



Intellectual Property Brief

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Cyndee Todgham Cherniak leads off with a discussion of proposed tax breaks in Ontario for commercialization of intellectual property from universities.

A new trade-mark has been added to the list of prohibited marks from the *Geneva Convention* – Peter Giddens reveals the Red Crystal.

Confidence is preserved as Rosamaria Longo reports on implied undertakings in patent litigation.

Our newest group members in Vancouver, Ted Urbanek and Irene Waller, review recent developments for selection patents in the pharmaceutical field. Dale Schlosser follows with a potential new market for generic manufacturers – biologics.

On the international front, Corinne Brûlé outlines ICANN’s new internationalized domain name policies, and Orin Del Vecchio recaps a serious set back in plans to implement certain patent rule changes in the United States.

Ontario Tax Break for Commercial IP?



Cyndee Todgham Cherniak

In the 2008 Ontario Budget delivered by Minister of Finance Dwight Duncan on March 25, 2008, Ontario proposed a new 10-year income tax exemption for new corporations that commercialize intellectual property in Ontario developed by qualifying Canadian universities, colleges or research institutes.

In particular, Minister Duncan proposed a 10-year exemption from:

- (1) Ontario Corporate Income Tax; and
- (2) Corporate Minimum Tax for any qualifying corporation established after March 24, 2008 and before March 25, 2012.

In other words, Ontario is a welcome destination for innovators and entrepreneurs. A qualifying corporation would have to be incorporated in Canada and derive all, or substantially all, of its income from eligible commercialization activities carried on in Ontario.

The Budget documents give the following information on what would be an eligible commercialization activity:

The exemption would generally apply to corporations that commercialize intellectual property in priority areas such as, but not limited to, bio-economy/clean technologies, advanced health technologies, and telecommunications, computer and digital technologies. Eligible commercialization activities would include the development of prototypes and the marketing and manufacturing of products related to the intellectual property.

The details of this proposed measure will be in a Budget Bill that will be tabled in the legislature and the parameters of the exemption may develop between now and the passage of the legislation.

Ontario has called on the federal government to support innovation by matching this income tax exemption.

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List of “Prohibited Marks” Increases – Red Crystal Recognized as an Additional Mark Protected by Geneva Convention

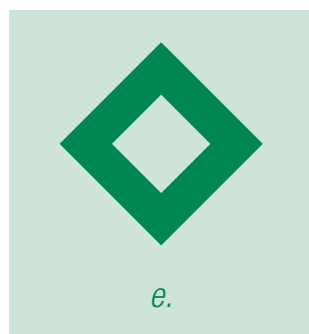
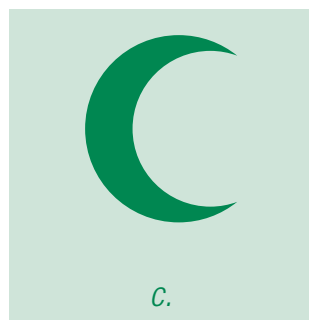
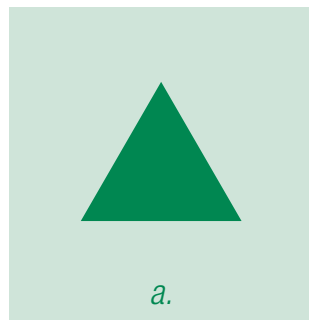


Peter Giddens

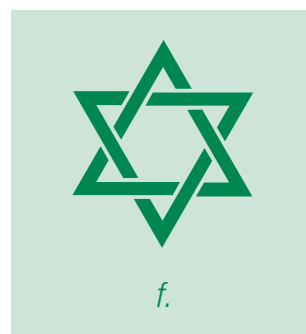
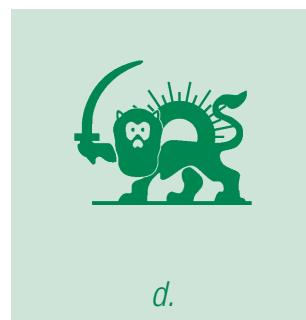
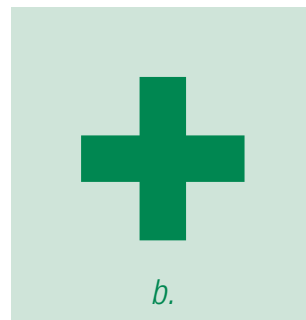
The *Trade-marks Act* (Canada) provides that no person shall adopt or use in connection with a business, as a trade-mark or otherwise, any mark consisting of or so nearly resembling as to be likely to be mistaken for, a mark that is listed in section 9 of that Act.¹

The list of “prohibited marks” includes, among others, certain marks given significance by virtue of the *Geneva Conventions* (the “Convention”), the treaties designed to set standards for international law for humanitarian concerns. Such prohibited marks include the international distinctive sign of civil defence² (an equilateral blue triangle on an orange ground (see a.)), as well as the distinctive emblems and signs of the medical services of armed forces and related humanitarian relief societies³ (i.e. the International Committee of the Red Cross, the national societies thereof and their international federation (the “International Humanitarian Relief Movement”)), including:

- (i) the emblem of the Red Cross on a white ground (see b.), officially recognized in 1863 following the founding of the International Committee of the Red Cross, and used by the Canadian Red Cross Society;



- (ii) the emblem of the Red Crescent on a white ground (see c.) adopted by a number of Islamic states and officially recognized in 1929; and



- (iii) the sign of the Red Lion and Sun (see d.), formerly used by Iran (which since 1980 has adopted the Red Crescent), but still officially recognized under the Convention.

The Red Cross emblem (the inverse of the flag of Switzerland, a traditionally neutral state) was adopted as a non-partisan symbol and was intended to be the only such distinctive mark symbolizing the neutral status and the protection granted by international humanitarian law to armed forces’ medical services and volunteers belonging to relief societies for wounded military personnel. However, the religious connotations of the cross as a symbol of Christianity led to issues of acceptance of the symbol in war zones in non-Christian regions; by the end of the nineteenth

century the Red Crescent and the Red Lion and Sun were instead used by some countries and relief societies.⁴ All three symbols were eventually recognized by the Convention.

The officially recognized humanitarian relief “Red” symbols created difficulties for the International Committee of the Red Cross as the emblems are sometimes perceived as hav-

ing particular religious or political connotations, which in turn undermined the precept that neutrality and impartiality are the cornerstone principles of the movement. Some countries and relief societies were slow to (or simply refused) to adopt any of the three Red emblems officially recognized by the Convention as being unsuitable.⁵ Over the years some countries unsuccessfully lobbied for official recognition of other emblems (e.g. a Red Cedar for Lebanon, a Red Star for Zimbabwe, a Red Wheel for India, and a Red Star of David, long used by Israel's national first aid society) that they believed may be more appropriate for their purposes.⁶

In a bid to address these concerns and to avoid territorialism by establishing a symbol that is intended to be devoid of any political, religious or other connotation, effective January 14, 2007 the Convention was amended to adopt an additional distinctive emblem, namely the Red Crystal (see e.). The amendment to the Convention provides that the Red Crystal can be used in two ways, namely in its pure form as a protective device (i.e. a visible sign of protection conferred by the Convention), or as an indicative device to show that a person is linked to the International Humanitarian Relief Movement.⁷ When used as an indicative device, the Red Crystal may be used in association with (or may have incorporated into the center of the Red Crystal) any or all of the Red Cross, the Red Crescent, the Red Lion and Sun or (as a concession to Israel, whose national first aid society Magen David Adom was officially admitted to the International Humanitarian Relief Movement together with the Palestine Red Crescent Society in June 2006⁸) the Red Star of David (see f.), although that symbol is not otherwise officially recognized by the Convention.

The Red Crystal is not required to be used by any country or humanitarian society, but is required to be given equivalent treatment and protection by states adhering to the Convention. Consequently, on January 31, 2008 Bill C-61

came into force and amended, among other legislation, Canada's *Trade-marks Act*, to include the Red Crystal as a prohibited mark.⁹

The *Canadian Red Cross Society Act* was at the same time amended to make it a criminal offence punishable by a fine of \$100 to \$500 or imprisonment not exceeding one year to wear, use or display for the purposes of trade or business, for the purpose of inducing the belief that he or she is a member or representative of, or agent for, the Society or for any other purposes whatsoever, without the Society's written authorization, the Red Cross, the Red Crescent or the Red Crystal or any other word, mark, device or thing likely to be mistaken therefor.¹⁰

The Red Crystal is required to be given equivalent treatment and protection. On January 31, 2008 Bill C-61 came into force and amended, among other legislation, Canada's Trade-marks Act, to include the Red Crystal as a prohibited mark.

Therefore, businesses should be aware of the limitations proposed by the list of "prohibited marks" under section 9 of the Act in the process of: 1) choosing a new trade-mark for goods and services; 2) considering an existing trade-mark that is similar; or 3) looking to brand expansion of an existing trade-mark.

Our trade-mark agent lawyers are prepared to respond to any questions that arise and to suggest alternative approaches as needed.

1 S.9 and 10, *Trade-marks Act*, RSC 1985, c.T-13

2 S.9(1)(h.1)

3 S.9(1)(f)-(g)

4 International Committee of the Red Cross, www.icrc.org, "Protocol additional to the Geneva Conventions of 12 August 1949, and relating to

the Adoption of an Additional Distinctive Emblem (Protocol III), 8 December 2005 – Introduction"

5 *Supra* note 4

6 <http://www.seiyaku.com/customs/crosses/red.html>, retrieved on May 11, 2008

7 *Supra* note 4

8 [http://en.wikipedia.org/wiki/Red_Cross_\(symbol\)](http://en.wikipedia.org/wiki/Red_Cross_(symbol)), retrieved on May 11, 2008

9 S.9(1)(1)(g.1)

10 s. 4, *The Canadian Red Cross Society Act*

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Sanofi-Aventis v. Apotex – A Recent IP Decision on Relief from the Implied Undertaking



Rosamaria Longo

In civil litigation cases, including IP matters, there is an implied undertaking by parties to the proceeding to keep documents and information disclosed during the discovery process confidential. In the leading case of *Lac d'Amiante du Quebec Ltee v. 2858-0702 Quebec Inc.* [2001] 2 S.C.R. 743, the Supreme Court of Canada stated that there is a rule of confidentiality which restricts use of any information produced or given under compulsion during discovery to the litigation in which the information was compelled. As the parties to the action are deemed to provide the undertaking to the court, only the court retains the power to relieve persons of the undertaking in cases where it is in the interests of justice to do so.

In the recent case *Sanofi-Aventis Canada Inc. v. Apotex*, 2008 FC 320, a patent case in the Federal Court, Apotex brought a motion seeking relief from the implied undertaking in respect of certain selected lab notebooks, semi-annual reports, presentation slides, licence agreements, and examination transcripts obtained on discovery. Apotex wanted to use the information in another patent proceeding in the Federal Court, *Servier v. Apotex*, involving the same defendant but different plaintiffs. Snider J. referred to the decisions of Lebel J. in *Lac d'Amiante* and Rothstein J. in the case of *Visx Inc. v. Nidek Co.* (1998), 80 C.P.R. (3d) 437 (T.D.), as setting out the test for relief from the implied undertaking, which required the court to weigh the prejudice or injustice that would be suffered by the parties in granting or denying the application for relief and to consider any special circumstances. The factors for consideration were stated to include, amongst others, the use to which the party seeks leave to put the discovered material, whether other proceedings raise substantially the same issues between the same parties, whether the discovered material is inherently confidential, whether the documents obtained through discovery were

once publicly available but are no longer publicly available through no fault of the party seeking relief, and whether the party seeking relief wishes to impeach a witness in another proceeding who gave inconsistent versions of the same facts.

Justice Snider granted relief with respect to the presentation slides on the basis that they were previously publicly available, and that there could be no prejudice if the undertaking were released for these slides.

In denying relief with respect to the remaining documents Justice Snider stated at para. 34 that “the interests of justice in the information sought did not outweigh the rights of the parties to keep the information confidential.” Relief was denied

on the basis that there was serious prejudice to Servier in granting the relief because the parties to the *Servier v. Apotex* action were not the same, such that Servier would only be able to review the documents selected by Apotex and would not be able to review the whole discovery record. To allow relief with respect to the limited group of documents selected by Apotex would put Servier at a disadvantage, as there may be documents outside of the defined group that could assist Servier in responding to the documents selected by Apotex. Also, the failure of Apotex to seek out the information earlier, and through

alternative methods that would have brought the documents into the Servier action without the need for “the extraordinary relief from the implied undertaking rule,” was another factor that was considered as militating against the requested relief.

In the recent decision of the Supreme Court of Canada in *Juman v. Doucette*, 2008 SCC 8, a non-IP case, the court refused to vary the implied undertaking in a civil action on application by a non-party (the Vancouver police) on the basis that the implied undertaking applied only to the parties, and that it would be wrong for the non-party to be able to take advantage of statutorily compelled testimony in civil litigation to undermine the appellant’s right to silence and the pro-

The courts seem to favour maintaining the implied undertaking unless there is no potential prejudice that may be sustained by granting such relief, or unless the interests of justice outweigh any prejudice that may be sustained.

tection against self incrimination.

Accordingly, the courts seem to favour maintaining the implied undertaking unless there is no potential prejudice that may be sustained by granting such relief, or unless the interests of justice outweigh any prejudice that may be sustained. Relief from the implied undertaking will only be granted by the court in the clearest of cases.

An exception to court-ordered relief from the implied undertaking occurs in cases where information otherwise subject to the rule becomes part of the public record. In *Canada v. Ichi Canada Ltd.* (1992) 40 C.P.R. (3d) 119, Reed J. of the Federal Court Trial Division held that the implied undertaking restriction does not apply to information obtained through the discovery process if it is filed with the court and made part of the public record.

Similarly, in *Moore v. Bertuzzi*, (2007) 88 O.R. (3d) 499 – a civil action for damages sustained after the plaintiff, a hockey player, was hit from behind during an NHL game – Ontario’s Superior Court of Justice held that the deemed undertaking (analogous to the implied undertaking rule) disappears once information is filed in court.

Although confidentiality orders are often utilized in IP proceedings, in cases where there is no such order and information (that would normally be subject to the implied undertaking) is filed with the court, the public filing exception will provide automatic relief.

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Federal Court of Appeal Clarifies Sufficiency Requirements for Selections



Ted Urbaneck

In several recent decisions of the Federal Court of Canada, the requirements for what constitutes sufficient disclosure of the invention claimed in a Canadian patent appear to have been expanding, particularly in relation to selection patents.

However, the Federal Court of Appeal decision delivered on March 20, 2008 in the case of *Pfizer v. Ranbaxy* [2008 FCA 108] clarifies for Canadian patentees and practitioners the proper scope and extent of the disclosure requirement pursuant to subsection 27(3) of the *Patent Act*.

In this case, Pfizer sought an Order prohibiting the issuance of a Notice of Compliance to Ranbaxy with respect to atorvastatin calcium (LIPITOR®) until after the expiration of Canadian patent no. 2,021,546. The ‘546 patent claims a selection of the large class of cholesterol-lowering compounds that is described and claimed in earlier Canadian patent no. 1,268,768.

The Federal Court had dismissed Pfizer’s application [2007 FC 91], and held the ‘546 patent to be invalid on the basis that it promised a tenfold increase in the activity of atorvastatin calcium *vis-à-vis* a racemic mixture of atorvastatin and its enantiomer, but that the data (both data referred to in the patent and other available data) did not substantiate this promise. The Applications Judge thus concluded that the disclosure of the ‘546 patent did not accurately describe the advantages of the claimed selection.

The Court of Appeal reversed the decision, holding that the Applications Judge had erred both in: (1) construing the patent as promising a ten-fold increase in clinical activity; and (2) focusing his subsection 27(3) analysis on whether the data substantiates the promise made by the patent. The Court found that the section 27(3) analysis is properly “con-

cerned with the sufficiency of the disclosure, not the sufficiency of the data underlying the invention” and that, by interpreting the disclosure requirement of subsection 27(3)

The section 27(3) analysis is properly “concerned with the sufficiency of the disclosure, not the sufficiency of the data underlying the invention. . . . Only two questions are relevant. . . . What is the invention? How does it work?”

as requiring that a patentee “back up his invention by data,” the Applications Judge had confused the disclosure requirements of subsection 27(3) with the utility, novelty, non-obviousness (and truthfulness) requirements provided for elsewhere in the *Patent Act*.

In relation to construction of the patent, the Court found that the data referred to in the ‘546 patent was merely illustrative of the *in vitro* activity of the claimed selection, and that one of ordinary skill in the art would not read the patent as promising a ten-fold increase in activity *in vivo*. In relation to the disclosure requirement, the Court held as follows:

Only two questions are relevant for the purpose of subsection 27(3) of the Act. What is the invention? How does it work?: see *Consolboard v. MacMillan Bloedel*, [1981] 1 S.C.R. 504 at 520. In the case of selection patents, answering the question “What is the invention?” involves disclosing the advantages conferred by the selection. If the patent specification (disclosure and claims) answers these questions, the inventor has held his part of the bargain. In the case at bar, the 546 patent answers each of these questions.

What is the invention? The invention consists of having identified an enantiomer, and in particular the calcium salt of that enantiomer, that is better at inhibiting the biosynthesis of cholesterol than would be expected, given the common knowledge and prior art at the time of application for the patent.

How does it work? The 546 patent sets out the methods for producing the compounds covered by the patent.

Accordingly, the Court of Appeal has in this decision confirmed that, while subsection 27(3) of the *Patent Act* does require the patentee to “correctly and fully” describe his invention, the provision “is concerned with ensuring that the patentee provide the information needed by the person skilled in the art to use the invention as successfully as the patentee.” So long as the person skilled in the art understands the answer to the two questions “What is the invention?” and “How does it work?,” the disclosure in the patent is sufficient, independent of the data contained therein.

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Selection Patent Must Show an Inventive Selection



Irene M. Waller

An inventive selection can be made from a class of two or from a class of thousands. However, the size of the class of compounds claimed in the genus patent is a factor to consider in determining whether a selection was obvious (see *Eli Lilly Canada Inc. v. Apotex Inc.*, 2007 FC 455, 58 C.P.R. (4th) 353, at para. 306). The size of the genus may also impact the question of sound prediction and whether the identified advantage of the selection would be unexpected.

In *GlaxoSmithKline Inc. v. Pharmascience Inc.*, 2008 FC 593, the genus patent covered a virtually infinite number of compounds that had been identified as having an improved water solubility compared with a known antiviral drug, namely acyclovir, for the treatment of a variety of herpes and other viral infections.

In the selection patent, valacyclovir, one of the compounds identified in the genus patent, was claimed. The discovery asserted by the inventors was that valacyclovir

surprisingly has improved bioavailability after oral administration compared with the compounds claimed in the genus patent. The specification also stated that, while acyclovir possessed a potent antiviral activity, it was known to be poorly soluble in water and poorly absorbed in the gastrointestinal tract. The inventors acknowledged the utility of the compounds claimed in the genus patent in solving the solubility problem of acyclovir but, by inference at least, they maintained that its oral bioavailability limitations were still unresolved. The specification further indicated that the bioavailability was measured by determining the absorption from the gut after oral administration in rats. As compared to two other compounds in the genus, the inventors found that valacyclovir is especially preferred by virtue of its particularly good absorption from the gut.

The Applications Judge was satisfied on the evidence presented that the bioavailability advantage that was asserted as the inventive selection was neither anticipated nor obvious. The Judge also accepted that improving the aqueous solu-

bility of acyclovir in order to make aqueous formulations to inject or to use as eyedrops is vastly different from improving oral bioavailability of a drug.

However, the Applications Judge noted that in order to establish that a compound has a particular advantage over the genus from which it was chosen requires that the advantage not be found or be predicted to be found in a large number of members of the genus. The selected species must have an advantage over the class as a whole.

As the utility of valacyclovir as an antiviral prodrug had already been asserted in the genus patent, the specific utility of valacyclovir had to be found not in its antiviral properties or in improved solubility but in its supposedly better oral bioavailability profile over the other members of the class from which it was selected. That utility had to be established either by testing or by sound prediction or both. If the utility of valacyclovir for enhanced oral bioavailability over the genus compounds was not scientifically demonstrated or soundly predicted as of the Canadian filing date, the selection patent must fail for lack of utility (see *Aventis Pharma Inc. v. Apotex*, 2006 FCA 64). The fact that later evidence may establish utility does not transform the earlier speculation into something inventive.

The Applications Judge concluded that the inventor did not meet the burden of establishing a valid selection, at least in terms of utility. The Judge characterized the evidence as showing that valacyclovir had surprisingly improved bioavailability after oral administration compared with the two other compounds tested. However, there was no evidence to support the claim that valacyclovir has a unique bioavailability advantage over a few, some, many, most or all of the other ester compounds claimed by the genus patent. No explanation was provided as to why

the test compounds were chosen or whether they would be expected to exhibit bioavailability properties commensurate with the thousands of other ester compounds claimed by the genus patent.

In a pharmaceutical selection patent, the invention is the discovery of a surprising or unexpected advantage of the selection over the genus of compounds from which it was chosen. The utility of such a selection is not found in the fact that it

works to successfully treat some human condition or ailment but rather that it works surprisingly better than the compounds monopolized by the genus patent. That is the inventive promise made and the inventive promise that must be established.

In the end, the genus patent was found to be invalid for lack of utility because the patentee failed to establish an inventive selection by failing to prove a special advantage or utility *vis-à-vis* the genus from which valacyclovir was chosen.

The Applications Judge noted that he did not mean to suggest that a patentee of a selection patent must test every compound in the genus, but rather that it requires sufficient representative testing that a person skilled in the art could soundly predict that the surprising characteristic would not be expected to be found in a large number of the other members of the genus. In some cases, it may be possible to make such a prediction on the basis of the prior art but the patentee must at

least offer evidence of a line of sound reasoning to show that the asserted advantage is special or peculiar to the selection.

While this result leaves the door open for selection patents, it remains to be determined what is meant by “sufficient representative testing” in order to validate a selection patent.

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Biologics: The New Growth Area in Generics?



Dale E. Schlosser

Health-related markets in Canada amount to approximately 10% of the GDP. In 2006, pharmaceuticals accounted for an estimated 17% of all health care spending in Canada.¹ Generic pharmaceuticals have an important role in drug costs, thus, it is an important subject when discussing this issue.

While pharmaceutical drugs are composed of molecules that generally can be synthesized once the chemical formula is known, biological products are composed of larger and more complex structures that are not easily identified or characterized. In some cases a biologic may consist of a mixture of such large complex structures. Biologics are manufactured through the use of animals, plants or micro-organisms such as bacteria or viruses and then purified. Examples of biologics include blood and blood components and gene therapy products.

In Canada, biologics are drugs listed on Schedule D to the *Food and Drugs Act* and include products such as drugs, other than antibiotics, prepared by micro-organisms. In Canada, the Biologics and Genetic Therapies Directorate (“BGTD”) of Health Canada regulates biologics under the Food and Drugs Regulations. Careful attention is paid to raw material controls, product purification, product testing and viral/bacterial inactivation to prevent risks caused by the growth of viruses or the initial presence of pathogens.

Manufacturers provide information to verify that the biologic meets quality, safety and efficacy requirements, and that the benefits outweigh the risks of the biologic for its use. BGTD tests intermediates and final products. Similar to pharmaceuticals, a notice of compliance (“NOC”) and drug identification number (“DIN”) are issued when the products are authorized for sale or distribution in Canada. BGTD reg-

ulates biologics under Divisions 1, 1A, 2, 4, 5 and 8 of Part C of the Food and Drugs Regulations.

The process involved in obtaining production or distribution of a drug by a generic is well established. However, the approval procedure for a generic biologic is more involved than the filing of an abbreviated new drug submission, as can be done for a generic drug. The term “subsequent entry biologic” is a term currently used by BGTD to describe a biologic product to be used by a generic. Manufacturers of subsequent entry biologics are required to file a new drug submission (“NDS”) for review. An

analysis of the comparability and details of the clinical data is then made. An NDS for a subsequent entry biologic requires detailed information such as a clinical package demonstrating the safety and efficacy of the subsequent entry biologic, including comparative studies between it and innovative products, and pharmacodynamic data to demonstrate comparable bioactivity based on clinically relevant parameters.

All animals from which drugs are prepared and preserved are to be under the direct supervision of competent medical or veterinary personnel, kept in quarantine for at least seven days before use, and healthy and free from infectious disease.

Not surprisingly, the labeling requirement for biologics includes detailed information, such as a statement that the drug shall be stored at a temperature of not less than 2°C and not more than 10°C, unless the Minister has received evidence demonstrating that such a statement is not required.

One challenge of subsequent entry biologics is, given the complexity of the biologics, that the production of copies is complicated. Particularly where the biologic is a mixture of compounds, the challenge of establishing the generic version to be equivalent to a previously approved product is very dif-

While pharmaceutical drugs are composed of molecules that generally can be synthesized once the chemical formula is known, biological products are composed of larger and more complex structures that are not easily identified or characterized, or a mixture of such large complex structures.

ficult. This is the basis for the current policy of requiring a more detailed NDS filing for generic biologics.

As analytical techniques and computational analysis continue to improve in sensitivity and power, the ability to reliably characterize increasingly complex structures is becoming available. This improved ability to characterize biologics should not only make it easier for generics to copy biologics

as their patent protection expires, it should also make the task of government agencies in evaluating generic biologics less complex.

¹ Canada Competition Bureau, Canadian Generic Drug Sector Study, October 2007.

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The Internet Is Going International



**Corinne
Brûlé**

ICANN, the Internet Corporation for Assigned Names and Numbers, coordinates the domain names and addresses that help computers worldwide reach each other over the Internet. ICANN has long recognized that the Internet would one day have to evolve beyond the Western world's A–Z alphabet and 0–9

numbering system, which are known in cyberspace as part of the American Standard Code for Information Interchange (ASCII) character set.

The result of this evolution is the internationalized domain name (“IDN”), which can contain letters with diacritics such as é, ž, ü, and ç, or letters from non-Latin alphabets such as Arabic and Chinese. Presently, in order for these IDNs to function on current web browsers and applications, IDNs must be converted into ASCII form.

In October 2007, ICANN created “wiki pages” with the domain name “example.test,” supporting 11 test languages: Arabic, Persian, Chinese, Russian, Hindi, Greek, Korean, Yiddish, Japanese and Tamil. In March 2008, Hebrew and Amharic were added as well. ICANN and the Internet community are looking at these IDNs to evaluate how they operate and how current computer software handles these domain names in different scripts. These tests are evaluating internationalized domain name top level domains (“TLDs”), specifically country code TLDs (“ccTLDs”) such as

.ca (Canada), .uk (United Kingdom), and .es (Spain). Internationalized domain name ccTLDs are expected to be launched before Fall 2008.

ICANN has already established a list of general standards for IDN registration policies and practices, designed to minimize the risk of cybersquatting and consumer confusion, and respect the interests of local languages and character sets.

ICANN is currently setting out implementation practices and guidelines for restricting or managing mixed-character-set domain name registrations, to ease the transition to the successful use of IDNs. As well, ICANN, UNESCO, and the International Telecommunication Union are working towards an agreement on universal standards regarding multilingual issues and the Internet. These issues go beyond just IDNs, extending to questions of fonts and character size, text encoding, and automatic translation software.

Once IDNs become widespread, they will lead to new challenges for companies with a portfolio of domain names, which often consist of trade-marks spelled out in the A–Z alphabet, and the corresponding websites.

For example, IDNs will make it easier to create “spoofed” websites, designed to look exactly like well-known sites through the use of different characters and fonts in various languages that can resemble each other. For example, the Cyrillic alphabet’s “а” can look identical to the Latin alpha-

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bet's "a," although the differences in their code are significant to a computer locating a web site or validating a certificate.

It may also become more difficult to protect trade-marks used in domain names, since ICANN's current dispute resolution mechanisms require a complainant to prove that a domain name is identical or confusingly similar to its trade-mark. Meeting this requirement will be challenging when disputes involve domain names and trade-marks registered in different languages or scripts. If a trade-mark is registered and protected only in English, and a translation or transliteration of it is registered as a domain name, the trade-mark owner would have to prove that the transliterated or translated version of the trade-mark is identical or confusingly similar to the original trade-mark.

Furthermore, the phonetic similarity of trade-marks and domain names will add another dimension to trade-mark infringement actions dealing with IDNs. Protection against "cybersquatting" will also be affected by the introduction of IDNs.

Trade-mark owners must now consider the challenges that they will face as a result of the creation of IDNs, particularly for trade-marks that require international protection. In order to

combat these challenges, trade-mark owners may need to acquire expertise in the new IDN languages which could affect their trade-marks and the markets in which they operate. This expertise should include not only knowledge of the written language and its similarities to Latin based letters (i.e. to protect against spoofing), but also an understanding of the subtleties of interpretation and how this affects trade-mark protection (i.e. what could be confusingly similar or identical).

Despite any added challenges, the creation of IDNs is a positive development for many organizations in that it will open the doors to markets that previously may have been inaccessible. Trade-mark owners must now begin to incorporate IDNs into their trade-mark strategies and planning in order to evolve with the ever-expanding international on-line community, as the unilingual western-centric Internet will soon be ancient history.

For more information on ICANN developments and strategies on protecting trade-marks and domain names, please contact one of our lawyers.

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U.S. Patent Rule Changes Blocked by Federal Court



**Orin
Del Vecchio**

On August 21, 2007, the United States Patent and Trademark Office ("USPTO") released a set of final rules that presented extensive changes to the filing and examination procedures for patent applications in the United States. Before the rule changes were scheduled to take effect on November 1, 2007, an individual inventor, Mr. Triantafyllos Tafas, filed a Complaint challenging the authority of the USPTO to enact the rule changes. A similar suit was filed by SmithKline Beecham Corporation and others, and all the actions were consolidated for hearing as *Tafas v. Dudas* in the U.S. District Court for the Eastern District of Virginia.

Initially, the court issued a preliminary injunction on October 31, 2007, blocking implementation of the new rules pending a summary judgment hearing. On April 1, 2008, the court found in favour of Tafas and SmithKline Beecham, grant-

ed summary judgment, and imposed a permanent injunction preventing the USPTO from implementing the rule changes.

At issue was whether the USPTO has "substantive rule-making authority" under 35 U.S.C. 2(b)(2) and whether the proposed changes are "substantive rules." The court found that the USPTO does not have substantive rulemaking authority, and that the provided authority is limited to rules governing the "conduct of proceedings" in the Patent Office. The court further found that the proposed rules are substantive rules, defining a substantive rule as any rule that "affects individual rights and obligations."

Particular rule changes in contention include the proposed "2+1" rule, which limits the number of continuations of a patent application to two, and the number of Requests for Continued Examination ("RCEs") for a patent application and its continuations to one. Currently, an applicant can file a theoretically unlimited number of continuations and RCEs

to extend prosecution and argument in a patent application.

Another contentious change is the proposed “5/25” rule, which limits the number of claims in a patent application to five independent claims and 25 total claims unless the applicant files an Examination Support Document (“ESD”). The proposed ESD resembles a substantive patentability search, and would require full documentation describing and supporting the search protocol, as well as a detailed analysis of every single claim’s patentability in light of the search results. Currently, there is no limit to the number of claims that can be filed in a patent application, although a surcharge does apply for each claim after the twentieth.

Additionally, both rules were proposed to apply retroactively to existing applications that were filed before the date the final rules take effect.

Notably, the court did not rule on any other grounds or discuss any of the further submissions by the parties or any of the substantial *amici curiae* briefs filed (in excess of 20). Additionally, the court did not consider other sections of the rule changes to determine if the other changes are “substantive,” electing rather to treat all the rule changes as a single block, and granting the injunction on the basis that the proposed 2+1 and 5/25 rules would effect changes in existing rights and obligations of patent applicants,

and are thus substantive rules which are beyond the scope of the USPTO’s authority.

While the present outcome is seen in a positive light by many patent owners and practitioners who were displeased with the scope of the rule changes, the situation remains far from settled. Significantly, patent law changes remain pending before the House and Senate which, if enacted, could render the decision moot by granting the USPTO substantive rule-making authority. However, this bill has now been withdrawn from the Senate floor, suggesting that it will not be passed before the Senate session ends in advance of the November 2008 U.S. election period.

Most recently, following the permanent injunction, the USPTO filed a Notice of Appeal with the United States Court of Appeals for the Federal Circuit on May 7, 2008. The appeal might have been expected

since the USPTO still has pending two additional sets of extensive rule changes (concerning procedures related to Information Disclosure Statements and “Markush” claims) – changes which may be just as contentious as the recently enjoined ones. No date has yet been set for hearing the appeal.

On April 1, 2008, the court found in favour of Tfas and SmithKline Beecham, granted summary judgment, and imposed a permanent injunction preventing the USPTO from implementing the rule changes.

Orin Del Vecchio is an associate in the Intellectual Property Group in Toronto. Contact him directly at 416-307-4161 or odelvecchio@langmichener.ca.

News and Events

News

Lang Michener’s Vancouver Office Expands IP Practice



Ted Urbanek
Associate Counsel
Vancouver, BC



Irene Waller
Associate Counsel
Vancouver, BC



Corin Bowman
Associate
Vancouver, BC

We are pleased to announce that **Ted Urbanek**, Associate Counsel and **Irene Waller**, Associate Counsel, have joined the Intellectual Property Group in the Vancouver office. **Corin Bowman** has also joined the Technology and Intellectual Property Groups as an Associate.

Ted Urbanek is a registered Patent Agent and Trade-mark Agent. His practice extends to all aspects of intellectual property including the preparation and prosecution of domestic and foreign patent applications, patent strategy counselling, due diligence investigations, licensing and technology transfer, trade-mark

counselling and practice, and copyright and industrial design practice. Irene Waller is a lawyer and a scientist having obtained her Ph.D. in chemistry with specialization in chemical dynamics, her M.Sc. in theoretical chemistry and her B.Sc. as a Chemistry Specialist. Irene's practice is focused on the protection of intellectual property and the resolution of disputes involving intellectual property and technology.

Donald MacOdrum and Donald Plumley Recommended in *PLC Which Lawyer? Yearbook 2008*

Lang Michener is pleased to announce that **Donald MacOdrum** and **Donald Plumley**, along with five other partners at the firm, have been recommended in the *PLC Which Lawyer? Yearbook 2008*. This directory is one of the leading guides for in-house counsel on instructing lawyers worldwide and is based on extensive research among clients, referral partners, corporate legal departments and private practitioners.

Members of the Lang Michener IP Group are Active in CIPO/IPIC Bank of Speakers

The Intellectual Property Group at Lang Michener is pleased to participate in the CIPO/IPIC Bank of Speakers initiative. This initiative assists those organizations in both the public and private sectors that have an interest in providing, to their staff or membership, workshops on the basics of IP. **Keith Bird**, **Patrick Hofbauer**, **Orin Del Vecchio** and **Kevin Holbeche** are active in the Bank of Speakers and are available to host workshops on IP related topics.

Intellectual Property Alert Recap

Lang Michener is committed to providing clients and potential clients with the most up-to-date and relevant information. As such, the firm regularly sends out Alerts between Briefs to keep publication subscribers aware of the most current information. An Alert relating to Intellectual Property had been sent between the distribution of the quarterly Briefs.

"Bill C-61 – The Latest Chapter in Canadian Copyright Reform," by **Alison Hayman**, associate and **Howard Simkevitz**, associate was distributed via an Alert on July 7, 2008. Please visit the Lang Michener website to read the article in its entirety.

Events

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Lang Michener publishes newsletters on current developments in specific areas of the law such as Competition and Marketing, Employment & Labour, Insurance, Intellectual Property, International Trade, Mergers & Acquisitions, Privacy, Real Estate, Securities and Supreme Court of Canada News.

Brief offers general comments on legal developments of concern to business and individuals. The articles in *Brief* are not intended to provide legal opinions and readers should, therefore, seek professional legal advice on the particular issues which concern them. We would be pleased to elaborate on any article and discuss how it might apply to specific matters or cases.

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