

INTELLECTUAL PROPERTY

Can parties agree to restrict *Copyright Act's* fair dealing rights?

By Paul Jones

While we often speak of our political systems and cultures as having a "marketplace of ideas" as a core value, in practice the concept is not a well-developed part of our legal system.

As U.S. Judge Richard Posner put it during a speech in November 2002: "Intellectual property is both the input and output of the intellectual property industry ... The public domain ... we don't think much of it. We don't think of it as a major source of societal wealth."

It used to be said that the development of the Internet would lead to the death of copyright. We now know that the opposite is true. Digital technology allows precise tracking of the uses of an electronic work in ways that were never feasible before, making it necessary for users to obtain licences and the appropriate codes to use a work, even for uses that may be considered "fair dealing" under Canada's *Copyright Act*, such as private study, research, criticism, review or news reports.

This has encouraged some

copyright owners to offer standard form licences to users (known as "shrink-wrap" or "click-wrap" licences) that restrict use of the work for some or all of the fair dealing uses statutorily permitted by s. 29 of



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the *Copyright Act*. The question then arises as to whether these restrictions are enforceable? Which legal norm takes precedence, the right to contract freely, or the bargain between innovators and the public domain inherent in the *Copyright Act*?

The rationale for IP laws in general is that because ideas can be so easily stolen and copied, it is necessary to grant the creators a limited monopoly in the use of their invention or creation in order to provide enough incentive for creation and/or investment. The fact that the right to exclude others was limited in scope would maintain a level of innovation in society that would offset the losses caused by the grant of the restrictive rights.

Attempts by intellectual property owners to leverage or expand their rights are essentially attempts to break the bargain made within the public and to reap more from the restrictive rights that the public has agreed to pay, as Justice Ian Binnie stated in *Whirlpool Corp. v. Camco Inc.*, [2000] 2 S.C.R. 1067 with respect to patents.

The problem is that despite an arguable breach of the bargain when fair dealing is restricted, the owners still have the technological power to restrict such use unless the user can get a court to order otherwise. Generally individuals do not find sufficient personal economic incentive in any

one work to offset the cost of bringing the action. The solution is either action by a state agency to protect the public domain, our "marketplace of ideas," or a class action. Class actions are not feasible without significant damage awards. How would damage to the "marketplace of ideas" be measured by a court?

'Fencing off the public domain or the 'marketplace of ideas' may well have a long-term impact on our culture.'

If the view of the "marketplace of ideas" that Posner was criticizing is correct, there is little in the way of damages to measure. However, look at the activities that constitute "fair dealing" in Canada. How often do we rely on criticism, reviews or news reports in making purchasing decisions? Network Associates, a software producer, had for years a clause in its shrink-wrap licence agreements that prohib-

ited product reviews without its permission, and it used the clause to stop a critical review of its products in 1999. Earlier this year New York State Attorney-General Eliot Spitzer obtained an injunction banning the practice.

But the longer-term value to society of access to ideas arises out of private study and research. Many argue that our culture is represented by the collection of works that express the writer's view of our culture. The more effective the expression, the more popular the work. Consider the story of *Romeo and Juliet*. It was not original to Shakespeare, and has been re-worked by others since, such as in *West Side Story*. Fencing off the public domain or the "marketplace of ideas" may well have a long-term impact on our culture.

Because of the public benefit in fair dealing rights, it is unlikely that individuals can be encouraged to protect them by private actions. Then what public agency should protect them?

see FAIR DEALING p.10

CIPO fee increases: Are they justified or just a cash grab?

By Tapas Pain

The Canadian Intellectual Property Office (CIPO) has announced that effective Jan. 1, 2004, it will implement a series of regulatory changes that will, of course, include an increase in fees payable for patent and trademark applications.

A second set of additional fees will be implemented in the second half of 2004 that will relate to patent applications only.

Are these increases and new fees justifiable, or are they merely a cash grab?

The CIPO website (www.strategis.gc.ca) advises that "These changes will facilitate client-driven service improvements and introduce fees for new services. ..."

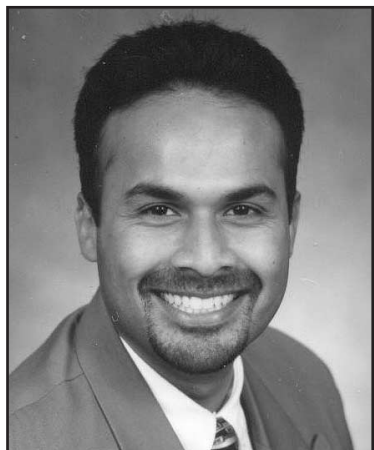
The accuracy of this statement will be tested over time, and this author encourages all lawyers, agents and applicants to rigorously and continually test this statement once the fee increases are implemented.

In testing the accuracy of CIPO's statement, at least two questions should be considered: (1) are the "new" services offered by CIPO of such value that they justify a new or additional fee? (2) Once the fee increases are implemented, will CIPO actually

be delivering improved client-driven service?

New Services

The new fees to be introduced in the second half of 2004 will relate primarily to CIPO's new



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designation as an International Searching Authority (ISA) and International Preliminary Examination Authority (IPEA) for applications filed under the *Patent Cooperation Treaty* (PCT) (proposed rule 53.1 of the *Patent Rules*).

These new designations will give applicants filing international PCT applications the benefit of not having to communi-

cate directly with the European Patent Office (and paying relevant fees in Deutsch marks or Euros).

Canadian lawyers, agents and applicants will have the benefit of local communication and prosecution in respect of international applications.

Proximity to an ISA / IPEA will hopefully reduce administrative burdens and difficulties for local agents and lawyers, and may also make Canada a more attractive market from the viewpoint of foreign applicants, agents and lawyers.

Moreover, CIPO's continual improvements in the quality of its patent examination and reporting process will likely benefit PCT applicants as well.

In consideration of the factors above, the proposed fees relating to establishing CIPO as an ISA / IPEA are arguably justifiable, necessary and even beneficial, although time will bear the true test.

Increased Fees

The fee increases to be implemented as of 01 January 2004 relate to services already provided by CIPO in respect of patents and trademarks.

see CIPO FEES p.14

Nova Scotia government intervenes in Bluenose copyright/trademark case

By Dean Jobb
Halifax

The Nova Scotia government has been granted intervenor status in a copyright battle over the right to sell merchandise bearing the name or image of the schooner *Bluenose II*.

A judge has ruled that the province has an interest in the outcome of the *Bluenose II* Preservation Trust Society's bid for an injunction preventing a Halifax firm from selling souvenirs depicting the vessel, a replica of the famous racing schooner of the 1920s.

The trust is also seeking damages for copyright and trademark infringement against Tall Ships Art Productions Ltd., which has been selling *Bluenose*-inspired T-shirts, posters, lapel pins, playing cards and other items since 1978, long before the trust was established in 1994 to undertake a major refit needed to make the *Bluenose II* seaworthy.

The lawsuit was filed in July, after Tall Ships ignored letters from the trust threatening legal action unless a licensing agreement was worked out. The trust claims it registered copyright to the vessel's plans as early as

1995 and is the recognized user of the *Bluenose* and *Bluenose II* trademarks.

But public ownership of the schooner complicates the copyright claim. The original *Bluenose*, which defeated a string of American competitors in races held in the 1920s and '30s, sank in the Caribbean in the 1940s. A Halifax brewery built *Bluenose II* in the 1960s to promote a brand of beer, then sold the vessel to the province in 1971 to help promote tourism.

The trust has a contract to operate and maintain the vessel until 2005 in exchange for an annual government grant of \$650,000. To raise the additional \$150,000 needed to break even, the trust sells clothing, posters, books and other *Bluenose* merchandise and collects royalties from licensees.

The contract does not give the trust the right to assert copyright, provincial Justice Department lawyer Stephen McGrath argued in documents filed with the court. The province, as owner, "is vested with all the power and authority over the use of her name, image, the use of her reputation and person-

see BLUENOSE p.12

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Fee increases will be welcome if CIPPO's performance improves

CIPPO FEES

—continued from page 9—

If the fee increases are predicated on CIPPO delivering improved client-driven service, then supposedly CIPPO will be, among other things, attending to its duties in a more timely fashion.

For example, at present, a newly filed trademark application is not examined for registrability for at least 18 months after the date of filing. Much of this examination is done in piecemeal fashion in spite of CIPPO's directive that examiners are not to engage in piecemeal examination.

In the very best case scenario, a trademark registration will issue approximately two years after the date of filing.

Compare this to many other jurisdictions where registration often results in six to ten months after the date of filing, sometimes less, and without piecemeal examination.

In the case of patents, an application will not be examined until a request for examination is filed. An applicant has up to five years from the date of filing to request such an examination. With the current

backlog, applications are typically not examined until about two to three years after the date of the examination request (although CIPPO has shown some improvement in this area over the last year).

An issued patent is valid for a period of 20 years after the date of its filing in Canada. Conceivably, more than half of the patent's lifetime can be wasted sitting idle at CIPPO (although in such an instance, some of the blame will lie with the applicant).

There is no obligation on CIPPO to complete examination within a specific time-frame (compared to jurisdictions like

the United States that require that an application be examined within 18 months from the date of filing and provide

'Conceivably, more than half of [a] patent's lifetime can be wasted sitting idle at CIPPO.'

patent-term adjustments to compensate for delays in examination).

The present backlog and to-

date efficiency of CIPPO, in this author's opinion, bear directly on the justification for increased fees. If the fee increases are to be justified, CIPPO's performance in respect of patent and trademark application processing must show noticeable improvement (a difficult task given the limited availability of people qualified to act as patent and trademark examiners).

The increased fees will be welcomed by many if CIPPO's future administrative performance outweighs the burden of the fee increases. However, this is something that will be determined primarily by the pas-

sage of time. Lawyers, agents and applicants must be vigilant in assessing CIPPO's performance in light of these fee increases.

If these increases do not result in the alleged improved service, lawyers and agents must join together to challenge either the increase in fees or CIPPO's handling of these additional fees.

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The views expressed herein are those of the author only.

CIRA 'reverse look-up' service is useful to IP lawyers

By Tapas Pain

This is further to an article I wrote recently for this newspaper (see "Lack of 'reverse look-up' hurts domain name ADR," *The Lawyers Weekly*, Sept. 5, 2003, p. 13).

The Canadian Internet Registration Authority (CIRA™) subsequently contacted me

regarding the issue of "reverse look-up" information. I was very pleased to learn that CIRA has in fact taken steps to make rule 3.7(b) of its domain name dispute policy applicable and practical — it's just not widely advertised.

The CIRA website (www.cira.ca) provides a mechanism for third parties to discover

what other .ca domain names an alleged cybersquatter has registered. When you visit CIRA's website, follow the links for Official Documents, CIRA Policies, Rules, Procedures and Agreements, and then Registration Information Access Rules and Procedures. The request form is straightforward and very easy to use, but initially difficult to find on the website.

CIRA says that a number of lawyers and agents have recently successfully used this mechanism. CIRA now also sees that awareness of this service is generally low and should be increased, perhaps by a cross-reference amendment in the dispute rules or policy, and/or a corresponding press release.

Although this service is perhaps not as easily accessible as the once-available online reverse look-up feature provided by Network Solutions™,

CIRA should be commended for providing a moderated solution that very effectively balances the privacy concerns of domain name registrants with the need for lawyers and agents to access this type of information.

Because requests are made directly to CIRA, all requests can be screened to minimize the risk of making information available to individuals with ulterior motives. In this respect, it is arguably superior to the service once provided by Network Solutions.

CIRA has answered my call, and silenced this critic (and many others). For this, I thank them.

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