

5-2003

Genie in the Bottle: Intellectual Property Legislation and the Flow of Information

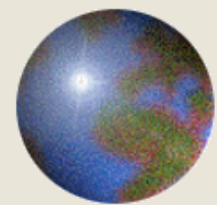
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Genie in the Bottle:

Intellectual Property Legislation and The Flow of Information

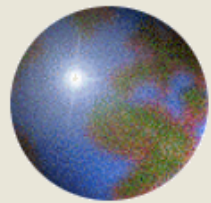
Professor Margaret Ann Wilkinson,

Faculty of Law, and

Faculty of Information and Media Studies

**My thanks to Law Student Amy Dixon
(Funded by the Law Foundation of Ontario) &
my colleagues Professors Trosow & Perry**





Genie in the Bottle:

Intellectual Property Legislation and The Flow of Information

My thanks to Connie Crosby for this timely title!
Here was my original mouthful...

*Does Canadian Intellectual Property Legislation
Facilitate or Impede Access to Information for
Users?*

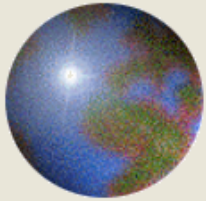


Western



Genie in the Bottle:

Does Canadian Intellectual Property Legislation Facilitate or Impede Access to Information for Users?



riklewis@ibm.net “The Genie in the Bottle” July 1996 Wine Editorial
–paraphrasing:

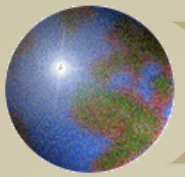
every bottle of wine is a living thing which will turn out well or badly depending upon how it is treated – and much of this instability or excellence depends upon the presence or absence of oxygen in the wine

early on in the life of the wine, oxygen contributes to its appeal... later on, oxidization can contribute to the decline of a vintage

the key is balance !



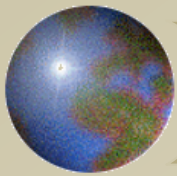
Western



So too in Intellectual Property:

- ❖ Too few rights for creators and authors and there is little incentive to be creative
 - ❖ Vietnam

- ❖ Too many rights for creators and authors stifles creativity and inventiveness in society
 - ❖ Marilyn Randall Pragmatic Plagiarism (UTP, 2003)



So where are we in Canada in 2003?

✦ **Patent**

- ✦ Harvard Mouse
- ✦ Monsanto v. Schmeiser

✦ **Trademark**

- ✦ United Grain Growers (“Country Living”)

✦ **Confidential Information**

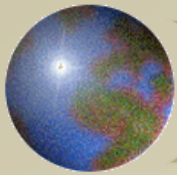
- ✦ Cadbury-Schweppes (Caesar Cocktail)

✦ **Personal Data Protection and Privacy Issues**

- ✦ PIPEDA

✦ **Copyright and Moral Rights**

- ✦ US Eldred
- ✦ Théberge
- ✦ Delrina
- ✦ Tariff 22
- ✦ CCH v. LSUC
- ✦ Bill C-36



Patent

The traditional formulation of the balance is

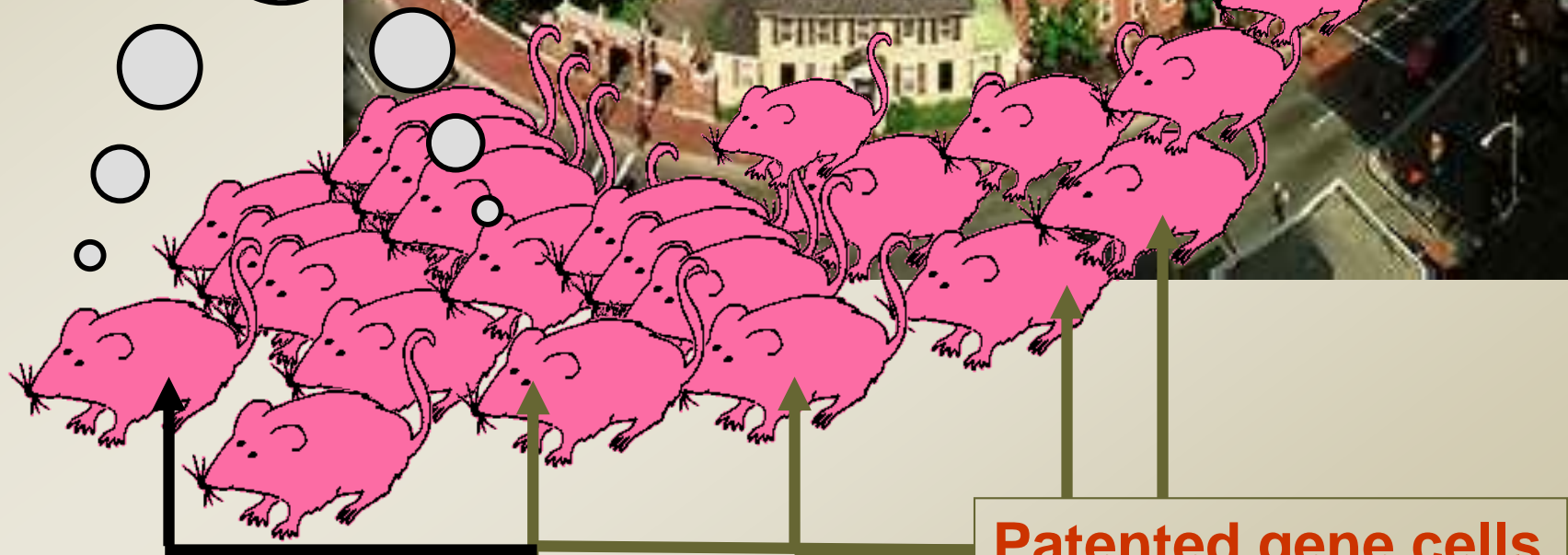
- A 20 year monopoly on manufacture, use and sale
- In return for public disclosure of the invention

✚ Harvard Mouse case

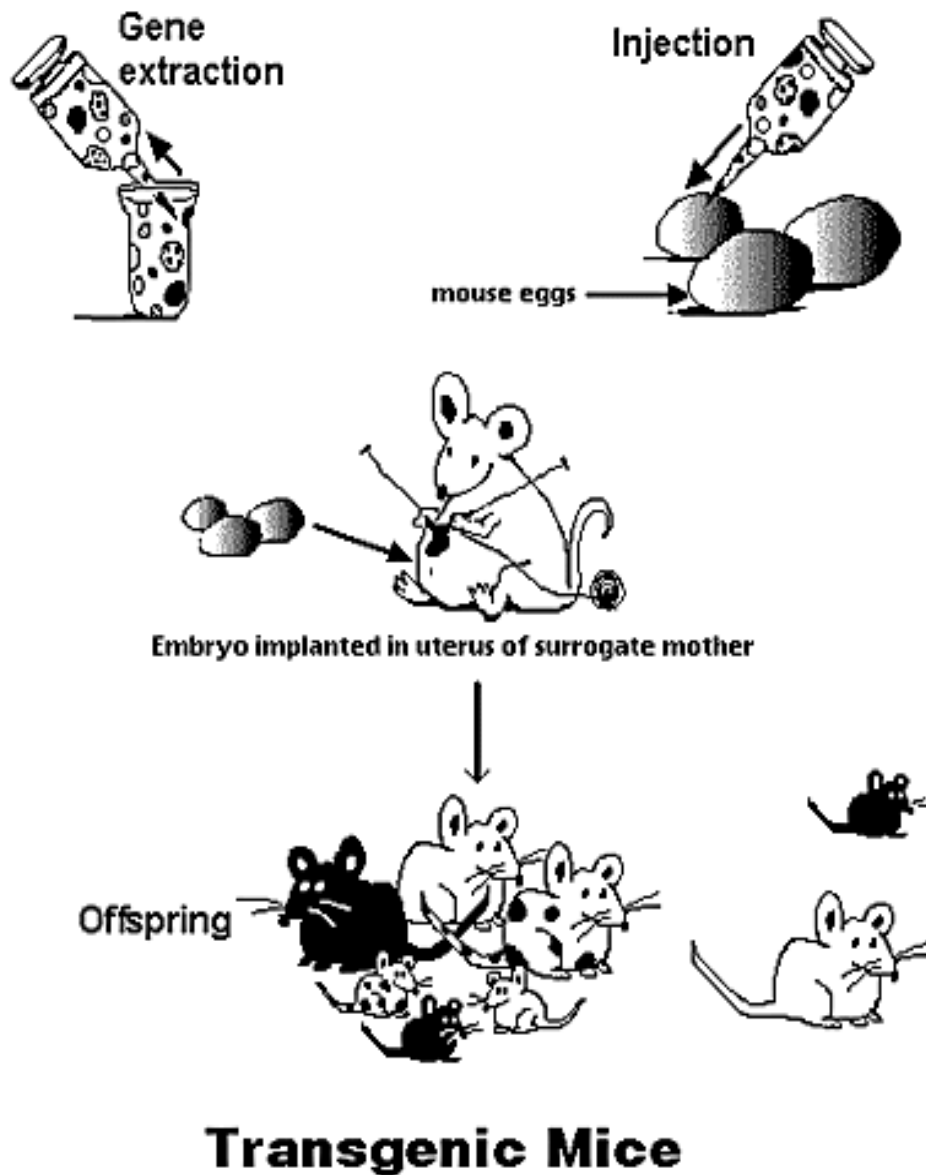
- ✚ Only the patent claim involving the mouse itself was in issue
- ✚ The rest of the patent involving the gene is registered in Canada, as it is worldwide
- ✚ Canada is standing alone in its interpretation of patentable subject matter

Who owns the offspring?

Harvard University



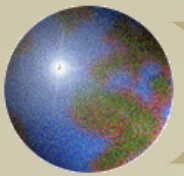
Patented gene cells



Legend: Illustration of how transgenic mice are produced.

Genes responsible for particular traits or disease susceptibility are chosen and extracted. Next they are injected into fertilized mouse eggs. Embryos are implanted in the uterus of a surrogate mother. The selected genes will be expressed by some of the offspring.

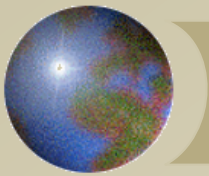
Since the first gene transfers into mice were successfully executed in 1980, transgenic mice have allowed researchers to observe experimentally what happens to an entire organism during the progression of a disease. Transgenic mice have become models for studying human diseases and their treatments.



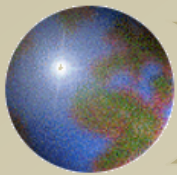
Decision:

(Majority- Bastarache, L'Heureux-Dubé, Gonthier, Iacobucci, and LeBel):

- Since the Commissioner has no discretion independent of the Patent Act to consider the public interest when granting or denying a patent, the Commissioner's decision in this case, given its nature, is not owed deference. (SCC agrees with FCA here – standard is correctness)
- Sole question in this appeal is whether the words "manufacture" and "composition of matter", within the context of the Patent Act, are sufficiently broad to include higher life forms.
- It is irrelevant whether this Court believes that higher life forms such as the oncomouse ought to be patentable.
- The best reading of the words of the Act supports the conclusion that higher life forms are **not patentable**.



- ❖ But would anyone reproducing the Harvard Mouse be caught as infringing the gene patents issued, even though the mouse itself is not patented in Canada, according to the reasoning in the Monsanto decision ?
- ❖ Leave to appeal to the Supreme Court of Canada in Monsanto has been given



Monsanto v. Schmeiser

2002

Federal Court of Appeal



Roundup Ready® Herbicide by Monsanto NRA Approval No: 54112/0702 Page 1 of 10

CAUTION
KEEP OUT OF REACH OF CHILDREN
READ SAFETY DIRECTIONS BEFORE OPENING OR USING



HERBICIDE Monsanto

ACTIVE CONSTITUENT: 690 g/kg GLYPHOSATE (present as the mono-ammonium salt)

GROUP M HERBICIDE

Herbicide for the control of many annual and perennial weeds in Roundup Ready® cotton.

NET CONTENTS 12 kg

Equivalent to 8 hectares at the maximum use rate

Distributed by
Nufarm Australia Limited ACN 004 377 780
103-105 Pipe Road, Laverton North, VIC 3028
Tel: (03) 8262 1000 Fax: (03) 8262 1001



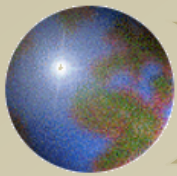
ONLY IN EMERGENCY
CALL 1 800 033 111 ALL HOURS
Refer to Material Safety Data Sheet

Roundup Ready Canola 15/10/01



http://www.monsanto.com.au/canola/pd_1round.htm

**Percy & Louise
Schmeiser**



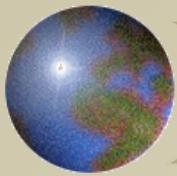
Monsanto v. Schmeiser

2001

F.C.T.D.

Issues on Appeal:

1. Is the patent infringed if Schmeiser did not use Roundup in the 1998 crop?
 1. Uncontradicted evidence is that D did not spray Roundup on his 1998 canola crop. Trial Judge did not say whether he believed him on that point or not, because he concluded that spraying with Roundup was not an essential element of the alleged infringement.
2. Does it matter how the Monsanto gene came to be in the 1998 Schmeiser crop?
 2. Trial Judge did not reach any conclusion as to how glyphosate resistant canola came to be there in 1997, because in his view it did not matter.
3. Did the Trial Judge misapprehend the evidence or consider inadmissible evidence?
 3. Evidence of crop sampling and testing? Was evidence taken on behalf of Monsanto in breach of a court order? If there was illegally obtained evidence, should it have been excluded?
4. Did the Trial Judge err in the relief granted?
 4. Is injunction overly broad? Are damages excessive? Cross-Appeal: too low?



Schmeiser argues analogy to common law liability rules for stray animals:

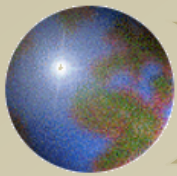


Bull analogy



- defendant's bull strays on plaintiff's land and impregnates plaintiff's cow
- calf belongs to plaintiff landowner not defendant bull-owner
- bull-owner further liable for damages in trespass
- Part of larger common-law of admixture (if a first party allows inter-mingling of property with property of second party, property belongs to second party)

Court rejects this argument as inapplicable to patent law -- no authority for the proposition that ownership of a plant must necessarily supercede the rights of the patent holder for a gene found in the plant.



Monsanto v. Schmeiser

2002

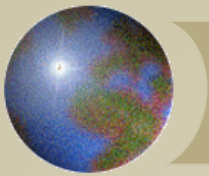
Federal Court of Appeal

Issues on Appeal :

1. Is the patent infringed if Schmeiser did not use Roundup in the 1998 crop?
2. Does it matter how Monsanto's gene came to be in the 1998 crop?
3. Did the Trial Judge consider inadmissible evidence?
4. Did The Trial Judge err in the relief granted?

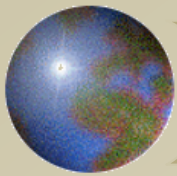
Findings of the Court:

1. Trial Judge correctly applied the principles applicable to the construction of patent claims.
2. The source of the Roundup resistant canola in the defendants' 1997 crop is really not significant for the resolution of the issue of infringement which relates to the 1998 crop. D planted canola seed saved from 1997, which seed he knew or ought to have known was Roundup tolerant, and that seed was the primary source for seeding all nine fields of canola in 1998.
3. No error by the Trial Judge that warrants the intervention of this Court
4. No errors in remedies



- ❖ But would anyone reproducing the Harvard Mouse be caught as infringing the gene patents issued, even though the mouse itself is not patented in Canada, according to the reasoning in the Monsanto decision ?
 - ❖ If the patented genes were known to be in the mice in question, regardless of how they got there, then the person breeding the mice, like Schmeiser, would be guilty of patent infringement
 - ❖ If the person breeding the mice was unaware of the presence of the patented gene, how would the mice be saleable?
 - ❖ So, really, the oncomouse cannot be freely bred and sold in Canada...

- ❖ Leave to appeal to the Supreme Court of Canada in Monsanto has been given



Canada Biotechnology Ministerial Coordinating Committee Recommendations

FARMERS' PRIVILEGE

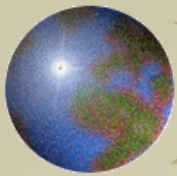
3. We recommend that a farmers' privilege provision be included in the *Patent Act*. It should specify that farmers are permitted to save and sow seeds from patented plants or to breed patented animals, as long as these progeny are not sold as commercial propagating material or in a manner that undermines the commercial value to its creator of a genetically engineered animal, respectively. The drafting of this provision must be sensitive to the differences that exist both in the nature and use of plants and non-human animals

INNOCENT BYSTANDERS

4. We recommend that the *Patent Act* include provisions that protect innocent bystanders from claims of patent infringement with respect to adventitious spreading of patented seed or patented genetic material or the insemination of an animal by a patented animal.

LIABILITY FOR DAMAGES

6. We recommend that Canada actively participate in international negotiations to address issues of liability and redress for adventitious spreading of patented seed or genetic material or the insemination of an animal by a patented animal.



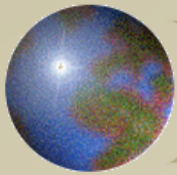
Trademark

- ⊕ **What is the “balance” in intellectual property terms?**
 - ⊗ **Potentially indefinite use of the “mark” in connection with goods or services**
 - ⊗ **In return for maintaining a clear image in the minds of the public**

 - ⊗ **Canada does not protect “famous marks”**

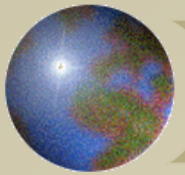
 - ⊗ **What is the relationship between “marks” and text?**
 - **Domain names**
 - **Country Living case**
 - **What is “use” in a text context – are we talking a “good”, as registered, or a “service”?**
 - **United Grain Growers Ltd. v. Lang Mitchener F.C.A.**
 - **Various uses within the text was enough text to save the registration**
 - **Leave to Appeal to the Supreme Court of Canada given**
 - **The case settled**

 - ⊗ ***FIMS student Natasha Gerolami has verified, in a thorough literature review, my anecdotal experience that intellectual property theorists do not actually carry through testing their theoretical models for Intellectual Property with TM***



Confidential Information

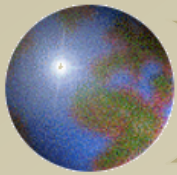
- ❖ **Some purists do not even consider Confidential Information to be an aspect of Intellectual Property**
- ❖ **Certainly, it seems to lack any public interest balance at all**
- ❖ **But it seems to be increasingly encroaching upon the balance that Intellectual Property was meant to have created:**
 - ❖ In the Cadbury-Schweppes case, the SCC made a decision involving Mott's trade secret in Clamato Juice, the subsequent sale of Mott to Cadbury-Schweppes, the bankruptcy of the original licensor and confidante Caesar Canning, and subsequent adaptation of the recipe by FBI Foods, a third party to the confidence, and ultimate production of Caesar Cocktail, a competitor now to Cadbury-Schweppes ownership of Clamato juice
 - ❖ Most importantly here, Binnie completely accepted the concept of protecting a confidence beyond the confidential relationship of the confider to the confidante and into the subsequent relationship between a third party to the confidence and the original confider.
- ❖ **Instead of accepting the balances decreed by the old IP devices, companies can choose the expanding protection of confidentiality**



Personal Data Protection and Privacy

- ❖ Personal Data Protection legislation is another area of law which most people would not consider a part of Intellectual Property law
 - ❖ My colleague Myra Tawfik in the Faculty of Law at Windsor teaches this area as part of her Confidential Information course
 - ❖ At Western, I have always taught it as part of my Information Law course, but increasingly we have devoted some class time to it in Intellectual Property

- ❖ Similarly, privacy protection is not generally considered relevant to IP, but is now more widely considered in this context
 - ❖ Why?

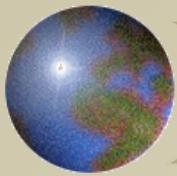


Why? For three reasons:

- ⊕ With the obverse Access legislation in the public sector, protections such that provided by the action for Breach of Confidential Information are not secure when the access legislation creates a right of access to information which, unless statutorily excepted, must be released by government even though received from the private sector and otherwise protect-able by the private sector business

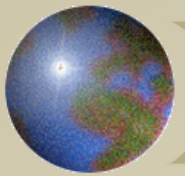
- ⊕ Personal data protection has been extended legislatively from the public into the private sector and is creating rights in the subject of information rather than in the creators and authors of the intellectual property in the information
 - ⊞ Conflict appears inevitable between the regimes
 - ⊞ The subject of my current research
 - ⊞ The access and personal data protection schemes have their own balances -- but those balances are along entirely different axis than those along which the intellectual property devices are balanced

- ⊕ Privacy torts, whether created at common law or through statute (now in 4 provinces), limit publication, as in the Aubry decision, and frustrate (or override) the balances designed into copyright law



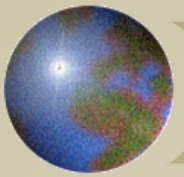
Copyright

- ⊕ The potential impact of the American *Eldred* decision on Canadian copyright policy
- ⊕ Théberge – SCC
- ⊕ Delrina – Ont.C.A. – leave to appeal to SCC denied
- ⊕ Tariff 22 on appeal to the Supreme Court of Canada
- ⊕ CCH et al v. LSUC on appeal to the Supreme Court of Canada
- ⊕ The Copyright reform process Bill C-36



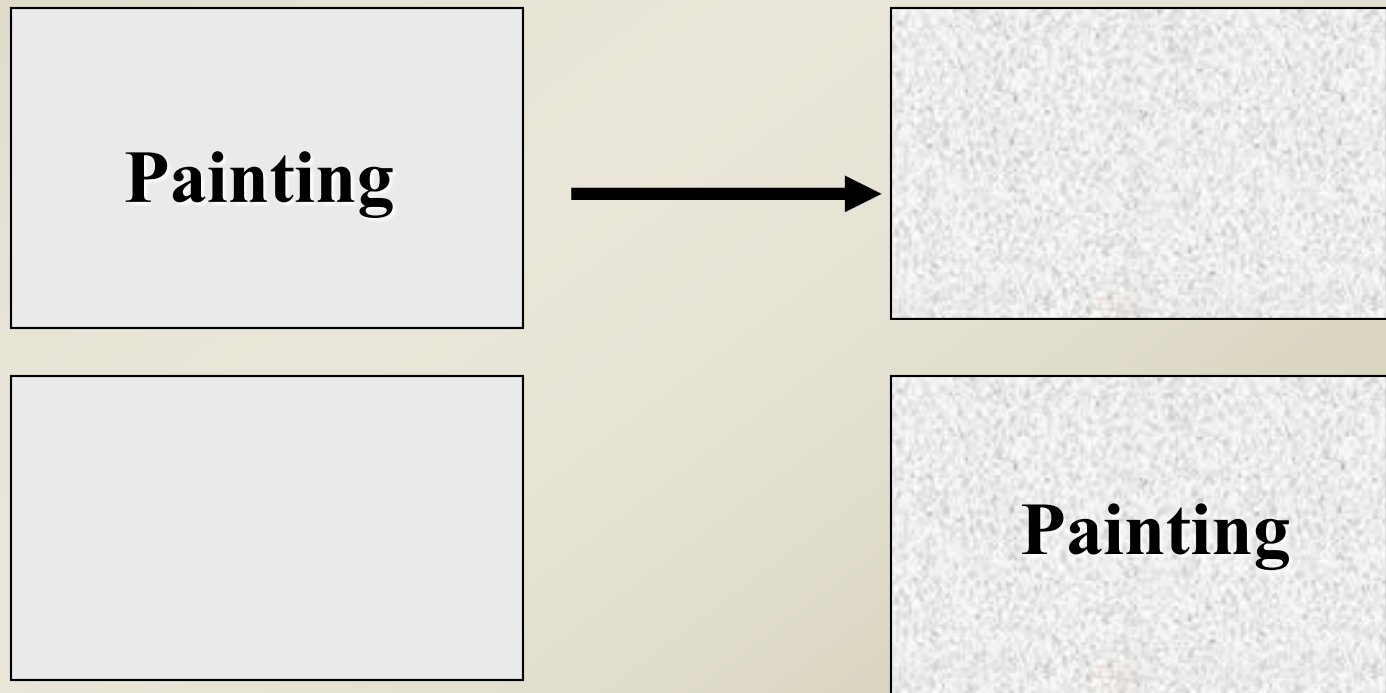
Eldred case

- ✦ **On the Constitutionality of the American term extension to 70 years**
- ✦ **USSC found the extension within the Constitutional competence of Congress under the “copyright clause” - not open to freedom of speech challenge**
- ✦ **In Canada, our “Constitutional” reference to copyright is only in terms of the division of powers, there is no definition involving balance as in the U.S.**
 - ✦ Would a term extension constitutional challenge end differently in Canada?
 - ✦ Would a constitutional challenge even be available in Canada? The Ontario trial division Michelin decision would suggest no – this is not a matter of public law susceptible to Charter scrutiny but is rather only about private rights – but this must be wrong in the statutory areas of IP
 - s.2(b) freedom of expression could be argued – and the section 1 text may well mean that a long extension might be found to be more than can be reasonably and demonstrably justified in a free and democratic nation
 - (Law student Ryan Steiner’s recent argument about how this would be demonstrated empirically for the courts)

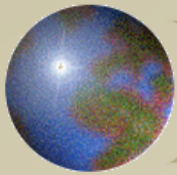


Théberge v. Galerie d'Art – the Supreme Court of Canada

- defendant art galleries purchase cards, photolithographs and posters embodying various of the artist's works from copyright holder plaintiff
- defendants transfer the image to canvas using a chemical process that allowed them to lift the ink layer from the paper (leaving it blank) and to display it on canvas



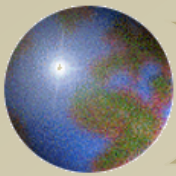
Note: To avoid any violations of copyright law, Mr.Théberge’s artwork was removed from this page



Théberge v. Galerie d'Art

- after the transfer, the image no longer remains on the original paper
- artist claims violation of his section 3(1) right "to produce or reproduce the work ... in any material form whatever"
- galleries claim no reproduction occurred because there was no increase in the number of works

	before	after	
Number of usable works	1	1	majority
fixations	1	2	dissent



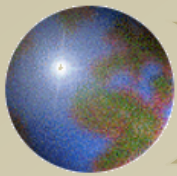
Cause of Action: interlocutory injunction application – from a seizure by the bailiff under Quebec Civil Code – not characterized as a moral rights case because this remedy (seizure) not available in moral rights

The applicant Theberge would not want to discuss moral rights because he wants to uphold a seizure by the bailiff only available to him under economic rights; the respondent Galerie would not want to raise moral rights because they would arise in the applicant Theberge, not in them as assignees.

4-3 split, civil judges would have allowed the appeal, Gonthier, L'Heureux-Dube, LeBel (droit d'auteur), common law judges (copyright) in the majority, Binnie, McLachlin CJ, Iacobucci and Major.

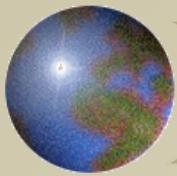
The majority uses the distinction between moral rights and economic rights to find that the economic rights at issue here cannot extend to cover these uses

Since there was no infringement of economic rights found, the seizure was not proper – now Theberge is apparently beginning again, this time claiming infringement of his moral rights



Moral Rights

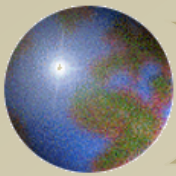
- Some commentators have questioned the constitutionality of moral rights
- Are they “personal rights” within the meaning of Constitution Article 92(13)?
- Or are they necessarily “incidental” to the otherwise federal scope of copyright?
- AGs were notified of issue raised by defendant in *Snow* but did not intervene
- an open question?
 - ❖ *Theberge* is being pursued now in the Quebec courts as a moral rights case



Cause of Action: Appeal of dismissal of copyright claim. Trial judge denied copyright protection on grounds of merger. Ont CA agreed

Facts: Duncombe was employed by Delrina to improve performance monitoring system. After leaving Delrina, Duncombe begins developing a similar system at Triolet, to compete. Delrina sues.

- ✦ “Copying” doesn’t just include literal copying from what is in front of copier. Includes copying from subconscious memory
- ✦ But features similar to both programs are not capable of copyright protection
- ✦ Functional considerations are not protected by copyright (basic expression/idea dichotomy)
- ✦ Merger: if idea can only be expressed in one (or very limited) ways – then expression merges with idea – NO COPYRIGHT
- ✦ Avoids giving a copyright owner a monopoly on the idea or function itself.



Tariff 22 from the FCA to the SCC

*from the FCA
to the SCC*

- Focuses on the role of collectives in Canada
- Decision, because of its origins, limited to two rights only:
- Communication by telecommunication and authorizing same

COPYRIGHT BOARD and **F.C.A.**

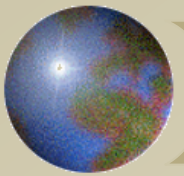
- Posting a work on the net is authorizing its communication – and communication occurs when the item is retrieved by an end user
- When a content provider intends the public to have access, that is a communication by telecommunication to the public under s.3(1)(f)

BOARD

- To decide where a communication happens – look at where the originating server is located
- ISP's are only providing the means of telecommunications and therefore are never liable in copyright

F.C.A.

- NO – normal conflict rules must be applied
- NO – ISP's who cache go beyond providing means – to providing content and are therefore liable in copyright

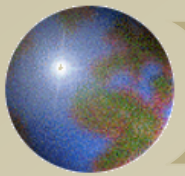


First: The FCA reverses the Trial Court to find requisite originality such that copyright subsists in the subject works, and that there was an infringement.

- Prima facie case for infringement shown
- Issue now turns to defenses (onus on LSUC)

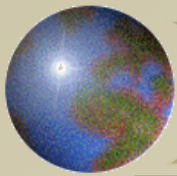
Second: Is there a Fair-dealing defense?

- ✦ Distinction in section 29 between “research” and “**private** study:” So research is not excluded from exemption if in non-private setting (as urged by publishers - is the apparent distinction between research and study really useful?)
- ✦ **Law Society shares purposes of patron – library steps into shoes of patron and can claim exemption allowable to end-user (para. 143)**
- ✦ Court then lists **factors** to consider in order to determine “fairness”



FCA Fair dealing factors in CCH v. LSUC

- **purpose of the dealing:**
 - must be an allowable purpose, one mentioned in the act
- **character of the dealing:**
 - how was the infringing work dealt with?
- **amount of the dealing:**
 - what was the amount and substantiality of portion used in relation to the whole work?
- **alternatives to the dealing:**
 - defense more likely allowed where no alternative available
- **nature of the work:**
 - i.e., strong public interest in access to legal resources
- **economic impact on owner:**
 - how is market for work impacted by fair-dealing in question?



The Supreme Court of Canada,

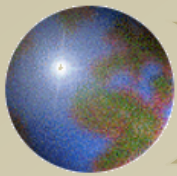
on the proper balance in copyright :

“The proper balance... lies not only in recognizing the creator’s rights but in giving due weight to their limited nature. In crassly economic terms it would be as inefficient to overcompensate artists... as it would be self-defeating to undercompensate them.”

paragraph 31 Theberge

“Excessive control by holders of copyrights and other forms of intellectual property may unduly limit the ability of the public domain to incorporate and embellish creative innovation in the long-term interests of society as a whole, or create practical obstacles to proper utilization.” *paragraph 32 Theberge*

The Supreme Court of the United States in Eldred spoke in similar terms...



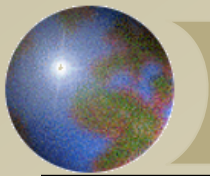
CCH Canadian v. LSUC -- defenses

Fair-dealing defense?

- ✦ After engaging in an extended discussion about what constitutes fair-dealing, the court refuses to make a blanket ruling about the LSUC's activity.
- ✦ Too fact dependent for generalization in this case?

Library defenses?

- ✦ New section added to Act since case arose. But court discusses the new s. anyway - "to give guidance"
- ✦ Defendant qualifies as "library, archive, museum" within meaning of Act (contra argument of CCH)



CCH v. LSUC – disposition on appeal

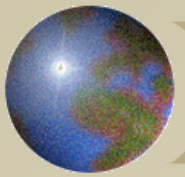
Unsatisfactory all round:

- ✦ **No injunction for publishers**
- ✦ **No damages for publishers**
- ✦ **Publishers get declarations: copyright subsists in their works so there was prima facie infringement**
- ✦ **LSUC is told fair dealing defenses cannot be applied to operation of copying service in general but may be applicable to individual cases – and where the patron is fair dealing, the library can also have that defense**
- ✦ **issue of costs reserved**

court pushes parties to “negotiate a just compromise among themselves”

NOTE: both sides issued press releases claiming victory!

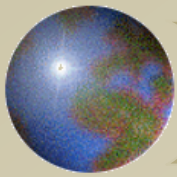
Now, SCC has given leave



Copyright Reform Process

✦ Bill C-36

- ✦ Amends the Copyright Act, inter alia
- ✦ Longer term protection for unpublished or posthumously published works of authors who died before 1949
- ✦ “the Lucy Maud Montgomery amendment”



Where is the balance in Canada?

✚ Patent

- ✚ Despite no life form patenting in the Harvard Mouse decision, Monsanto at this stage tips the balance toward the patent owners, even, it would appear, when patented elements appear in higher life forms

✚ Trademark

- ✚ Though the SCC was interested, settlement means the highest authority now, the FCA, hold use of text anywhere in a product to be “use” in connection with goods for purposes of maintaining registration

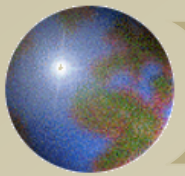
✚ Confidential Information

- ✚ There is no real balance here: if confidentiality requirements are met, breach of confidence is actionable – even, under the SCC’s Cadbury – Schweppes, as against use of the information by third parties never involved in the original confider-confidante relationship

✚ Personal Data Protection and Privacy

- ✚ As these rights are extended, a new player with rights to control information and keep it from the public domain enters the equation: the subject of the information

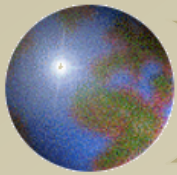
✚ Copyright



Where is the balance in Canada?

- ✦ Patent **Illusion of being with public**
- ✦ Trademark **Power of the TM holder seems to be growing**
- ✦ Confidential Information **No balance & increasing reach**
- ✦ Personal Data Protection and Privacy **Different balances**
(but power to subjects, not public access)
- ✦ Copyright
 - ❏ U.S. Eldred – probably different outcome in Canada – could limit extensions
 - ❏ Theberge – economic rights limited
 - ❏ Delrina – economic rights limited
 - ❏ Tariff 22 – the Internet is regulated
 - And players identified for liability
 - ❏ CCH v. LSUC – balance unusual
 - ❏ Copyright reform – Bill C-36 – extends copyrights

Unpredictable



Does Canadian Intellectual Property Legislation Facilitate or Impede Access to Information for Users?

- ⊕ early on in the life of a wine, oxygen contributes to its appeal... later on, oxidization can contribute to the decline of a vintage
- ⊕ early on in the life of an industrialized economy, Intellectual Property Rights contributes to its Competitiveness... later on, in an information economy, over-extension of Intellectual Property Rights may contribute to the decline of local identity and innovation
- ⊕ The key is balance – but a balance of what factors ?
- ⊕ The American public / private balance should differ from the Canadian
- ⊕ The Canadian Balance must include Respect for 3rd axis
 - ⊞ –Public access / private economic rights / national culture