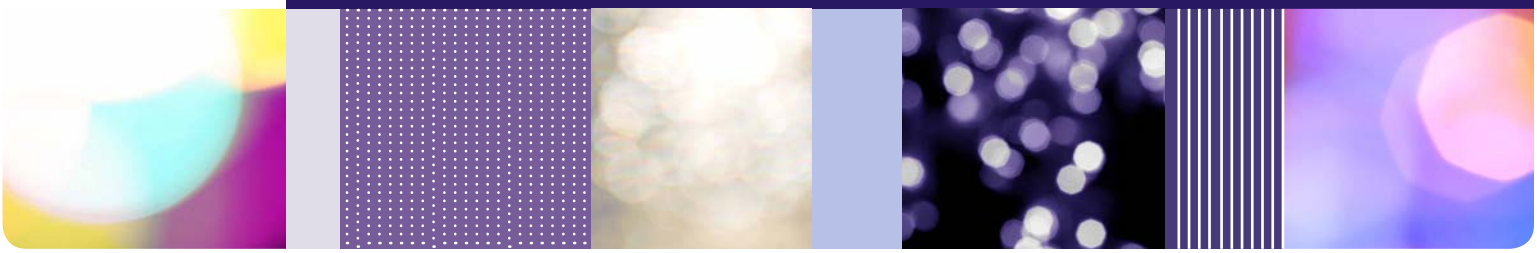
Heenan Blaikie LLP

TEXTures™

Fashion & Design: Legal Insider



For those with an eye on fashion and design, Heenan Blaikie's TEXTures™ is your legal insider – a regular e-bulletin designed to share the joy of finding technology and intellectual property inside… everything… from luxury goods to consumer staples. TEXTures™ explores what is new in the colourful world of fashion and design while noting the importance of protecting and commercializing creativity and innovation from a business perspective through the management of information technology and intellectual property rights.

What's Inside…Your Blue Box?

APRIL 20, 2011 SPECIAL EARTH WEEK ISSUE

Welcome! This issue of TEXTures™ explores " What's Inside...Your Blue Box; Eco-chic and Legal Issues." Look inside to learn more about: the proposed .green domain extension, fast-tracking green technology patent applications, legal issues and apparel repurposing, "bamboo" textiles and misleading advertising problems, using eco-certification marks to enhance "green" credibility, and more!

The Green Fast Track is Open for Business in Canada

By Marcelo König Sarkis, P. Eng.

The Canadian Intellectual Property Office (CIPO) announced on March 16, 2011, that the Governor in Council approved the *Rules Amending the Patent Rules* relating to expedited examination of patent applications relating to green technology. The amendments came into force on March 3, 2011.

The Patent Rules now provide a patent applicant the opportunity to request expedited examination of their Canadian patent application if the invention is related to green technology.

Although no additional fee is required to request expedited examination based on a green technology related patent application, the applicant must submit a declaration stating their patent application relates to "technology the commercialization of which would help to resolve or mitigate environmental impacts or conserve the natural environment and resources."

Within two months of receipt of a request, CIPO will produce an office action outlining any deficiencies in the application. The applicant will then have three months to respond to same.

This program is intended "to assist in stimulating the creation and diffusion of technology and to encourage and protect innovation and technology transfer" while "contributing to an effective response to environmental challenges by helping to ensure that environmental beneficial patents reach the marketplace more rapidly." Consequently, after April 30, 2011, if there is any undue delay caused by the applicant during prosecution, the Commissioner will return the patent application to its routine order.

Canada now joins Australia, the United Kingdom, the United States, South Korea, Japan, China and Israel in implementing "green" patent rules. The CIPO announcement is available at:

http://www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/wr02995.html

Eco - Certifiable!

By Katy Davis and Charlene Lipchen

It is a reasonable assumption that many people know what a trade-mark is, however people may not be aware of the possible protection afforded by a particular type of trade-mark in Canada, known as a certification mark.

Whereas regular trade-marks distinguish the source of wares or services, a certification mark is a special kind of trade-mark used for the purpose of distinguishing wares or services that meet a defined standard. Under the *Trade-marks Act*, those standards could relate to the character or quality of the wares or services. One such example is WOOLMARK and the related logo, which are both registered in Canada as certification marks in relation to various types of clothing which meets strict wool quality and performance criteria.

Certification marks serve a useful function in the marketplace. Consider the growth in recent decades of consumer demand for more "eco-friendly" products. Eager to ride the wave of consumer environmentalism, dozens of manufacturers suddenly begin making claims that their products are "eco-friendly." But how does the eco-conscious consumer determine what various "eco-friendly" claims really mean, to ensure their purchasing decisions are in line with their values? And how do truly greener brands set themselves apart from the rest? One approach can lie in certification marks, where owners of such marks ensure that products bearing the certification mark under licence meet a defined set of standards, which standards are made readily available to the consuming public. The eco-conscious consumer is thereby provided with tools to make informed purchasing decisions by seeking products that are certified under specific environmental standards.

The rules and procedure governing the registration of certification marks in Canada are somewhat different than for regular trade-marks. For example, the owner of a certification mark cannot itself use the mark in association with the wares or services covered by the certification mark. Instead, the owner sets the relevant standards and licences third parties to use the mark in relation to relevant wares or services, provided the licensees comply with the defined standards. In addition, an application to register a certification mark cannot be based on proposed use. To qualify for registration, a certification mark must either have been used (through a licensee) in Canada prior to filing, or an applicant can rely on use and registration abroad provided that the mark is used by licensees of the applicant. Furthermore, the application must articulate the details of the defined standard that the mark is intended to indicate.

In the environmental context, the use of certification marks seems to be gaining momentum as society pays closer attention to whether products or services meet certain environmental standards.

Consider the following that have been applied for or registered as certification marks in Canada:

TMA553,531 for various wares including lighting products and household applicances which meet certain energy efficiency standards;

Application No. 1,421,478 for various wares, including body and personal care products and clothing, which are sourced from organizations of small producers or from establishments using hired workers and which meet numerous requirements such as providing equitable pay and safe, healthy working conditions;

There are also registered trade-marks which have not been registered as certification marks but appear to serve a certification function. For example, the Forest Stewardship Council of Canada indicates on its website that "the FSC Trademark may only be used by FSC-certified companies, those that have been independently audited to meet FSC's Forest Management or Chain of Custody Standards."

Another example, known as the "leaping bunny" mark, is used in connection with "cruelty free" cosmetics and personal care products that have not been tested on animals, and is governed in North America by the Coalition for Consumer Information on Cosmetics, made up of several animal rights organizations.

There are also "official marks" on the register which serve a certification function. For example, the EcoLogo Program and associated Application No. 903,962 for ECOLOGO, founded by the Canadian government, is described as "North America's largest, most respected environmental standard and certification mark." A broad range of consumer products are certified under the EcoLogo Program, including personal care products, and standards for new categories of products are developed each year.

In a world which needs to take heed of its environmental responsibilities, certification marks and other trade-marks play a valuable role, and companies should consider the different options for registration which may be available to them. Whether you are a manufacturer or service provider seeking to give assurance that your products or services comply with certain environmental standards, or whether you are an organization who sets and monitors the use of environmental standards, you may wish to consider the role of certification marks and other trade-marks as part of your branding strategies.

Equally important, however, before planning or designing your mark, is consulting advertising legal counsel to ensure that your mark would not offend the extensive guidelines that exist in Canada (and elsewhere) on the use of environmental claims, seals and logos. Some representations have come under fire for suggesting vague and general environmental benefits when regulators are pressing for specific and limited information in any environmental-related visual or claim. Some symbols are seen as implying further reaching environmental friendliness than the symbol may in fact stand for and the goods may in fact possess. This has also been addressed most pointedly by the Federal Trade Commission in its proposed revised Green Guides. For more guidance from this perspective, Heenan Blaikie has produced several *Green* Marketing & Advertising Law Updates, the latest in 2010, that include articles on new "green claim" rules and discuss cases where marketers ran afoul. For copies of these updates, please contact Wendy Reed, Co-Chair of our Marketing & Advertising Law Group, at wreed@heenan.ca or 416 360-3542.

yourbusiness.green

By Andrea Safer

The Internet Corporation for Assigned Names and Numbers (ICANN) is a not-for-profit corporation that is responsible for coordinating the Internet's unique identifiers, including domain names and suffixes like .com that appear at the end of Internet addresses. In June 2008, ICANN adopted a policy to introduce new generic top-level domains ("gTLDs") to the existing list of twenty two.[1]

Any established public or private organization in the world will be able to apply to form and operate a new gTLD registry. The application period has not yet been opened but it is expected to be announced soon and to last for three months.

ICANN has established a set of technical rules that will apply to all proposed new gTLD registries, and applicants will have to go through a multi-stage evaluation process. Applicants will also have to submit a $185,000 evaluation fee.

A company called DotGreen Registry Corporation ("DotGreen") is currently trying to raise money from interested parties around the world to prepare and submit an application for a .green gTLD. DotGreen is hoping that the .green domain, if registered, will be internationally recognized as a socially responsible brand used by companies, products and individuals. They hope that .green domain names will be used as a means for spreading green awareness and support and will help citizens and businesses find their paths to sustainability.

The hope is that .green domain names will be used as a means for spreading green awareness and support and will help citizens and businesses find their paths to sustainability.

How Green Will a Business Need to Be to be ".green"?

Once an applicant is successful in obtaining a new gTLD, it will be up to the successful applicants to set their own business model and policy for how they will use their gTLD and who they will allow to register a domain name. It is yet to be seen whether DotGreen will be successful with its application and, if they are, what range of environmental attributes a business will need to show to earn the .green stamp of approval. Setting credible standards on that front will be a daunting task in light of "greenwashing" by businesses claiming to be greener than they are, the consumer skepticism that has arisen as a result and the full life cycle approach and qualifying information that is now required for "green claims."

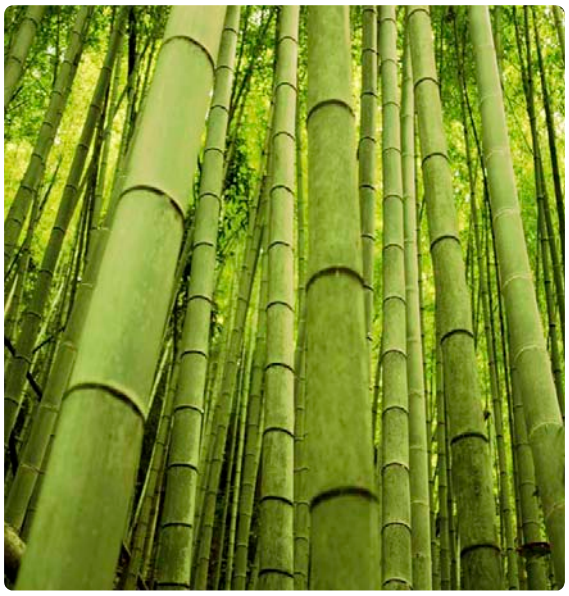
1. The existing list includes .com, .net, .org, .biz, .info, .asia, .mobi, .jobs, .travel and 13 others

Bamboo – Spinning Its Way Into Clothing

By Lilly Sormaz

Essentially unknown in the fashion industry a decade ago, bamboo is now bamboozling the clothing industry. It is something that conventional fashion designers and eco-fashion designers have in common, given that bamboo is touted as an eco-friendly fabric. Clothing from bamboo is soft, comparable to silk and cashmere, and is increasing in popularity.

Bamboo's growth characteristics make it a valuable and sustainable resource. Bamboo is primarily grown in China. It is considered the fastest growing plant in the world - it can rise several feet in 24 hours! Bamboo can be harvested in 3-4 years. It grows quickly, improves the soil, stops erosion, and can be grown without fertilizers or pesticides. Bamboo has natural antibacterial and antifungal qualities that help it fight off disease and insects. These properties derive from a naturally occurring substance in bamboo, called "kun." Only certain varieties of bamboo are suitable for making clothing.



An Ancient Story; a Modern Revival

The history of bamboo use in general dates back thousands of years (for example, paper) but bamboo fabric is a more modern invention. In the U.S., patents related to bamboo go back to the late 1800s. For example, U.S. patent no. 41627 (granted in 1864) relates to a process for disintegrating the fibre of bamboo. This enables it to be used in manufacturing cords, cloths, mats or paper pulp. U.S. patent no. 87295 (granted in 1869) relates to improvements in preparing fibre from bamboo. In 1881, a U.S. patent was granted for mixing bamboo fibre and wool to spin into yarn. Despite these early inventions, a commercial need for bamboo was not popularized until recently.

Bamboo as a fabric is credited to Beijing University, which developed a process for its manufacture in 2001. This process, using solvents to remove bamboo glues and bleaching chemicals to dye it white, created commercially available bamboo fabric and a market for it in many countries. Since then, improvements have been made to the technique, and new techniques have developed, leading to patented processes. These techniques have enabled commercial production generating consumer interest in bamboo-derived clothing. One such technology for converting bamboo into yarn is patented in U.S. patent no. 7313906 (filed in 2003 and granted in 2008). It relates to a yarn comprising natural bamboo fibre and a method for producing it.

True Bamboo Textiles vs. Rayon Pretenders – and the Canadian Competition Bureau's Big Crackdown

The bamboo plant can be processed into fabric in two ways: mechanically and chemically. The mechanical method involves crushing the woody parts of the bamboo plant and allowing its natural enzymes to break the bamboo walls down. It is similar to the manufacturing process used to produce linen fabric from

flax or hemp. Bamboo fabric made using the mechanical process is sometimes called bamboo linen, however, little of it is manufactured for clothing as it is costly and laborious.

In contrast, most of the bamboo fabric on the market is chemically manufactured by treating the bamboo leaves and woody shoots with strong chemical solvents such as sodium hydroxide (also known as caustic soda or lye) and carbon disulfide in a process known as hydrolysis alkalization and multi-phase bleaching (hence, considered by some as environmentally unfriendly). Other processes for chemically processing bamboo fibre exist. The chemical method results in a regenerated cellulose fibre, which is similar to rayon or viscose. Chemically manufactured bamboo is sometimes called bamboo rayon because of the similarities in its manufacturing method.

The "bamboo" product may not be actual bamboo and characterizing it as such may be inaccurate, such that a false, misleading or deceptive representation is being made.

How do these different manufacturing methods impact the ultimate product - apparel for the consumer? The "bamboo" product may not be actual bamboo and characterizing it as such may be inaccurate, such that a false or misleading representation is being made.

With a chemical process, the natural bamboo fibre is chemically modified such that it is changed into another compound, for example, rayon or viscose (derived from bamboo). Hence, it is no longer true bamboo. The Canadian Competition Bureau has weighed in on this situation, emphasizing that under Canada's *Textile Labelling Act* and the regulations thereunder, "bamboo" textiles can only be identified as such if the bamboo fibre has been mechanically processed from natural bamboo fibre. Thus, chemically produced "bamboo" textiles, ultimately resulting in rayon or viscose, cannot be termed "bamboo" because they are man-made fibres. Rather, they must be identified as "rayon," "viscose," "rayon from bamboo" or "viscose from bamboo." Nor should they be represented as offering the antibacterial or other characteristics of bamboo that do not apply to the resultant rayon/viscose textiles. In 2010, the Canadian Competition Bureau reported that as a result of its sweep of websites and merchants offering "bamboo" clothing, 450,000 textile articles had been relabelled to avoid further action. Similar action was taken in the U.S. by the Federal Trade Commission under the applicable U.S. laws. For consumers, there will now be further clarification in knowing what is being purchased. And, for those particularly fashion- or eco-conscious consumers, they now know whether their "bamboo" purchase is truly bamboo, or whether it is rayon or viscose!

Proprietary Protection for Green Technology – Going Beyond Patents

By Charlene Lipchen

Consumer demand for products that are both effective and more environmentally friendly inspires companies to develop such products as they strive to meet this growing demand, in turn driving green innovation in the marketplace. Innovators who develop such products will want to prevent others from taking their innovations and introducing rival products. Obtaining a patent for the innovation is often the most obvious route for doing so.

Obtaining a patent, however, is not always possible, where an innovative product fails to meet the strict legal patentability requirements of novelty and non-obviousness. And for those products which are patentable, the innovator lacks the ability to prevent others from introducing products to the market that incorporate the innovative technology until the patent has issued - typically taking a number of years. Recently, in recognition of the importance of assisting innovators to quickly bring green technology to the Canadian marketplace, the Canadian Intellectual Property Office (CIPO) has introduced new rules to expedite patent applications related to green technologies, which rules came into effect in March 2011 (see more detailed article on fast-tracked green patent applications above). Although these new rules will assist the innovator with obtaining the patent more quickly, the process may still be expected to take a number of years to complete.

As such, innovators should be aware of other potential routes for protecting their innovations from copycat competitors. For example, some businesses may choose to protect their product by maintaining the innovation as a trade secret; a famous example is the Coca-Cola company's successful efforts to keep the exact formula for the Coke beverage a secret for several decades. However, a disadvantage to relying on trade secret protection is that the protection is only effective for as long as the information remains a secret. As soon as the information is made public, the innovator loses its competitive advantage in the market, but often lacks the ability to recover the full extent of the damages suffered from the person who broke the confidentiality agreement. Why? It can be extremely difficult to prove the full extent of one's economic loss and the person responsible for making the secret public may not have the resources to pay for the damage caused. Also, choosing to protect an innovation as a trade secret necessarily precludes the innovator from also applying for a patent, because a patent application involves public disclosure of the innovation. Nevertheless, a trade secret can be an effective method of protection, so long as the secret is maintained.

> Consumer demand for products that are both effective and environmentally friendly inspires companies to develop such products...

Alternatively, where the new product depends on a resource with limited supply, another protection mechanism may be to secure an exclusive supply contract for that resource. An excellent example of this concept successfully put into practice is the EcoTraction™ product, created by Canadian entrepreneurs Mark Watson and Marc Appleby of Earth Innovations Inc. EcoTraction™, which was featured on the CBC show *Dragons' Den* in the fall of 2008, is an ice melter product that is both effective and safe for the environment. This product is manufactured from a hydrothermal volcanic mineral, and has the advantage of actually improving soil quality because of the zeolitic nature of the substance that increases the water and

nutrient retention properties of soil, providing great environmental advantages over traditional road salt which is corrosive and toxic to both plants and animals. (As an additional benefit, consider the terrible impact of salt on your shoes – surely, most of us have had to trudge through salty slush in high heels or leather dress shoes at some point!)

> ...where the new product depends on a resource with limited supply, another protection mechanism available to the innovator may be to secure an exclusive supply contract for that resource.

Earth Innovations Inc. filed a patent application in Canada (application no. 2,523,758) for this product in 2005. As the entrepreneurs revealed on *Dragons' Den*, Earth Innovations Inc. has secured confidential and exclusive supply contracts in North America for the mineral resource used to manufacture the product, effectively precluding competitors from offering this exact product in the North American market. Of course, competitors may come up with an alternative solution, such as discovering a similar mineral that offers the same advantages, or developing a process for artificially creating a similar substance. However, should Earth Innovations Inc. eventually obtain a patent, the patent may assist in preventing such alternative products from coming to market, or provide an additional revenue stream to the Earth Innovations Inc. by licensing the patent to competitors.

It goes without saying that the availability of these different modes of protection for innovative products will vary depending on the specific product in question, but innovators should be aware that patent protection may be only a part of the overall strategy for strengthening your competitive advantage in the marketplace.

Refashioning Fashions: Another Greening Solution

By Reneé Abraham, Andréa Rinaldi and Andrea Rush

Fashion is fickle – as supermodel Heidi Klum aptly states, "In fashion, one day you're in, and the next day, you're out." Trends pop up out of nowhere and then disappear almost as quickly. Once the season is over, trendsetters are often left with a pile of clothing that is no longer in style. My grandfather still wears his bell bottom jeans from the 1970s and for a while at the beginning of the new millennium, he was right on trend again. However, not everyone has the confidence to stick to an outdated style for so long that it comes back into fashion. What then, can be done with the "old" when fashion has moved on to the next new thing? Luckily, there are alternatives to just tossing it into the trash.

With a little creativity, apparel can be altered drastically to produce fashionable new pieces. An innovative mind can successfully redesign a shirt to become a skirt, turn pants into a dress, and even repurpose clothing to create bags. There is no limit when creativity steps up to the plate.

Do-It-Yourself (DIY) repurposing projects have gained popularity in fashion circles due to the inherent benefits. Repurposing reduces waste output, saves money, and ensures that no one else will own an identical piece of clothing, as these are truly one of a kind.

Professional designers are constantly repurposing ideas when it comes to new fashion. Along with every new clothing line, designers cite a source of inspiration, often based on past trends, which they present with a modern twist. The New York Times wrote a piece about the Teva sandal being "remade" by designers Lanvin and Bottega Veneta.[1] The original Teva is not generally worn for its aesthetic, as its main function is comfort and durability, but designers took the basic concept of the shoe and reworked it to create fashion.

Repurposing and Potential Legal Pickles

Before deciding to dive into a repurposing project, however, there are important legal considerations from the *Copyright Act* (Canada) to take into account.

Do-It-Yourself (DIY) repurposing projects have gained popularity in fashion circles due to the inherent benefits.

The Supreme Court of Canada has stated that where there is no new production (or reproduction) of a work, then no economic loss results to the originator.[2] As a result, individuals and businesses can repurpose items without being concerned with economic liability. Caution, however, should be given to "moral rights", which are an extension of the author's personality as it relates to the integrity of the work. The integrity of the work is infringed where the work is modified to the prejudice of the honour or reputation of the author.[3]

In *Snow v. The Eaton Centre Ltd. et al*.[4] the Ontario High Court of Justice held that the words "prejudicial to [the author's] honour and reputation," as contained in

section 28.2(1) of the *Copyright Act*, involve a subjective element or judgment on the part of the author, so long as it is reasonably arrived at. In other words, the author's concern for the integrity of the work must be reasonable. In this case, the court weighed the author's opinion along with the opinion of other artists who were knowledgeable in this field to find that concern for the author's reputation was reasonable.

The facts in this case involved well-known artist Michael Snow's "flight stop" sculpture at Toronto's Eaton Centre. Snow submitted an application for an injunction when ribbons were added to the 60 geese which comprise the sculpture. The Court held that the addition of ribbons prejudiced the author's honour and reputation, and amounted to a moral rights infringement.

While distinguishable on its facts from fashion repurposing, the *Snow v. Eaton* case demonstrates the importance of considering an author's moral rights. While a strong distinction could be drawn between commercial and private use, the *Copyright Act* does not expressly contemplate such considerations.

From a policy perspective, repurposing offers benefits that make it a winner other than simply waste reduction: as a result of the attention some designers are generating in the fashion industry, local efforts are beginning to take shape. Small businesses focused on repurposing are starting to emerge in cities such as Toronto, where there is a close connection to fashion in Canada. This activity serves both suppliers and consumers, who can continue expressing their creativity confidently within an arguably permissive legal environment.

1. Pask, Bruce. "Flip-Flopping." 7 March 2011: 38.
2. Théberge v. Galerie d'Art du Petit Champlain inc., [2002] 2 S.C.R. 336.
3. *Copyright Act,* R.S.C. 1985, c. C-42, S.28.2
4. (1982), 70 C.P.R. (2d) 105.

Red Hot Shoes – Again

By Lilly Sormaz

Repurposing products can be endless. In your mission to be more environmentally conscious, you may decide to repurpose old shoes. The options are endless – you may repurpose them by painting on a new colour, replacing the heel, embellishing the design, or painting the soles red in the fashion of Christian Louboutin's coveted luxury shoes! Be cautioned though, painting on red soles may have trade-mark implications, particularly in the event that the shoes are repurposed on a commercial level.

Louboutin's Red Sole Trade-mark

Christian Louboutin, based in Paris, is the designer of high-end red-soled women's shoes. He introduced red soles in 1992 after painting red nail polish on the black soles of a pair of shoes to give them an edge. Since then, lacquered red soles have become synonymous with Louboutin's shoes. In fact, Louboutin has trade-marked these red soles. In 2008, Louboutin was awarded a U.S. trade-mark registration for a lacquered red sole (registration no. 3361597) on the basis that the red sole mark had acquired distinctiveness. In Canada, the corresponding trade-mark application (no. 1469797) for red soles of Pantone 181663TP was filed in 2010 and is pending, as it is in the European Union (no. 008845539).

Recently, Louboutin filed for an injunction and $1 million in damages for trade-mark infringement against YSL in a federal Manhattan court (case no. 11-cv-02381, still pending) after YSL released red shoes with red soles. Louboutin alleges that YSL's use of a red sole on their infringing footwear threatens to mislead the public, and impairs Louboutin's ability to control its reputation. Clearly, red sole shoes have caused a burst of excitement in the high-end fashion world. But what does it mean, from a trade-mark perspective, for those who might want to repurpose their shoes by painting on a red sole?

How Do You Avoid Infringing Others' Marks?

A trade-mark is a "mark" that serves to distinguish goods or services in the marketplace from those of others. A key concept is whether the consumer, relying upon the mark, can identify the goods and services of a particular trade-mark owner, from those of third parties. In Canada, the law is that a mark must generally distinguish the source. Similar or identical marks for similar or identical goods or services from different sources can cause confusion. In such situations, owners may seek to protect their trade-mark rights in various ways, including lawsuits for trade-mark infringement, passing off or depreciation of goodwill. The particular recourse available depends on whether the mark is registered (under *The Trade-marks Act*) or unregistered. Unregistered marks can only lead to an action for passing off.

In considering the repurposed shoe and Louboutin's red sole mark, various considerations arise. Is the red colour the same pantone? Is it a lacquer finish? Is it applied to the entire sole? Is it applied to running shoes, casual shoes, or luxury shoes? How many shoes are being repurposed? For what purpose? Are they being sold on the market? If so, which market? The trade-mark analysis is fact specific. Clearly, much depends on the nature of the repurposed goods and the purpose to which the repurposed goods will be put! When in doubt, seek the assistance of legal counsel.

Graphic taken from European Union trade-mark application no. 008845539

And now, a different take on "green technology"...

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