



# Upcoming Changes to the Protection of Industrial Designs in Canada

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The regime for the protection of Industrial Designs in Canada is undergoing significant change. While we do not expect any of the changes to have a practical impact until 2018 at the earliest, prospective applicants may want to keep abreast of the forthcoming changes and consider what impact these changes may have on their IP strategy.

## Changes to Canada's Industrial Design Act and Regulations

Amendments to Canada's *Industrial Design Act*<sup>1</sup> were made in two recent Federal omnibus budget bills: *Economic Action Plan 2014 Act, No. 2*<sup>2</sup> and *Economic Action Plan 2015 Act, No. 1*<sup>3</sup> [the "Amending Acts"].

The Amending Acts have received Royal Assent, but before the amendments to the *Act* come into force, the *Industrial Design Regulations*<sup>4</sup> need to be revised to be consistent with the changes to the *Act*. There is no official timeline to make the necessary changes to the *Regulations*, but we understand that the Canadian Intellectual Property Office ["CIPO"] intends to begin consultations on proposed changes to the *Regulations* in late 2016, with a view to bringing the amendments to the *Act* into force in early 2018.<sup>5</sup>

In many areas, the amendments to the *Act* devolve significant substantive requirements to the *Regulations*. For example, the prescribed process for examination of an application to register a design will be moved to the *Regulations*. Thus, the exact extent of the forthcoming changes to the *Act* – and their practical impact on prospective applicants – cannot be assessed until the amended *Regulations* are made public. Nevertheless, the forthcoming changes to the *Regulations* will need to be consistent with the following changes to the *Act*:

*(a) The term of registration will be extended (in most cases)*

Currently, the rights associated with a registered design have a term of 10 years from the date of registration of the design. Under the amended *Act*, the term will run from the date of registration to 15 years from the filing date of the application. But regardless of delays during prosecution of the application, the term will be no less than 10 years from the date of registration.

Given the average time it currently takes for CIPO to process an application for an industrial design, we expect this will result in a term of about 13 to 14 years for most registrations.

*(b) Failure to record assignments or other transfers with CIPO may have negative consequences for assignees/transferees*

Currently, registered designs and pending applications may be transferred (e.g. assigned) by filing an instrument in writing with CIPO and paying the prescribed fee (presently \$100). CIPO will then record the transfer.

Under the amended *Act*, it will be important for transferees to ensure that the transfer is registered with CIPO, as a transfer that has not been registered will be void against a subsequently registered transferee. Notably, CIPO will be prohibited from removing the registration of a transfer for the reason only that the transferor had previously transferred the design to another person.

*(c) Registration certificates will no longer be issued, and applicants will only have a six-month window to review the*



*registration and request the correction of any errors*

Applicants will no longer receive a certificate from CIPO stating that their design has been registered. Instead, information regarding the design will be added to the Register of Industrial Designs (maintained by CIPO). Certified copies of entries in the Register will be admissible as evidence in any Canadian court.

Notably, errors in the registry will only be correctable within six months of registration, and that to be correctable, the error must be “obvious” from documents that were submitted to CIPO prior to registration of the design. Registrants will be responsible for reviewing the Register and verifying that CIPO correctly recorded the information for their design.

*(d) Applications for designs may be published prior to registration*

At present, applications to register a design in Canada are confidential, and are not published unless and until the design is registered.

Under the amended *Act*, applications will be published sometime between 6 and 30 months from the filing date (or from the priority date, if priority is claimed). The timing of publication will be specified in the forthcoming changes to the *Regulations*. It is not clear whether or not a design application must be published prior to examination (as is the case with patent applications). In any event, an applicant will be able to prevent publication by withdrawing the application prior to publication.

Aside from constituting a public disclosure of the design, the impact of pre-registration publication is unclear. For example, there are no provisions in the amended *Act* for post-publication, pre-issuance liability for infringement, nor is there any mechanism for third parties to file prior art against – or otherwise protest the issuance of – a pending application.

*(e) The criteria for registration of a design will be changed*

Currently, CIPO must register a design if “it is not identical with or does not so closely resemble any other design already registered as to be confounded therewith”, but must refuse to register a design if “the application for registration is filed in Canada more than one year after the publication of the design in Canada or elsewhere.”

CIPO has historically interpreted and applied the ‘must register’ language in the negative, as a statutory basis to reject applications. Given the absence of a statutory requirement to examine applications in order of earliest filing date (or priority date, if priority is claimed), this can lead – and has in fact often led – to unexpected and draconian results for applicants. For example, an applicant filing two or more separate applications in which similar designs are depicted may – if one application issues to registration ahead of the other(s) – have all subsequent applications rejected in view of the “design already registered” by virtue of registration of the first case. The fact that the application leading to the “design already registered” may have the same (or even a later) filing date than the rejected application(s) is disregarded by CIPO when making such rejections.

The *Industrial Design Office Practices*<sup>8</sup>, published by CIPO, help make applicants aware of this uniquely Canadian pitfall. The *Office Practices* express CIPO’s position that it is the responsibility of the applicant to notify CIPO of applications for “similar” or “related” designs<sup>9</sup> and to formally request simultaneous registration (i.e. registration on the same day) of all allowed applications!<sup>10</sup>

Similar unexpected results can arise from applications filed by a third party. For example, upon registration a third-party design can be used to reject an applicant’s pending application, even if the filing date of the third party application is after the filing date (or priority date) of the rejected application.

Under the amended *Act*, to be registrable a design must be “novel”. For a design to be considered “novel”, “the same design, or a design not differing substantially from it, applied to a finished article that is the same as or analogous to the finished article in respect of which the design is to be registered” must not have been disclosed publically anywhere in the world before the priority date of the application, or in an application filed in Canada that has an earlier priority date. There will be a one-year grace period for disclosures made by the applicant.

As novelty will be judged: i) with respect to publically available designs, and ii) with respect to applications filed in Canada having an earlier priority date, the amendments to the *Act* should address some, but not all, of the issues that can arise under the current criteria. For example, an applicant that intends to file two or more applications for designs that may be regarded as similar can prevent their own applications from being citable against them by ensuring each application has the same priority date (e.g. by filing all of the applications on the same day). There are also provisions in the amended *Act* for



withdrawing applications or withdrawing priority claims, which may benefit applicants by delaying or preventing publication of those designs and thereby avoiding citation of those designs against other pending applications owned by the applicant.

Also, for a design to be registrable under the amended *Act*, the design may “not consist only of features that are dictated solely by a utilitarian function of the finished article”. This is not a new restriction on the post-registration rights conferred under the *Act*, as both the current and amended *Act* dictate elsewhere that “no protection ... shall extend to features applied to a useful article that are dictated solely by a utilitarian function of the article.” Instead, this new criteria is presented as a pre-registration requirement, presumably placing some responsibility on CIPO examiners to ensure that the design include at least one feature that is not dictated solely by a utilitarian function of the finished article. It remains to be seen whether or not this new requirement will serve as a basis for additional rejections during prosecution or for assertions of invalidity during post-registration litigation.

Finally, the forthcoming changes to the *Regulations* are expected to include significant further changes to the criteria for, and/or process of, registration of a design. For example, the requirements for obtaining a filing date will be specified in the amended *Regulations*.

*(f) Communications with Patent and Trademark agents in respect of Industrial Designs may not be privileged*

As previously reported, forthcoming amendments to the *Patent Act*<sup>11</sup> and the *Trade-marks Act*<sup>12</sup> will provide patent and trademark agents with a statutory privilege for confidential communications with clients.<sup>13</sup> However, no corresponding amendment was made to the *Industrial Design Act*. Accordingly, communications between a client and a Patent or Trademark agent in respect of an industrial design may not be privileged unless there is an alternative basis for the privilege (e.g. if the agent is also a lawyer).

### **Forthcoming access to the Hague System for Canadian applicants**

One of the stated reasons for the forthcoming changes to Canada’s industrial design laws is to facilitate access to the Hague System<sup>14</sup> for Canadian applicants. The Hague System is intended to allow applicants a practical (e.g. cost-effective) method for registering an industrial design in any or all of the contracting states. The Hague System is administered through the International Bureau (IB) of the World Intellectual Property Organization (WIPO)<sup>15</sup>

Filing an industrial design application through the Hague System is in many ways similar to filing an international application for a patent under the Patent Cooperation Treaty (PCT). For example, the Hague System allows industrial design registrations to be obtained in multiple countries from a single international application.

The Hague System is intended to simplify certain administrative procedures, including: centralized registration of assignments, removal of requirements for certified translations if the application is filed in English or French (or Spanish), centralized payment of maintenance fees for multiple registrations. However, the substantive rights afforded in a particular country (including whether or not to register a design) will continue to be governed by the domestic law of that country. For example, if a Canadian applicant were to use the Hague System to apply for registration of a design in Finland, the Finnish Patent and Registration Office would examine the application for compliance with Finnish law.

The Hague System does not currently have the same global reach as the PCT (presently 65 territories<sup>16</sup> are party to the *Geneva Act*, while 148 countries are party to the PCT). However, a number of major economies have recently joined the Hague System (including the European Union and a number of individual European states, the United States of America, Japan, and South Korea), or have announced an intent to join (including China and Russia).

Whether or not the Hague system will be beneficial for Canadian applicants will depend on a number of factors, such as the number of countries in which registration is desired.

Finally, while the Hague System is not yet accessible from Canada directly, prospective Canadian applicants may be able to access the Hague System through another country if they are “a national of ... [or] has a domicile, a habitual residence or a real and effective industrial or commercial establishment in<sup>17</sup> a country that has access to the Hague System (e.g. the United States of America).



<sup>1</sup> R.S.C., 1985, c. I-9 [Act].

<sup>2</sup> S.C. 2014, c. 39, ss. 102-112.

<sup>3</sup> S.C. 2015, c. 36, ss. 44-49 and 71(1) to (5).

<sup>4</sup> SOR/99-460 [Regulations].

<sup>5</sup> Based on remarks made by the Commissioner of Patents to the Canadian Intellectual Property Institute at their 2015 general meeting. (CIPO was previously aiming to start consultations in mid-2015.)

<sup>6</sup> Currently, applications are “generally examined in the order according to the filing date of the application” - *Industrial Design Office Practices* (last updated March 21, 2013), s. 4 (This document is prepared by CIPO “to provide guidance on current industrial design practice of the Office of the Commissioner of Patents and interpretation of relevant legislation”, but has no force of law.).

<sup>7</sup> The current *Regulations* require that if, during examination of an application for a design for which priority is sought, another application is filed “for a design that is identical to or so closely resembles” the design in the application under examination, then CIPO must notify the applicant requesting priority that an application to register a similar design has been filed, and CIPO must request evidence to support the priority claim (e.g. a certified copy of the foreign application on which priority is based and a certificate from the foreign office showing the date of filing in that country) (*Regulations*, s. 20(2)).

In practice, however, experience suggests that CIPO compares applications only (or almost only) to registered designs, rather than to co-pending applications, which limits the effectiveness of this rule. In any event, it is CIPO’s admitted practice to not send notification under s.20(2) of the *Regulations* when the applications have the same applicant, despite there being no such qualification in the *Regulations* (See e.g. Commissioner’s Decision re: Industrial Design Application No. 108,766, decided November 3, 2014 (unpublished)), which further reduces the protection that might otherwise be afforded to applicants of multiple applications for related designs.

<sup>8</sup> *Industrial Design Office Practices*, *supra* note 6.

<sup>9</sup> *Ibid.* at s.6.7.2.

<sup>10</sup> CIPO currently invites applicants to notify CIPO of any divisional and/or co-pending applications, so that the applications can be associated to each other and examined together. Once two or more pending design applications by the same applicant are so associated, CIPO’s usual practice is to register such applications on the same day, thus preventing the designs from being citable against each other (*Industrial Design Office Practices*, *ibid.* at s. 11). However, if an association is missed, or if CIPO registers one or more of the designs before the others (e.g. inadvertently), there is presently no recourse for the applicant.

<sup>11</sup> R.S.C., 1985, c. P-4.

<sup>12</sup> R.S.C., 1985, c. T-13.

<sup>13</sup> <http://www.bereskinparr.com/Doc/id567>

<sup>14</sup> *The Hague Agreement Concerning the International Registration of Industrial Designs* is the product of a number of international treaties, including: the London Act of June 2, 1934; the Hague Act of November 28, 1960; and the Geneva Act of July 2, 1999.

<sup>15</sup> See e.g. <http://www.wipo.int/hague/en/>

<sup>16</sup> As of January 15, 2016.

<sup>17</sup> Geneva Act of July 2, 1999, Article 3.

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