

Canada

Bereskin & Parr LLP

Preparing for change

The effects that the amendments to the Trademarks Act in Bill C-31 have on rights holders will be wide ranging, but the expanded definition of ‘trademark’ should prove to be a boon

Major amendments to Canada’s trademark law were passed in 2014 that, on implementation, will broaden the definition of a ‘trademark’ and make it possible to register many presently unregistrable non-traditional marks, including scents, tastes and textures. Simultaneously, new grounds of examination will be introduced that could pose obstacles to the registration of certain types of mark that are presently more easily protectable – including sound marks, the only type of non-traditional mark currently registrable in Canada. While the revised legislation was initially expected to be implemented as early as 2015, present predictions are for implementation to occur in 2018.

In view of these expected amendments, rights holders should consider reviewing their portfolios of unregistered trade dress marks with a view to identifying marks for which registration should be sought, either before or after the entry into force of the amendments, depending on the nature of the marks.

Trademarks Act

Presently, the Trademarks Act provides for the registration of ‘regular’ trademarks (ie, marks comprising words, letters, numerals and designs) and – in certain circumstances – three-dimensional (3D) marks. While not specifically covered by the act, sound marks are also registrable in Canada, pursuant to a 2012 court order and a Trademarks Office practice notice.

Provided that they are not primarily functional, 3D marks are registrable as either regular marks or ‘distinguishing guises’ (ie, consisting of the “shaping of goods or their containers” or “a mode of wrapping or packaging goods”). A distinguishing guise trademark is registrable only if it has been used in Canada so as to have become

distinctive at the date of filing. Evidence of acquired distinctiveness must be filed with the Trademarks Office, which may restrict the registration to the defined territorial area in Canada in which the distinguishing guise has become distinctive.

Although colour alone cannot presently be registered, colour as applied to a particular shape can. Special rules apply to the drawings and descriptions that must be included in applications for such marks; however, these applications are prosecuted as regular design marks and not as distinguishing guises. If protection is sought for both the colour and the shape, the application will be considered to be for a 3D mark and will in most cases be defined as a distinguishing guise.

In 2012 the Trademarks Office announced that applications for the registration of trademarks consisting of sounds would be accepted. This reversed a longstanding policy and followed from an order of the Federal Court dealing with the registration of MGM’s ROARING LION sound mark. The office requires an application for the registration of a sound mark to:

- state that it is for the registration of a sound mark; and
- contain:
 - a drawing that graphically represents the sound;
 - a description of the sound; and
 - an electronic recording of the sound in a prescribed format.

A sound mark that is considered to be functional, clearly descriptive or deceptively misdescriptive will be objected to under Section 12(1)(b) of the Trademarks Act. However, the objection can be overcome by filing evidence showing that the sound mark has acquired distinctiveness, as is done with distinguishing guises.

Common law protection

In Canada, common law trademark rights can be established through the use or advertising of a trademark. Accordingly, it may be possible to establish trademark rights in non-traditional marks without a trademark registration. Common law rights are enforced through an action for passing off, which requires the plaintiff to establish the existence of:

- goodwill or reputation in the mark;
- wilful, negligent or careless misrepresentation by the defendant; and
- actual or potential damage to the plaintiff.

Proving all three elements is generally difficult, and it is especially difficult to prove the existence of goodwill in non-traditional marks. Functionality is also a hurdle: unregistered distinguishing guises cannot be protected in a passing-off action if the guise is primarily functional. There are still few decisions involving unregistered non-traditional marks.

Bill C-31

The expected amendments to the Trademarks Act were made by Bill C-31, an omnibus budget bill amending dozens of statutes that passed into law on June 19 2014. These amendments are the most significant changes to Canada’s trademark system in over 60 years and introduce provisions which:

- eliminate use of a trademark as a registration requirement;
- remove the necessity to identify grounds for filing or file a declaration of use;
- expand the definition of a ‘trademark’;
- permit the division of trademark applications;
- adopt the Nice Classification system;
- shorten the registration term from 15 years to 10; and



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- a texture; or
- any other prescribed sign.

Marks of possibly low inherent distinctiveness that are now registrable – including marks consisting of numbers, letters not forming words, punctuation marks, colour and shape combinations and sounds – may be unregistrable under the amended act, unless evidence is filed of distinctiveness in Canada. Rights holders should consider seeking protection in Canada for these types of mark as soon as possible, with a view to having applications allowed before the amended act comes into force.

At present, sound marks are the only non-traditional marks that are registrable in Canada, and securing a registration for these marks will likely become more difficult under the amended act. Applicants for sound marks will be required to file evidence of acquired distinctiveness as a matter of course, and not just where the mark is considered functional, descriptive or misdescriptive. Further, it appears that applicants will be unable to overcome functionality objections with evidence of acquired distinctiveness.

The effects that the amendments to the Trademarks Act in Bill C-31 have on rights holders will be wide ranging and varied, but the expanded definition of ‘trademark’ should prove to be a boon. The difficulties posed by the more restrictive examination practice are likely to be outweighed by the provision of a regime for protecting hitherto unregistrable non-traditional marks. Attention to timing and the strategies outlined above should allow rights holders to maximise the scope of protection for these marks. **WTR**

- introduce new examination and opposition grounds.

The amendments to the Trademarks Act have not yet come into force and the amendments to the Trademarks Regulations have not been completed. Based on predictions from the Trademarks Office, the amendments are unlikely to be implemented before 2018. The change in policy regarding sound marks in 2012 did not result from a change in legislation and regulation; it is therefore possible that the office will take steps to modernise its practice regarding other non-traditional marks even before the amended legislation is implemented.

Among the amendments that are particularly relevant to owners of unregistered non-traditional marks is the expanded definition of ‘trademark’.

Expanded definition

The implementation of Bill C-31 will broaden the scope of what can be protected as a trademark. The definition of the term will be broadened from “marks used to distinguish goods and services” to “signs or combinations of signs used to or proposed to be used to distinguish goods and services”.

At present, a ‘trademark’ is defined as:

- a mark that is used by a person for the purpose of distinguishing goods and services;
- a certification mark;
- a distinguishing guise; or
- a proposed trademark.

The amended act will define a ‘trademark’ as:

- a sign or combination of signs; or
- a certification mark.

However, the term ‘sign’ will further be defined to include: “a word, a personal name, a design, a letter, a numeral, a colour, a figurative element, a three-dimensional shape, a hologram, a moving image, a mode of packaging goods, a sound, a scent, a taste, a texture and the positioning of a sign.”

The present act has been interpreted as prohibiting the registration of marks that cannot be depicted visually (this interpretation has long been a basis on which the Trademarks Office rejected

sound marks). Holograms, moving images, scents, tastes, textures and marks that consist solely of colour are unregistrable.

Following the expanded definition of ‘trademark’, a proliferation of applications for non-traditional marks that have previously been unregistrable is likely. That said, expanded examination for distinctiveness and functionality may pose an obstacle to those wishing to take advantage of this broader definition.

New examination grounds

Under the amended act, a mark will be unregistrable if its features are primarily utilitarian in relation to the goods or services for which it is used or proposed to be used.

The prohibition against utilitarian functionality has long applied to distinguishing guises. The amended act contains no special provisions relating to distinguishing guises. Instead, the doctrine of utilitarian function will apply to all trademarks. This doctrine stipulates that a trademark will be unregistrable if it is primarily functional. Examples of the application of this doctrine in the context of distinguishing guises include the studs on the top surface of LEGO building blocks and a triple-headed rotary electric shaver head assembly, both of which have been held to be primarily functional.

Applicants will also be required to provide the Trademarks Office with evidence that a trademark is distinctive as of the filing date of the registration application. Circumstances in which such evidence will be required include the following:

- The office’s preliminary view is that the trademark is not inherently distinctive;
- The trademark consists exclusively of a single colour or a combination of colours without delineated contours; and
- The trademark consists exclusively or primarily of one or more of the following signs:
 - the 3D shape of any of the goods specified in the application or of an integral part or the packaging of any of those goods;
 - a mode of packaging goods;
 - a sound;
 - a scent;
 - a taste;