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TECHNOLOGY CONTRACTING

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Publisher's Special Release Note 2021

The pages in this work were reissued in December 2021 and updated to reflect that date in the release line. Please note that we did not review the content on every page of this work in the December 2021 release. We will continue to review and update the content according to the work's publication schedule. This will ensure that subscribers are reading commentary that incorporates developments in the law as soon as possible after they have happened or as the author deems them significant.

Changes to chapter and heading numbering may have occurred. Please refer to the Correlation Table in the front matter if you wish to confirm references.

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This publication provides comprehensive, invaluable information relating to transactions and agreements that technology-oriented companies enter into throughout their life cycle. Each chapter includes a discussion on the law that is relevant to negotiating and drafting particular types of agreements, and practical suggestions for drafting and negotiating clauses and provisions within the agreements. The publication includes key contracts and transactions that are of interest to technology-oriented companies.

This release features updates to the Remedies Table—Misuse of Confidential Information in Chapter 1. Confidentiality and Non-Disclosure Agreements. This release features updates to the appendices in Chapter 12. Dispute Avoidance and Resolution including updates to the Quantum Table—Copyright Infringement, updates to the Quantum Table—Remedies for Patent Infringement, and updates to the Quantum Table—Trademark Infringement and Passing Off. This release also features updates to the appendices in Chapter 13. (E-Commerce and Internet Agreements) including updates to the Administrative Monetary Penalties and Monetary Penalties Pursuant to Undertaking under *Act to Promote the Efficiency and Adaptability of the Canadian Economy by Regulating Certain Activities that Discourage Reliance on Electronic Means of Carrying Out Commercial Activities* (CASL), and updates to the Sentencing and Resolutions Table—Offences under *Competition Act*.

Highlights

- **Quantum Table—Copyright Infringement—Statutory Damages—** The appellants relied on the decision of the Ontario Superior Court in *Trader* for their submission that there must be a link between statutory damages and the damages suffered by the copyright owner as a result of the infringement of the copyright. Justice Webb explained that it should first be noted that the Ontario Superior Court did not use mandatory language as suggested by the appellants. The Court did not say that “a plaintiff is only entitled to damages to the extent of the harm/loss” or that “the ‘metric’ must match the loss”. The Court did state that statutory damages are intended to compensate a party for its losses and to deter future infringement and that there should be some correlation or proportionality between actual damages and statutory damages. However, in *Trader*, despite *Trader* not suffering any monetary damages and not having any loss of business as a result of the infringement, *Trader* was still awarded \$305,064 in statutory damages. Justice Webb explained that not only does *Trader* not support the appellants’ proposition that statutory damages must be linked to the actual damages suffered by the copyright owner as a result of the infringement of the copyright, it actually supports the proposition that statutory damages can be awarded even if no monetary damages are suffered and no business is lost. Justice Webb concluded that the appellants had not established that the Federal Court Judge made any error in reducing the statutory damages from \$500 per photograph to \$250 per photograph, and not to a lesser amount: *2424508 Ontario Ltd. v. Rallysport Direct LLC*, 2022 CarswellNat 252, 2022 FCA 24 (F.C.A.).
- **Quantum Table—Trade-Mark Infringement and Passing Off—Nominal Damages for Infringement—** The Applicant did not file any

evidence of actual monetary loss. Therefore, it sought “nominal” damages of \$15,000. The Respondent submitted that any “nominal” damages should not exceed \$6,000, relying on the Court’s decision in *Aquasmart Technologies Inc. v Klassen*, 2011 FC 212 wherein the Court observed that “past decisions of the court have defined a scale that sets appropriate plaintiffs’ damages, in 1997 dollars, at \$3,000 in the case of street vendors and flea market operators, \$6,000 in the case of sales from fixed retail premises, and \$24,000 in the case of manufacturers and distributors.” In support of its request for nominal damages of \$15,000, the Applicant relied on other jurisprudence in which the Court awarded nominal damages ranging from \$10,000— \$25,000 in non-*Anton Pillar* contexts. In the Chief Justice’s view, the line of jurisprudence relied on by the Applicant was more relevant and applicable. The Court agreed that an award of \$15,000 would be appropriate to achieve the compensatory and deterrence objectives of a nominal damages award, particularly given the following facts: a) The Respondent was advised of the Applicant’s rights in its registered SASSAFRAZ trademark contemporaneously with the launch of the Respondent’s restaurant. b) At that time, the Respondent was also requested to agree to immediately cease and desist using the mark SASSAFRAS in association with its restaurant. c) The Respondent continued to operate that restaurant in association with the SASSAFRAS Marks since that time, except when prevented from doing so by provincial health measures related to the COVID-19 pandemic. d) The Respondent expanded its operations to include its “gourmet marketplace” called BEAMSVILLE MARKET BY SASSAFRAS: 196278 *Ontario Inc. (Sassafraz) v. 815470 Ontario Ltd. (Sassafraz Coastal Kitchen & Bar)*, 2022 FC 116 (F.C.).

- **Sentencing and Resolutions Tables—False or Misleading Representations**— Certain of the Respondent’s recycling-related representations related to the recyclability of K-Cup pods. The Recyclable representations created the general impression that K-Cup pods are recyclable in each location where those representations are being made to the public. In Canada, municipalities generally have jurisdiction over recycling programs, and such programs vary between municipalities. Municipalities may change their policies from time to time regarding the types of materials and products that they will accept for recycling. Notwithstanding that K-Cup pods are made of polypropylene, they are not currently widely accepted for recycling in municipal residential recycling programs outside of the provinces of British Columbia and Quebec. The Respondent’s Recyclable Representations were false or misleading in a material respect in locations where the K-Cup pods were not in fact recyclable in municipal recycling programs. The Respondent shall pay an administrative monetary penalty in the amount of \$3,000,000. Within 12 months of the Execution Date the Respondent shall pay \$800,000 to a Canadian charitable organization focused on environmental causes, to be approved by the Commissioner. The Respondent shall pay \$85,000 for costs incurred by the Commissioner during the course of his investigation into this matter. The Respondent advised the Commissioner that revisions to the Representations will require new packaging for millions of Products, affecting both the Respondent’s products as well as those made available by the Respondent’s partners. The Commissioner was aware that certain recycling programs

in Canada are evolving, which may positively impact the recyclability of K-Cup pods in various municipalities in the near term. The Respondent advised the Commissioner that the Respondent has taken, and continues to take steps to encourage more municipalities in Canada to accept its K-Cup pods for recycling in their recycling programs. The Commissioner acknowledged that the Respondent cooperated fully with the Commissioner's inquiry: *The Commissioner of Competition v. Keurig Canada Inc.*, (January 6, 2022) File No. CT-2022-001 (Comp. Trib. Registered Consent Agreement).

ProView Developments

Your ProView edition of this product now has a new, modified layout:

- The opening page is now the title page of the book as you would see in the print work
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