

INDUSTRIAL DESIGN REGIME IN CANADA

Posted on November 20, 2023

Categories: [Insights](#), [Publications](#)

Entrepreneurs and proprietors wishing to protect their intellectual property rights are likely familiar with the patent, copyright and trademark regimes, which are designed to protect inventions, expressions of ideas and source identifiers respectively. However, a fourth category of intellectual property protection also exists: protection for industrial designs.

The *Industrial Design Act*^[1] (the “**IDA**”) is the overarching legislation governing industrial design protection in Canada. The terms “[I]ndustrial design” and “design” are interchangeably defined in the IDA as meaning the “features of shape, configuration, pattern or ornament and any combination of those features that, in a finished article, appeal to and are judged solely by the eye”. Further, the term “article” is defined under the IDA to mean “any thing that is made by hand, tool or machine”. As such, the focus of the IDA is on the aesthetic features of products.

In general, a design is registrable if: (a) an application is filed; (b) the design is “novel”; (c) the design was created by the applicant or the applicant’s predecessor in title; (d) the design does not consist only of features that are dictated solely by a utilitarian function of the finished article; and (e) the design is not contrary to public morality or order.^[2]

Upon successful registration of an industrial design, the term limited for the duration of the proprietor’s exclusive right to the design ends on the later of 10 years after the date of registration of the design and the end of 15 years after the filing date of the application.^[3] Such proprietor, or exclusive licensee thereof, would have the exclusive right to bring an action for infringement in any court of competent jurisdiction.^[4]

The Test for Infringement

In Canada, infringement of an industrial design is determined by a four-step legal test. First articulated in *Bodum USA Inc c Trudeau Corp. (1889) Inc.*^[5] (“**Bodum**”), and recently affirmed in the 2022 Federal Court decision of *Crocs Canada, Inc. v Double Diamond Distribution Ltd*^[6] (“**Crocs**”), the test comprises the following steps:

1. examine the prior art and the extent to which the registered design differs from any previously published design;

2. assess the design for any utilitarian function, or any method or principle of manufacture or construction;
3. examine the design itself to determine the scope of protection based on the figures and accompanying description in the registration; and
4. conduct a comparative analysis of the registered design and alleged infringing article, taking the first three factors into account.

Step 1: Examining the Prior Art

In the context of industrial designs, the term “prior art” refers to designs that have come into existence before the design in question. To be registrable, the industrial design in question must be substantially different from the prior art.^[7] The closer in appearance prior art is to a design, the narrower the protection that will be given to such design, and the farther apart the prior art is to such design, the broader the protection afforded to such design.^[8] This is particularly relevant as industrial design infringement claims may be met with counter-claims that seek to invalidate the registered industrial design at issue on the basis of the prior art.

Step 2: Assessing for Utilitarian Function

A design is registrable if the design “does not consist only of features that are dictated solely by a utilitarian function of the finished article”.^[9] In other words, the design must possess a distinct aesthetic or visual element in order to warrant protection. As noted by the Court in *Bodum* an industrial design does not confer upon its proprietor a monopoly over functional elements of an article.^[10] That is, if a feature of a particular design only exists for a functional or utilitarian use, then it will not receive protection under the IDA.^[11] This requirement reflects the fundamental difference between the industrial design regime, which protects aesthetic features of products, and the patent regime, which protects the functionality of products.^[12]

Step 3: Determining Scope of Protection

The scope of protection conferred upon a registered design is critical in an infringement analysis. For example, if the registration refers to the entirety of the product as opposed to just a component of the product (e.g., an entire motorcycle helmet versus the shape of the visor of a motorcycle helmet), then an allegedly infringing good must be very similar to the entire registered article in order for there to be a finding of infringement. On the other hand, if a proprietor of the registered design protects just a single feature of a design, then the associated registration must clearly limit the scope of protection to that particular feature.^[13] As such, when applying to register an industrial design, it is very important to carefully define the scope of the application.

Step 4: Conducting a Comparative Analysis

The final step is to conduct a comparison of the designs in question while taking the first three factors into account. Canadian courts will make this comparison through the perspective of the “informed consumer”, and

an “informed consumer” is a consumer who is, at least, familiar with the market field in which the product is situated.^[14] The allegedly infringing product must differ substantially from the registered design, from the perspective of the informed consumer, to avoid a finding of infringement.

The Crocs Decision

In *Crocs*, the Federal Court of Canada confirmed that industrial design registrations remain a viable way to protect product designs from copycat substitutions. In that case, the Court ruled in favour of Crocs and found that the defendant had infringed Crocs’ registered design. The Court awarded Crocs an accounting of the Defendant’s profits in the amount of \$649,779.17, together with pre-judgment interest in the amount of \$44,321.69 and post-judgment interest at an annual rate of 5%.^[15]

On February 8, 2023, the Federal Court of Canada released a follow up decision to *Crocs* regarding the quantum of costs.^[16] The plaintiffs sought \$106,299.13 in disbursements and \$158,373 of lump sum costs (30% of asserted total recoverable fees).^[17] After hearing submissions and examining the submitted evidence, and with a goal of “striking the balance between compensating the successful party and not burdening the unsuccessful party unduly”,^[18] the Court awarded a slight reduction of lump sum costs at an amount equal to 25% of reasonable expenses as well as a reduction in the disbursements by \$5,415.54, for an aggregate cost award of \$232,861.15.^[19]

Factors in the decision included the defendant’s conduct throughout the course of the litigation, the reasonableness of incurred legal fees, and the reasonableness (or unreasonableness) of certain disbursements.^[20]

Conclusion

The industrial design regime can provide entrepreneurs and proprietors a competitive edge in their markets. As Canadian case law has shown, monetary remedies of accounting for profits and damages are available in industrial design infringement cases, and the quantum of such monetary remedies can be high depending on the extent of infringement. Protect your intellectual property and be vigilant of potential infringers.

[1] *Industrial Design Act*, RSC 1985, c. 1-9.

[2] IDA, s. 7.

[3] IDA, s. 10(b).

[4] IDA, s.15(1).

[5] *Bodum USA Inc c Trudeau Corp. (1889) Inc.*, 2012 FC 1128.

[6] *Crocs Canada, Inc. v Double Diamond Distribution Ltd*, 2022 FC 1443.

[7] *Bodum* at para 96.

[8] *Crocs* at para 105.

[9] IDA, s. 7(d).

[10] *Bodum* at para 46.

[11] *Zero Spill Systems (Int'l) Inc. v Heide*, 2015 FCA 115 at paras. 22-23.

[12] *Bodum* at para 46.

[13] *AFX Licensing Corp. v HJC America, Inc.*, 2016 FC 435 at para 58.

[14] *Crocs* at paras 109 and 112.

[15] *Crocs* at para 48.

[16] *Crocs Canada, Inc. v Double Diamond Distribution Ltd*, 2023 FC 184 (“*Crocs 2*”).

[17] *Crocs 2* at para 3.

[18] *Crocs 2* at para 12.

[19] *Crocs 2* at para 31.

[20] The incurred expert fees were deemed reasonable, but overhead fees were deemed unreasonable given that the parties consented to electronic service.

By: [Navaneeth Ravichandran](#), [Anika Klassen](#), and [Pablo Tseng](#)

A Cautionary Note

The foregoing provides only an overview and does not constitute legal advice. Readers are cautioned against making any decisions based on this material alone. Rather, specific legal advice should be obtained.

© McMillan LLP 2023