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Intellectual Property Disputes: Resolutions and Remedies

This publication is a one-stop reference for litigators and counsel advising on Intellectual Property disputes that focuses on remedies available to IP owners and stakeholders at all stages of possible dispute, from risk management, through mediation and ADR, and to all levels of litigation.

This release features updates to Appendix C to Chapter 1 (Patents) - Quantum Table - Remedies for Patent Infringement. This release also features updates to Appendix 10 to Chapter 8 (Domain Names and Other Internet Trade-mark Disputes) - Summary of Procedure for the resolution of disputes under the CIRA Domain Name Dispute Resolution Policy.

Highlights

- **Quantum Table - Damages for Patent Infringement - Accounting of Profits -** The Parties came to an agreement regarding the amount of reasonable compensation: $126,037 but were in disagreement regarding the amount of gross profits that were to be paid by AFD to Frac Shack. The gross profits were to be calculated based upon the following: a. including the rental days in September, calculated based upon the formula proposed by the expert witness Harington; and b. calculating depreciation based upon an expected economic life of the AFD Frac Trailer of eight years, using the "declining rate" method proposed by the expert witness Harington. The accounting method the Court intended to be used was the "sum of the digits" method.

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Frac Shack was awarded $221,786 as an accounting of profits - which was AFD's gross profits, inclusive of pre-judgement interest, calculated using the "sum of the digits" method, assuming the AFD Frac Trailer had an eight year economic life. On appeal, given that the issues of obviousness and infringement may affect the remedies awarded, Federal Court of Appeal would allow, in part, the appeals of the judgment of the Federal Court and of the supplement judgment of the Federal Court and would allow the appeal of the costs order of the Federal Court. Paragraphs 2 to 7 of the judgment and paragraph 2 of the supplemental judgment and the costs order of the Federal Court were set aside. The Federal Court of Appeal remitted to the trial judge the issues of the identification of the POSITA, the extent of the POSITA's knowledge in respect of fuel delivery system design, obviousness, construction of the terms "automatically operable valves", "automatic fuel delivery" and "fuel cap", infringement and all remedial issues for re-determination in accordance with the reasons of the Federal Court of Appeal. Whether a suggested alternative meets the requirements for being non-infringing typically involves questions of fact or mixed fact and law from which a pure legal issue cannot be extricated. Such determinations are therefore generally reviewable only for palpable and overriding error. The Federal Court committed no such error as there was more than ample evidence before it to support the conclusion that manual hot refueling was not a true substitute for the Frac Shack apparatus. The evidence established that the apparatus was both designed and shown to be effective in reducing the risks associated with manual hot refueling and thus offered advantages over manual hot refueling. Moreover, there was no evidence to indicate that AFD clients who contracted for the use of its apparatus would have been equally willing to have allowed AFD to use a manual hot refueling method. AFD asserted that the Federal Court erred in determining that the date for the hypothetical negotiation for purposes of calculating reasonable compensation for the pre-grant period was September 2014 and in its selection of a royalty rate of 29% for assessing damages for this period. The Federal Court of Appeal saw no error having been committed by the Federal Court on either point. Justice Gleason saw no error in the Federal Court's having clarified in its supplemental reasons and judgment that what it meant to say was that the sum of the digits method, advocated by AFD's expert, was to be adopted to calculate AFD's profits during the post-grant period: *Frac Shack Inc. v. AFD Petroleum Ltd.*, 2017 CarswellNat 183, 2017 FC 104 (F.C.); additional reasons 2017 CarswellNat 6573, 2017 CarswellNat 6574, 2017 FC 274, 2017 CF 274, 287 A.C.W.S. (3d) 341 (F.C.); Appeal allowed in part in *AFD Petroleum Ltd. v. Frac Shack Inc.*, 2018 CarswellNat 3775, 2018 FCA 140 (F.C.A.).

- **Summary of Procedure for the Resolution of Disputes under the CIRA Domain Name Dispute Resolution Policy - Case Law - Complainant -** The Canadian Presence Requirements for Registrants require that to be permitted to apply for registration of, and to hold and maintain the registration of, a .ca domain name, the applicant must meet at least one of the criteria listed as establishing a Canadian presence. Section 2(d) lists incorporation under the laws of Canada or any province or territory of Canada as being one of these criteria. Section 2(q) of the Presence Requirements specifies that a Person which does not meet any of the foregoing conditions laid out in Section 2, but which is the owner of a trade-mark which is the subject of a registration under the *Trade-marks Act* meets the Presence Requirements provided that the domain name sought to be registered in that Person's name consists of or includes the exact word component of that registered trade-mark. Indeed is the owner of the Canadian trade-mark INDEED. Indeed licenses the right to use the Trade-Mark in Canada to Indeed Canada. As a corporate entity incorporated under the laws of Nova Scotia, Indeed Canada is an Eligible Complainant pursuant to 1.4 of the Policy. However, as the Domain Name, excluding the .ca, with the attachment of the prefix "my" does not consist of the exact word component of the Trade-Mark as required by the Presence Requirements, Indeed, even though it owns the Trade-Mark registered in the Canadian Intellectual Property Office, is not an Eligible Complainant pursuant to section 1.4 of the Policy: *Indeed, Inc. and Derouin, Re*, 2017 CarswellNat 4289 (C.I.R.A.).

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