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## The Value of Intellectual Property Registration

### ***Deciding not to apply for registration of your intellectual property can leave your business inadequately protected***

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Business people do not have access to unlimited funds, and they realize that those funds that they do have must be carefully allocated within their business. However, a recent decision of the Federal Court illustrates what can happen when serious consideration of intellectual property issues is postponed.

*Corocord Raumnetz GmbH and Kompan A/S v. Dynamo Industries Inc.* 2016 FC 1369 is a decision of the Federal Court that issued December 14, 2016. The two plaintiffs were German and Danish companies that designed and made playground equipment, and the defendant was a Canadian competitor. The plaintiffs contended that the defendant had used their designs in making its playground equipment and raised several allegations, including trademark and copyright infringement.

The facts, however, did not support the plaintiffs' case under Canadian law. In order to support their trademark infringement allegation, the plaintiffs had to show that their designs had become so well known that they had become distinctive of the plaintiffs in Canada – a very difficult case to make, especially since no evidence of Canadian registration of trademarks in their designs as distinguishing guises had been put forward. Similarly, the plaintiffs' copyright case was a difficult one to succeed in. While the plaintiffs could show that their employees were the authors of the designs, under Canadian law (subsection 64(2) of the *Copyright Act*), there is no liability for copyright infringement where the copyright subsists in a design applied to a useful article or in an artistic work from which the design is derived and, by or under the authority of any person who owns the copyright in Canada or who owns the copyright elsewhere, the article is reproduced in a quantity of more than fifty.

Without going into the evidence in detail, suffice it to say that the Federal Court found that there was insufficient evidence to show that the designs had been used by the plaintiffs as a trademark so as to be sufficiently ingrained in the minds of Canadian consumers as a distinguishing guise. The Federal Court also found that the plaintiffs' designs were applied to useful articles that had been reproduced by the plaintiffs in quantities of more than fifty, thereby saving the defendant from liability for copyright infringement. The Court considered whether some statutory exemptions to the defense afforded by subsection 64(2) of the *Copyright Act* applied and concluded, as the exemptions did not apply, the defendant was entitled to rely on the defense and copyright infringement in the plaintiffs' designs was not found.

As the plaintiffs did not allege that the defendant had infringed any registered industrial designs, one can only conclude that the plaintiffs had not obtained registrations for their designs in Canada under the *Industrial Design Act*. According to the facts set out in the



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judgment, the plaintiffs' designs were designed and created in 2009 and launched in the spring of 2011. As the lawsuit underlying the judgment was filed in 2014, it may be that by the time the plaintiffs realized that they had a problem with the defendant in Canada it was too late to file applications to register the designs in Canada under the *Industrial Design Act*. Under paragraph 6(3)(a) of the *Industrial Design Act*, a design is not registrable if the application is filed in Canada more than a year after the publication of the design in Canada or elsewhere.

The results obtained in this case show that it is a good idea to get together with a lawyer familiar with intellectual property to discuss your business (or a new project) at an early stage, consider important markets and evaluate what is necessary to best protect your business in those markets. Once issues relating to foreign jurisdictions are raised with your lawyer, the lawyer can consult with trusted associates familiar with the laws of those jurisdictions.

The complete decision of the Federal Court may be found at the following link:

<http://decisions.fct-cf.gc.ca/fc-cf/decisions/en/item/213932/index.do>

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