark infringement. In Canada, who wins?

This situation arose in *Tommy Hilfiger Licensing v. International Clothiers* recently decided by the Federal Court of Appeal. Assuming that the designs in question were similar enough to cause confusion if both served a trademark purpose, the Court set forth a dual test: 1) Did the defendant intend to use the crest design as a trademark? and 2) If the defendant did not so intend, then did the defendant's mark serve the purpose of indicating origin and thus direct public attention to its wares in such a way as to likely cause confusion between its wares and those of the appellant's? A "yes" answer to either question would lead to a finding of infringement. In *Hilfiger,* the corporate defendant was able to prove that it did not intend to use the Hilfiger crest design, nor an imitation of it, as a trademark. The second test was more problematic.

The Hilfiger crest design had been in use for nearly ten years prior to the defendant's marketing of the impugned shirts. The crest had acquired distinctiveness for Tommy Hilfiger. The defendant's crest was in exactly the same place on the shirts it sold as the Hilfiger crest on Tommy Hilfiger shirts. In the earlier case *Adidas (Canada) Ltd. v. Colins Inc.*, the court took note of the "deliberate addition of symbols, trade marks or wording to the defendant's garments in exactly the same areas where [the] plaintiff has such trade marks or wording so that in conjunction with the stripes, the confusion is greatly magnified."

But it is not necessary under the law that the defendant's conduct be deliberate in order to infringe. In the *Hilfiger* case, despite the good intentions of the defendant, the choice of location of the crest on the defendant's shirts served the purpose of indicating the origin of the defendant's articles of clothing, and thus created public confusion with the similar Hilfiger crest trademark, giving rise to infringement. The lesson to be learned is that a manufacturer or vendor should be careful with ornamentation, for even if the ornamentation may not be inherently infringing, the combined effect of similarity and placement on an article may create sufficient confusion to amount to trademark infringement.

If an ornamental design applied to an article is not protected by copyright or industrial design, but is used as a trademark, then the use by a competitor of a similar design for ornamental purposes may be trademark infringement if it is placed on the article so as to suggest a trademark use.

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