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TECHNOLOGY CONTRACTING

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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 Appendix 1E (Remedies Table—Misuse of Confidential Information), Appendix 6H (Summary of Procedure for the resolution of disputes under the CIRA Domain Name Dispute Resolution Policy), Appendix 12F (Quantum Table—Trade-Mark Infringement and Passing Off) and Appendix 13T (Sentencing and Resolutions Table—Offences under the Competition Act).

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Highlights

- **Appendix 1E. Remedies Table—Misuse of Confidential Information—III. Accounting—1E:13.30. 7868073 Canada Ltd. v. 1841978 Ontario Inc. and Sugar v. Vacuum Metallizing Limited—**The defendant L represented himself as a powder-coating substrates expert. On being fired from his position at a former employer, L started two powder-coating business ventures with different partners and transferred the business of the second venture to the third venture. Prior to being fired by his former employer, L persuaded two friends to join him in the first powder-coating business venture. Together they formed, and through their respective holding companies, held equal shares in the plaintiff company 786 Ltd., which was a licensee under the 2011 license agreement. In turn, 786 Ltd. owned shares in two other companies (collectively “ACS”). Under the licence agreement, L granted an exclusive license in perpetuity to certain licensed rights including his industry knowledge to 786 Ltd. ACS failed. In 2012, L formed a second venture with defendants JS and GS; operating a joint venture through PCS Inc.. In the ACS action, L was alleged to have breached the license agreement and fiduciary duties. In the GS action, GS alleged that L secretly misappropriated PCS Inc.’s powder-coating business. The trial judge assessed the profits to be disgorged by specified defendants in the ACS action at \$2,501,986. In the ACS action, the trial judge declined to find that the license agreement was invalid or unenforceable and found that L breached the fiduciary duties owed to ACS plaintiffs. The GS action was dismissed as moot. GS, L, and associated entities appealed ACS judgment on various bases. GS appealed the dismissal of the GS action. The ACS plaintiffs sought leave to cross-appeal the costs award. The appeals of the ACS judgment were dismissed and the leave to appeal costs was dismissed. The trial judge did not err in finding that L owed the ACS plaintiffs a fiduciary duty after leaving ACS. Despite not holding a formalized position as an officer or director of any of ACS companies, L held himself out as president and CEO of ACS, allowing the finding that L was ACS’ de facto president and CEO. L had considerable scope for exercise of discretion, could unilaterally exercise that discretion to affect the interests of ACS plaintiffs, and they were particularly vulnerable to him and the use of his power. The trial judge did not err in finding that L’s fiduciary duties continued after he left ACS, nor did she err in finding that L breached his contractual and fiduciary obligations by misappropriating the corporate opportunities of ACS. *7868073 Canada Ltd. v. 1841978 Ontario Inc.*, 2024 CarswellOnt 7127, 2024 ONCA 371, 2024 A.C.W.S. 2277, 51 B.L.R. (6th) 203, 93 E.T.R. (4th) 15.
- **Appendix 6H. Summary of Procedure for the resolution of disputes under the CIRA Domain Name Dispute Resolution Policy—6H:14. Trade Secrets—Case Law: Complainant Had Rights—**The Complainant was a United States company engaged internationally in the industry of designing, distributing and licensing collections of contemporary apparel and accessories for men, women and children. The Complainant’s GUESS brand was protected worldwide by an extensive portfolio of trademark registrations. Its Canadian portfolio

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comprised various Canadian trademark registrations that included the trademark GUESS for fashion and related retail services. On April 25, 2022, the Registrant registered the disputed domain name which had been used for a website at www.guess-canada.ca. The website was masquerading as that of the Complainant, misappropriating entire images from official Guess websites and presenting them as its own. The Complainant tried to stop the Registrant's conduct and to have the disputed domain name transferred to the Complainant but to no avail. The Complainant had been selling its products in Canada since prior to the registration of the disputed domain name. The Panel concluded that the GUESS trademark was a mark as defined by Paragraph 3.2 of the Policy and that it came within the meaning of "mark" in Paragraph 3.2 (a). The Panel also concluded that the Complainant adopted the GUESS trademark as its trademark in the trade and industry from at least October 12, 1990 when the trademark was registered which was of course well prior to the disputed domain name being registered. The Panel concluded that the GUESS trademark was a mark in which the Complainant continued to have such rights. *Guess? IP Holder L.P. and Aguilar, Re*, 2023 CarswellNat 1059.