

CHECKLIST OF ISSUES ON ENFORCEMENT<sup>1</sup>

Responses from Canada

**Civil and Administrative Procedures and Remedies**

(a) *Civil judicial procedures and remedies*

**1. Specify the courts which have jurisdiction over IPR infringement cases.**

Normally, IPRs are protected by *sui generis* federal legislation, with the result that the Federal Court exercises a concurrent jurisdiction with the superior court of each province for infringement cases (*Federal Court Act*, subs. 20(2); *Patent Act*, subs. 54(1); *Industrial Design Act*, s. 15.2; *Integrated Circuits (IC) Topography Act*, subs. 8(1), s. 23; *Copyright Act*, subs. 37(1); *Trade-marks Act*, s. 55; *Plant Breeders' Rights Act*, subs. 42(1), 43(1)).

However, trade secrets are protected through a combination of equity and the law of contract and tort, in the common law provinces, and by Articles 1472, 1612 and 2088 of the *Civil Code of Quebec*, and thus fall within the provincial jurisdiction as "property and civil rights within the province". As such, the Federal Court has no jurisdiction, and much of the protection arises from the superior court in each province exercising its inherent jurisdiction to fashion appropriate remedies.

**2. Which persons have standing to assert IPRs? How may they be represented? Are there requirements for mandatory personal appearances before the court by the right holder?**

Normally, the owner or exclusive licensee has standing to bring an action for infringement of an IPR. On occasion, a non-exclusive licensee may also bring such an action, provided that he or she also joins the right owner, if the court determines that the matter cannot properly be disposed of in the absence of that right owner.

Thus, s. 55(1) of the *Patent Act* allows any person "claiming under a patentee" to sue for infringement. In the *Signalisation* case, the Federal Court of Appeal interpreted this to include a user, a licensee (including a non-exclusive one), an assignee, or a lessee having a title or right which may be traced back to the patentee. Subsection 15(1) of the *Industrial Design Act* allows the proprietor of a registered design, or an exclusive licensee, to bring an action for infringement. Subsection 8(1) of the *IC Topography Act* permits an owner of a registered topography or any licensee to bring such an action. Section 36 of the *Copyright Act* allows the author or other owner of any copyright or of the performer's right "or any person or persons deriving any right, title or interest by assignment or grant in writing" to bring an action for infringement and to obtain any remedies which may be available to the right-owner. The *Plant Breeders' Rights Act* provides in subs. 45(1) that, in addition to the

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holder, a person authorized to do any acts reserved for a holder of a plant breeders' right or a licensee, subject to any agreement among the parties, where the holder refuses or neglects to take proceedings, may institute proceedings in the person's name with the holder named as a defendant.

These principles also apply to actions for breach of trade secrecy obligations, although it would be rare that a licensee of such secrets would bring an action.

The guiding principle for standing before the court is that the person seeking to be added as a party must have an "interest" in the matter. This means that that person must be directly affected by the court's decision in the matter. Accordingly, subs. 55(3) of the *Patent Act* requires the patentee to be a party to all infringement proceedings. Subsection 15(2) of the *Industrial Design Act* requires the proprietor of a registered design to be made a party, and subs. 8(2) of the *IC Topography Act*, the owner of a registered topography. Section 50(3) of the *Trade-marks Act* provides that "[s]ubject to any agreement subsisting between an owner of a trade-mark and a licensee of the trade-mark, the licensee may call on the owner to take proceedings for infringement thereof, and, if the owner refuses or neglects to do so within two months after being so called on, the licensee may institute proceedings for infringement in the licensee's own name as if the licensee were the owner, making the owner a defendant." The *Quebec Code of Civil Procedure* requires that all legal persons (i.e., corporations) be represented by counsel. Only individuals can represent themselves.

By long tradition, all parties before Canadian courts have the right to be represented by counsel, although they may also represent themselves.

**3. What authority do the judicial authorities have to order, at the request of an opposing party, a party to a proceeding to produce evidence which lies within its control?**

The superior courts have a broad inherent authority to set their own procedure. This procedure-making authority is supplemented by local legislation, e.g., the *Federal Court Act*, the *Courts of Justice Act* of Ontario, or the *Judicature Act* of various provinces. Under such legislation, Rules of Civil Procedure are prepared (usually by a rules committee) and subsequently approved by order-in-council. The superior court's inherent authority, as exercised at the time of confederation, has been recognized in Canada's *Constitution Act, 1867*. It includes a broad authority to fashion such remedies as are necessary to ensure that justice is done.

Where a party fails to produce evidence, the court would have authority to make such an order as it considered just, including, in the case of a plaintiff, dismissing the action, and in the case of a defendant, striking out the statement of defence. The provincial rules of procedure usually require parties to the litigation to provide an affidavit or list of documents and to make those documents available to the opposing parties. The court determines questions of privilege and can order compliance with the rules of procedure.

**4. What means exist to identify and protect confidential information brought forward as evidence?**

As mentioned, the superior courts have a broad authority to impose such terms and give such directions as are just, in order to facilitate the conduct of an action. In practice, the party seeking to protect confidential information would apply to the court for directions. Normally, if the court determined that the confidentiality of that information needed protecting, it would order terms and conditions for its protection.

In an extraordinary case, this could include disclosure to an opposing party's counsel, but not to the opposing party. Even absent specific confidentiality orders, information disclosed in the course

of litigation is still subject to an implied undertaking to the court that the information will not be used for any purpose other than the litigation.

**5. Describe the remedies that may be ordered by the judicial authorities and criteria, legislative or jurisprudential, for their use:**

**- injunctions;**

As mentioned, the superior courts have a broad common law and equitable jurisdiction to fashion their own remedies, including injunctive relief. Normally, injunctions are ordered to prevent prospective harm, and damages are ordered to compensate for past injury. However, injunctions are frequently ordered where damages would provide an inadequate remedy, e.g., where a loss is incalculable, where there is a continuing wrong, or where the defendant is insolvent. In cases where the potential damage to the plaintiff is irreparable, the court may still grant or refuse an injunction, after comparing the harm to which both parties would be put as a result of the granting or withholding of the relief sought.

In the case of trade secrets, should a plaintiff succeed at trial, in proving the existence of an obligation of confidentiality regarding trade secret information, the court would have jurisdiction to prevent the defendant from unfairly or improperly using that information, e.g., not to use a secret recipe, or not to solicit any customers on a plaintiff's customer list.

Paragraph 57(1)(a) of the *Patent Act*, s. 15.1 of the *Industrial Design Act*, s. 53(2) of the *Trade-marks Act*, s. 34 of the *Copyright Act*, para. 41(2)(a) of the *Plant Breeders' Rights Act*, and s. 9 of the *IC Topography Act*, allow the court to order injunctions in infringement proceedings. However, s. 40 of the *Copyright Act* does not allow an injunction in the case of a building.

**- damages, including recovery of profits, and expenses, including attorney's fees;**

The Canadian courts award damages whenever they determine that a loss can be remedied by an award of money, and the purpose of damages is to put the plaintiff in the position in which he or she would have been had the loss not occurred. *General damages* are those which, although being the direct and natural consequences of the act giving rise to the damage, are incapable of proof with any great particularity. *Special damages*, however, are damages which are easily provable with precision, e.g., out-of-pocket expenses. Both would be available for the unauthorized disclosure of trade secret information in violation of a contractual obligation. *Punitive* or *exemplary damages* may be awarded where the defendant has behaved with a callous disregard for the plaintiff's rights. Their purpose is to deter others from following such conduct. Although they are not normally available for breach of contract actions, on occasion exemplary damages have been awarded for breach of fiduciary duty or a duty of confidentiality.

Subsection 55(2) of the *Patent Act* allows a patentee, and all persons claiming under him or her, to sue for damages for infringement, not only after the grant of the patent, but also at any time after the patent application is laid open to the public for inspection. Section 15.1 of the *Industrial Design Act*, and s. 9 of the *IC Topography Act*, allow damages to be claimed, including for lost profits and punitive damages (and, in the case of topographies, for payment of royalties). However, where the defendant was not aware, and had no reasonable grounds to suspect, that the design or topography was registered, the plaintiff's remedies are restricted to an injunction (*Industrial Design Act*, s. 17; *IC Topography Act*, s. 10). Section 53.2 of the *Trade-marks Act* authorizes orders for "the recovery of damages or profits". Subsection 41(1) of the *Plant Breeders' Rights Act* allows the holder or anyone claiming under the holder to claim for all damages suffered by reason of infringement. Paragraph 41(2)(b) of the *Plant Breeders' Rights Act* provides that a court may make an order for compensation of an aggrieved person, and subs. 42(2) gives authority to the court to determine costs.

Section 34 of the *Copyright Act* allows a copyright owner to sue for damages. However, s. 39 limits the remedy to injunctions where the defendant is not aware of the existence of the copyright in the work. In addition, s. 35 allows a copyright owner to sue for lost profits and requires that he or she only provide receipts or revenues derived from the publication, sale or other disposition of the infringing work.

Canadian courts award costs as an indemnification of the expenses of litigation, i.e., fees plus disbursements. Hence, the winning party may be entitled to be compensated for the expense of bringing or defending the action. Such awards, however, are in the discretion of the court and are never automatic (*Copyright Act*, subs. 34(2)). Also, Rule 57 of the Ontario *Rules of Civil Procedure* sets out a non-exhaustive list of factors, other than winning or losing, which may be considered. For example, where appropriate, the court may also impose costs against one invoking the aid of its process, i.e., where a proceeding was unnecessary or vexatious). However, attorney's fees are not ordinarily treated as a head of special damages, nor are they normally included in an order for costs. Where ordered, they are restricted to the schedule of costs contained in the rules of procedure, which is ordinarily based on days in court only.

- **destruction or other disposal of infringing goods and materials/implements for their production;**

As mentioned, Canadian superior courts have broad inherent discretion to fashion remedies, which by implication includes the disposal of infringing goods, where appropriate. In addition, s. 15.1 of the *Industrial Design Act* allows for the disposal of any infringing article or kit, and s. 9 of the *IC Topography Act*, for the disposal of any infringing IC product. However, where the defendant did not know, and had no reasonable grounds to believe, that the IC product was manufactured without the consent of the owner of the registered topography, the defendant has the right to dispose of that product, upon payment of a reasonable royalty determined by the court. Section 53(2) of the *Trade-marks Act* authorizes court orders for "the destruction, exportation or other disposition of any offending wares, packages, labels and advertising material and of any dies used in connection therewith". Paragraph 41(2)(d) of the *Plant Breeders' Rights Act* allows the court to make an order in respect of custody or disposition of any offending material, products, wares or articles. Also, in the context of a criminal prosecution for copyright infringement, the court has express authority to order the destruction of the infringing goods or plates which appear to be used for the purpose of making infringing copies (*Copyright Act*, subs. 42(3); subs. 43.1(3)).

- **any other remedies.**

Section 34 of the *Copyright Act* entitles the copyright owner to "all remedies ...that are or may be conferred by law for the infringement of a right". Section 38 provides that "all infringing copies of any work in which copyright subsists...and all plates used or intended to be used for the production of the infringing copies shall be deemed to be the property of the owner of the copyright". The combined effect of these two sections would enable the copyright owner to pursue the tort remedies of detinue and conversion.

6. **In what circumstances, if any, do judicial authorities have the authority to order the infringer to inform the right holder of the identity of third persons involved in the production and distribution of the goods or services found to be infringing and of their channels of distribution?**

There is no specific law requiring the infringer to inform the right holder of the identity of third persons, although this may arise during the course of a proceeding.

**7. Describe provisions relating to the indemnification of defendants wrongfully enjoined. To what extent are public authorities and/or officials liable in such a situation and what "remedial measures" are applicable to them?**

A plaintiff who obtains an interlocutory injunction will normally be required to give an undertaking to bear any damages the injunction causes the defendant, should the defendant ultimately prevail at the trial of the action. Public authorities have no authority to enjoin IPR infringement.

**8. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost.**

There are no general provisions governing the length and cost of proceedings. However, the provincial Rules of Civil Procedure contain individual deadlines for each step in a civil proceeding, e.g., in Ontario a statement of claim must be served within six months of its issuance, and a statement of defence must be served within 21 days of service of the statement of claim. (In British Columbia, a writ of summons must be served within 12 months of filing, and a statement of claim must be filed with the writ or within 21 days of an appearance being filed. A statement of defence must be filed within 14 days of the time limited for appearance or from the date of delivery of the statement of claim, whichever is later). These time limits are varied for the federal Crown, by the *Crown Liability and Proceedings Act*, which provide the Crown with 30 days to file a defence after the service of the originating document.

A defendant who is not in default may bring a motion to have an action dismissed for delay, where the plaintiff has failed to take any of the critical steps in the proceeding, such as serving the statement of claim, or setting the action down for trial. Similarly, a plaintiff may take default proceedings upon the defendant's failure to deliver a statement of defence or where the defence has been struck out and may require the court registrar to note the defendant in default. When this occurs, the plaintiff may then proceed to obtain judgment.

Normally, proceedings for trade secrets must be initiated within six years of the event giving rise to the cause of action (in British Columbia, within three years). Proceedings for industrial design, copyright and IC topography infringement must be commenced within three years (*Industrial Design Act*, s. 18; *Copyright Act*, s. 41; *IC Topography Act*, s. 12), and those for patent infringement within six years (*Patent Act*, s. 55.01). The *Trade-marks Act* contains deadlines for very specific instances in subs. 17(2) and 11.19(2).

We do not possess any data on the actual duration of proceedings and their cost. However, a new "fast track" system will be instituted in Quebec, starting 1 January 1997, for all claims of \$50,000 or less. It provides for all written pleadings to be completed within 180 days of filing the statement of claim. It remains to be seen whether it will apply to "hybrid" actions, where a party seeks an injunction together with damages.

(b) *Administrative procedures and remedies*

**9. Reply to the above questions in relation to any administrative procedures on the merits and remedies that may result from these procedures.**

There are no administrative procedures available for violations of trade secrecy obligations.

**Provisional Measures***(a) Judicial measures***10. Describe the types of provisional measures that judicial authorities may order, and the legal basis for such authority.**

Based on the broad inherent equitable jurisdiction of the superior courts, the courts may grant an *interim injunction* (which prevents an act until an action is initiated) or an *interlocutory injunction* (which prevents an act for the period of time specified in the order). As stated by the Supreme Court of Canada in the *RJR-MacDonald* case, the plaintiff must establish:

- a) that he or she has raised a serious question to be tried;
- b) that he or she will suffer irreparable harm if the injunction is not granted; and
- c) that the balance of convenience favours the granting of the injunction.

**11. In what circumstances may such measures be ordered *inaudita altera parte*?**

In urgent situations, an injunction may be granted *ex parte* for a stated time, in order to allow for the filing of material on a contested application, e.g., taking the necessary steps to commence an action. An *Anton Piller* order allows the plaintiff's solicitor to personally attend upon the defendant and supervise the seizure of the defendant's infringing property. A *Mareva* injunction is an order of the court prohibiting the removal or disposition of the defendant's assets. Normally, such interim measures are only ordered for short time periods. e.g., Rule 40.02 of *Ontario's Rules of Civil Procedure* limits the duration of *ex parte* injunctions to 10 days.

**12. Describe the main procedures for the initiation, ordering and maintenance in force of provisional measures, in particular relevant time-limits and safeguards to protect the legitimate interests of the defendant.**

An interlocutory injunction may be obtained on motion to a judge by a party to a pending or intended proceeding. The applicant, in such instances, is required to prove all three of the items listed in the answer to question 10. In addition, the applicant must, unless the court orders otherwise, undertake to abide by any order concerning damages that the court may make if it ultimately appears that the granting of the order has caused damage to the responding party.

**13. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost.**

There are no special provisions governing the length and cost of interim proceedings, other than as stated above. We are not in possession of nor are we aware of any data on the actual duration or cost of such proceedings.

*(b) Administrative measures***14. Reply to the above questions in relation to any administrative provisional measures.**

There are no provisional administrative measures for IPRs.

### Special Requirements Related to Border Measures

- 15. Indicate for which goods it is possible to apply for the suspension by the customs authorities of the release into free circulation, in particular whether these procedures are available also in respect of goods which involve infringements of intellectual property rights other than counterfeit trademark or pirated copyright goods as defined in the TRIPS Agreement (footnote to Article 51). Specify, together with relevant criteria, any imports excluded from the application of such procedures (such as goods from another member of a customs union, goods in transit or *de minimis* imports). Do the procedures apply to imports of goods put on the market in another country by or with the consent of the right holder and to goods destined for exportation?**

Border measures are available only with respect to counterfeit trademark or pirated copyright goods, as defined in the TRIPS Agreement, and IC products that have been imported contrary to the *IC Topography Act* (subs. 14(1)). Subsection 3(2) of the *IC Topography Act* gives the owner of a registered topography the exclusive right to import an IC product).

A copyright owner may give notice to the Department of National Revenue of reprints of any work which infringe copyright, if made in Canada, and thereafter the importation of that work is prohibited (*Copyright Act*, s. 44, *Customs Tariff*, s. 114 and Schedule VII). In addition, it is unlawful to import into Canada copies of any book in which copyright subsists, or reprints thereof, until 14 days after publication thereof, except for two copies for a person's own use, copies for use by the Government of Canada or of a province, copies for the use of a public library or institution of learning, and copies of a book which has been lawfully printed and released into circulation in a WTO member country (*Copyright Act*, s. 45, *Customs Tariff*, Schedule VII).

Section 101 of the *Customs Act* deals with the detention of controlled goods and has also been invoked by parties in order to require the Customs authorities to detain counterfeit and pirated imported goods.

- 16. Provide a description of the main elements of the procedures relating to the suspension of the release of goods by customs authorities, in particular the competent authorities (Article 51), the requirements for an application (Article 52) and various requirements related to the duration of suspension (Article 55). How have Articles 53 (security or equivalent assurance), 56 (indemnification of the importer and of the owner of the goods) and 57 (right of inspection and information) been implemented?**

The owner of copyright, or the exclusive licensee, may apply to a court of competent jurisdiction for an order directing the Customs authorities to detain works which would have infringed copyright had they been made in Canada. Those works must be released after two weeks unless the applicant notifies the court that he or she has commenced an action for the final determination of the matter. The court may require the applicant to furnish security to cover the costs incurred by the Customs authorities for the storage of the work and to answer damages that might be incurred by the owner of the allegedly infringing works, or the importer or consignee thereof. Customs authorities may give the applicant or importer the opportunity to inspect the detained works for the purpose of substantiating or refuting the applicant's claims (*Copyright Act*, s. 44.1). This same procedure is available for the owner of the performer's right, where an infringing fixation or reproduction of the performer's performance is about to be imported into Canada (*Copyright Act*, s. 44.2).

The owner of a registered topography, or any person interested therein, may on application, within an action or otherwise, and on notice or *ex parte*, apply to a court of competent jurisdiction for an order for the interim detention of an IC product imported contrary to the *IC Topography Act*

(subs. 14(1), (4) (5)). The plaintiff, in the case of an IC topography, is required to post security for any damages the owner or consignee of the registered topography might sustain and for any costs of storage. In addition, he or she must indemnify the Canadian government for any liability with which the latter might be visited for the detention (*IC Topography Act*, subs. 14(2) - (3)). Similar security may be required under subs. 53(2) and 53.1(3) of the *Trade-marks Act* in case of interim custody or detention of infringing goods.

- 17. Describe provisions governing the length and cost of proceedings. Provide any available data on the actual duration of proceedings and their cost. How long is the validity of decisions by the competent authorities for the suspension of the release of goods into free circulation?**

This information is not available.

- 18. Are competent authorities required to act upon their own initiative and, if so, in what circumstances? Are there any special provisions applicable to *ex officio* action?**

No.

- 19. Describe the remedies that the competent authorities have the authority to order and any criteria regulating their use.**

N.A.

### **Criminal Procedures**

- 20. Specify the courts which have jurisdiction over criminal acts of infringement of IPRs.**

All courts of first instance and superior courts within the province. The Federal Court has no criminal jurisdiction.

- 21. In respect of which infringements of which intellectual property rights are criminal procedures and penalties available?**

There is no criminal remedy for the appropriation of trade secret information. The Supreme Court of Canada held in the *Stewart* case that confidential information did not qualify as property for the purposes of the theft section of the *Criminal Code*, and except in very unusual circumstances it is not of a nature such that it can be taken or converted. (Only the taking of the physical document containing the trade secrets would be considered an act of theft). However, in some cases, misappropriation of information can be prosecuted under the fraud section of the *Criminal Code* (s. 380), where a dishonest misappropriation causes a risk of economic deprivation to the victim.

There is no criminal remedy for patent infringement, or for the infringement of registered industrial designs or IC topographies. However, s. 75 of the *Patent Act* makes it an offence to pass an article off as a patented article or as belonging to a patentee. In addition, sections 406 to 410 of the *Criminal Code* make it an offence to perform a number of activities in relation to trademarks, such as forgery and passing-off.

The Copyright Act makes it an offence to knowingly make, sell, hire, distribute or display an infringing work or performer's performance, on a commercial scale (subs. 42(1); subs. 43.1(1)); to make or possess a plate for the purpose of making infringing copies (subs. 42(2); s. 43.1(2); to



publicly perform a copyrighted work for profit (subs. 42(2); subs. 43(1); to change or suppress the title of a work or the author's name (subs. 43(2)). In addition, copyright infringement has, in certain circumstances, been prosecuted using the fraud provision of the *Criminal Code* (s. 301), where the infringement has resulted in a dishonest economic deprivation, or risk thereof.

Subsection 53(2) of the *Plant Breeders' Rights Act* makes it an offence to use a denomination other than the one approved by the Commissioner, use the denomination for propagating material not of that variety, or use a misleading denomination, and subs. 53(3) makes it an offence to falsely represent that material as propagating material of a variety in respect of which a plant breeders' right is held or applied for.

**22. Which public authorities are responsible for initiating criminal proceedings? Are they required to do this on their own initiative and/or in response to complaints?**

The Attorney General of each province, or the Attorney General of Canada, may initiate criminal proceedings, either on their own initiative or in response to complaints. In practice, they normally undertake such prosecutions as a result of an independent police investigation.

**23. Do private persons have standing to initiate criminal proceedings and, if so, who?**

Yes. Any person may swear a complaint before a justice of the peace and has the right to prosecute a summary conviction offence, unless the Attorney General intervenes to take carriage of the proceedings. With respect to indictable offences, an individual can initiate and conduct a prosecution during the preliminary inquiry stage, but must obtain the consent of a judge to conduct a trial on indictment. Again, the Attorney General has the right to intervene.

**24. Specify, by category of IPR and type of infringement where necessary, the penalties and other remedies that may be imposed:**

- **imprisonment;**
- **monetary fines;**

The maximum penalty for offence under s. 75 of the *Patent Act* is a fine of \$200, or imprisonment for three months, or both.

The maximum penalty under s.42 and under subs. 43.1(1) of the *Copyright Act* is a fine of \$25,000 or six months imprisonment for a summary conviction and \$1,000,000 or five years imprisonment for a conviction on indictment; under subs. 43(1), \$250 or (on second and subsequent offences) two months imprisonment, or both; and under subs. 43(2), \$500 or (on second and subsequent offences) four months imprisonment, or both.

Subsections 53(4) and (5) of the *Plant Breeders' Rights Act* provides that on summary conviction, an individual is liable to a fine of not more than five thousand dollars, and on conviction on indictment, a fine of not more than 15 thousand dollars or imprisonment for up to three years (up to five years where false representation is involved). A corporation is liable on summary conviction to a fine of not more than 25 thousand dollars or on conviction on indictment to a fine in an amount determined by the court.

- **seizure, forfeiture and destruction of infringing goods and materials and implements for their production;**

Subsection 42(3) of the *Copyright Act* authorizes the court in which criminal proceedings are taken to order that infringing copies or plates for the purpose of making infringing copies be destroyed, delivered up to the copyright owner or otherwise dealt with. Subsection 43.1(3) contains a similar authority in respect of infringing fixations, reproductions and plates of a performer's performance.

- **other.**

N.A.

25. **Describe provisions governing the length and any cost of proceedings. Provide any available data on the actual duration of proceedings and their cost, if any.**

N.A.