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## survey evidence in trade-mark oppositions

As many readers will know, the type of evidence that is often filed by persons opposing trade-mark applications (Opponents are usually business competitors of the Applicant) is survey evidence. The survey evidence is presented in the form of a written report. The Trade-marks Opposition Board member who is in charge of the written case either accepts all, a part, or none of the report. Typically Opponents try to convince the Board that the Applicant's mark was not distinctive at the date they, the Opponent, challenged the mark (which is usually about 12 to 18 months after the application is filed).

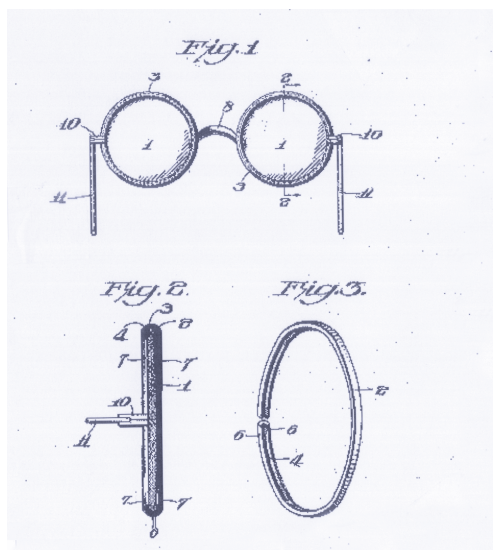
A typical survey was presented to the member hearing the case between an Alberta applicant seeking registration of the trade-mark: THE GREETING CARD PEOPLE. The organization carrying on business under the name and style "Hallmark Canada" opposed the registration and filed a survey in which:

1. Randomly-selected English-speaking respondents residing in Canada were surveyed by telephone;
2. Respondents were over the age of 18;
3. Respondents were asked a number of questions about a number of different products and different industries, not just greeting cards;
4. The results were "weighted" to be representative of gender and age within each region of Canada.

The key question in the survey was: "What do you think of when I say the following phrase: 'The Greeting Card People'?"

A significantly greater number of respondents (47%) said 'Hallmark' than any other answer. 'Carlton Cards' was the second most common response at 12%. Another question asked was: "Does the phrase 'The Greeting Card People' make you think of any particular company or companies? If so, please indicate the company name or company names you were thinking of." The survey indicated that 'Hallmark' was named by 57% of respondents and was mentioned significantly more than any other company. The company mentioned next most often was Carlton Cards (18%).

In that case, the Board member was satisfied that the Opponent met its evidential burden in showing that a significant proportion of consumers in Canada would associate the trade-mark: THE GREETING CARD PEOPLE with the Opponent.



It is notable that the Applicant either could have or would have argued that the survey was not probative of the conclusion reached. This is since it may be that

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In considering registering your mark, you may benefit from first considering whether or not one of your business competitors might challenge your application for registration.

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To be registrable, a mark must be “distinctive” across Canada. **When** it must be distinctive can be difficult to determine.

‘Hallmark’ is the most popular brand name in the greeting card business, and therefore the respondents to the survey could simply have named that company in answer to the questions asked; just as they would have to the hypothetical question: “Name a greeting card company.” This would be confirmed by the fact that another greeting card company, ‘Carlton’ was often mentioned.

It would be somewhat of a coincidence, to suggest that the respondents surveyed actually considered **which** greeting card company owned **that** trade-mark. Rather, it would appear ambiguous at best. Arguably the most that could be taken from the survey evidence would be that either respondents **could** attribute the trade-mark: THE GREETING CARD COMPANY to Hallmark **or**, they assumed THE GREETING CARD COMPANY was a popular trade-mark used by a greeting card company and then, wanting to provide an answer to the question, gave the greeting card company what first came to mind. The argument could have been made that the survey was inconclusive.

The point of this analysis isn’t so much to discuss the details of proper and convincing survey evidence; rather, it is useful to consider the question asked in the

survey, which was accepted by the Board. It may apply it to your situation. For example, in considering **registering** your mark, you may benefit from first considering whether or not one of your business competitors might challenge your application for registration. If so then you might factor in what the likelihood is that they will file (expensive) survey evidence; and then finally, factor in whether or not they will be able to prove that an ordinary consumer of your products, familiar with the mark(s) of the business competitor, would relate the mark you are applying for, to that competitor.

This process will help to analyze the cost/benefit of proceeding with an application for registration and help identify a strategy to deal with the potential issues that could arise along the way. ©

—Neil Kathol, Brownlee LLP

## trade-mark applications should be made early

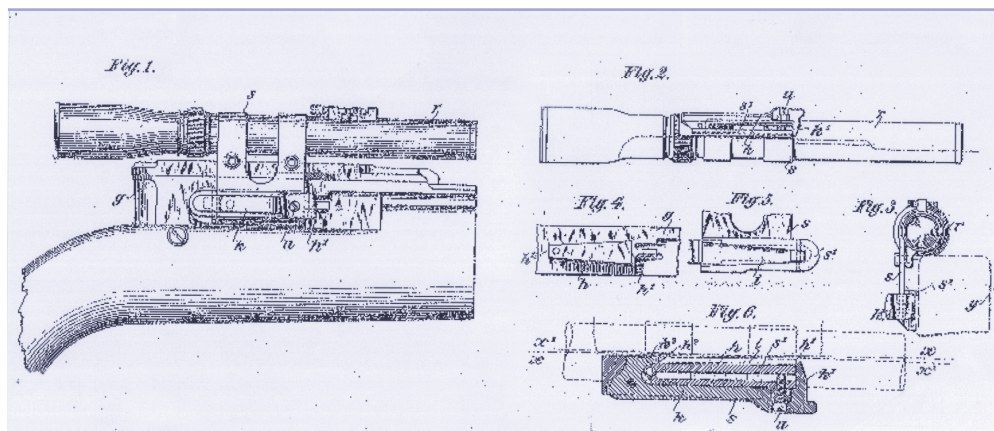
As most people know, trade-marks can be used without registration. The right of registration is often looked to, for two reasons: to provide better remedies in infringement; and to better secure the right to uninterrupted use of the trade-mark. It is notable that the “window of opportunity” for registration is rather like the proverbial frog hoping to hop across a busy thoroughfare. Traffic

may be bad now, but may be worse later. If a trade-mark that is being considered for registration (or even one confusingly similar to that mark) is in use by another organization (even if such use arises after the registration process is started), then that use may “block” registration (or, create a ground for opposition or invalidity). With some exceptions, to be registrable, a mark must be “distinctive” across Canada. When it must be distinctive is difficult to determine. If the mark application is

opposed, it must be distinctive at the date of the filing of the Statement of Opposition. When that would occur is not clear.

Trade-mark owners are accordingly wise to take the initiative to register, as soon as they feel the factors are in place that suggest that they wish to be long-term owners of the uninterrupted right to the exclusive use of their trade-mark. ©

—Neil Kathol, Brownlee LLP



## copyright assignees Should register

A little-known provision of the Canadian *Copyright Act* sets up a priority between two assignees of the same copyright. If the copyright owner is granted a license or an out-right assignment to a first assignee and then makes a second license or assignment of the same right to a second assignee, the first assignee is likely vulnerable to the second. The second assignee would have the right to try to stop the first from enjoying its license (unless it took its assignment knowing of the first assignment). This is since the first assignee failed to register.

Accordingly, licensees of any sort, and assignees, are wise to consider this scenario as a further reason to consult with their legal advisers with respect to copyright registration. ©

## maintenance of trade secrets and 'Patent Application Disclosure'

A recent decision of the Ontario Court (General Division) sheds light on the often difficult decision over whether a company's trade secrets should be carefully maintained as trade secrets, or made the subject of patent applications.

The case suggests that in some cases, disclosure of the trade secret in a patent application (which is automatically "laid open" to the public after 18 months from the date the application is filed) will **not** cause the trade secret nature of the invention to be lost.

The case also deals with the situation where a few people are given a presentation of the invention and later, this is argued to have caused the invention to lose its status as a trade secret.

The facts in *Belform Insulation Ltd. v. Toleks Insulation Ltd. et al.* (1998) 85 C.P.R. (3d) 160 were that a company, the Plaintiff in the case, developed an innovative method of insulating refrigeration pipe. The development occurred by trial and error over several years. Once the Plaintiff was satisfied it had a competitive process, it filed a patent for it, and ultimately did obtain registration.

An ex-employee of the Plaintiff started up a competing business using the process to produce similar products. The Plaintiff started an action and the ex-employee

argued that any trade secret-character of the process was lost due to the patenting process.

The patent was found by the Judge to show final configurations of insulated pipe, but not the "means of achieving them." The Judge noted 4 elements of the Plaintiff's production process that were not specified in the Patent. No experts were called by the Defendant to prove that an ordinarily-skilled workman familiar with methods of making insulated pipe would be aware of those elements.

The Court also considered evidence to the effect that delivery persons, non-manufacturing personnel of the Plaintiff, and others entered the manufacturing room where the secret process was in use. The Court also reviewed brochures published by the Plaintiff referring to the secret process. The Court maintained that all this notwithstanding, the process remained secret.

The Court's key finding was that an ex-employee of the Plaintiff had illegally used secret information learned while in his employ, to compete with the Plaintiff. The Judge made the conclusion that had the ex-employee not learned of the process and the secretly-held elements he could not have set up a company to compete.

The conclusion of liability having been found, the Court granted the Plaintiff a permanent injunction directing the ex-employee to cease operating his business.





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It is notable that the Court was not required to consider the validity of the patent, since the suit was based on an ex-employee's wrongful use of trade secrets. The case is therefore not authority for the related question of when use or disclosure of an invention, constitutes a "publication" which can be cited against a patent in any infringement action by the patent owner.

The case is however informative to owners of manufacturing processes, or of innovative manufacturing machines, of what trade secrets are and when that character can be attacked in the context of patent disclosure.

—Dennis Yasui, Brownlee LLP



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## the Tech Group

The Brownlee LLP Tech Group, one of the largest groups of IP professionals in Calgary, offers responsive and thorough service to clients in the technology industries including in the following areas: patent and trade-mark searches and filings for Canada, the U.S. and elsewhere; intellectual property litigation; securities law including cross-border financing, licensing, joint ventures, trade-secret agreements; employment law, and breach of confidence litigation. Regarding clients referred to us by other law firms, we restrict our services to the original retainer.

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The contents of this publication are intended to provide general information. Readers should not rely on the contents herein to the exclusion of independent advice as each case is unique and will depend on the particular circumstances.

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