



Authors

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1. Legal framework

National law

In Canada, trademarks are governed by several different statutes and regulations, as well as by the common law.

Registered trademarks are governed by the Trademarks Act (RSC 1985, c T-13) and the Trademarks Regulations (SOR/96-195). Certain marks owned by the Canadian Olympic Committee are also governed by the Olympic and Paralympic Marks Act (SC 2007, c 25) and the Olympic and Paralympic Marks Regulations (SOR/2007-294). In addition, certain provisions of the Competition Act (RSC 1985, c C-34), the Criminal Code (RSC 1985, c C-

46) and the Precious Metals Marking Act (RSC 1985, c P-19) can pertain to trademarks.

Finally, unregistered marks, trade names and other business signs can be protected under the common law, while trade names and corporate names are governed by several provincial statutes.

International treaties

Canada is a signatory to the Paris Convention for the Protection of Intellectual Property, which provides for the right of priority on the basis of an application filed in one of the contracting states, and lays down common rules that all contracting states must follow.

Legislation to implement Canada's obligations under the World Trade Organisation Agreement on Trade-Related Aspects of Intellectual Property Rights came into force on January 1 1996. Among other things, the legislation introduced a

comprehensive set of procedures for the protection of geographical indications for wines and spirits.

Canada is not a member state to the Madrid Protocol and therefore the protocol has no application in Canada; nor is Canada a signatory to the Nice Agreement. Canada is facing increased pressure to align with these international agreements; the Canadian Intellectual Property Office (CIPO) last engaged in an open consultation about this issue in 2005.

2. Unregistered trademarks

Canada affords protection to both registered and unregistered trademarks and trade names, and other business signs – including logos, shapes and non-traditional trademarks (eg, colour). The owner of an unregistered trademark, trade name or other sign may not only assert its rights over others (by way of a passing-off action), but also rely on these rights to prevent the registration by others of confusingly similar trademarks in an opposition.

3. Registered trademarks

Formal requirements

The formal requirements for an application are set out in Section 30 of the Trademarks Act. Canada does not use the international classification system, but requires a statement in “ordinary commercial terms” of the specific goods or services. In addition, there is a single filing fee. Applicants must identify at least one specific filing ground.

Scope of protection

Most trademarks and trade names consist of a word or a combination of words, although they can also comprise initials and numerals. A trademark can also consist of a design (or logo), a slogan or the shape of goods or their packaging.

Although Canadian courts have held that colours applied to three-dimensional objects may be trademarks, colour alone cannot be registered.

Until recently, CIPO did not permit registration of sound trademarks, taking the

position that a trademark must be capable of being seen. However, in March 2012 CIPO issued a new practice notice permitting the registration of sound marks in Canada, following an appeal by MGM of the registrar’s refusal to approve its application to register the sound of a roaring lion as a trademark.

According to the practice notice, an application for the registration of a sound mark must:

- state that the application is for the registration of a sound mark;
- contain a drawing that graphically represents the sound;
- contain a description of the sound; and
- contain an electronic recording of the sound.

CIPO has proposed amendments to the Trademarks Regulations that would introduce significant procedural changes, including the registration of non-traditional trademarks such as holograms, motion marks and marks applied in a particular position on a three-dimensional object.

The Trademarks Act sets up a structure for trademark protection based on widely accepted concepts of what functions best as a trademark. The following generally cannot be registered:

- marks that are primarily or merely names or surnames; and
- words that are clearly descriptive or deceptively misdescriptive of the goods or services, their origin or the persons that created them, unless the applicant can show that such marks have acquired distinctiveness as of the application filing date, or alternatively that the marks have been registered in the applicant’s country of origin and the marks are not without distinctive character in Canada, considering the manner in which they have been used and advertised.

In addition, marks that are primarily functional are not registrable.

The Supreme Court has held that the doctrine of functionality applies equally to registered and unregistered trademarks. *Kirkbi AG v Ritvik Holdings Inc* (2005 SCC 65) involved a passing-off case about the famous LEGO brick, copied in all essential features by a

competitor. The evidence showed that the LEGO bricks had acquired the necessary reputation and also proof of some consumer confusion. However, the court concluded that there was no passing off because the LEGO brick design was functional and thus not a valid trademark.

4. Procedures

Examination

The trademark registration process begins with the filing of an application with CIPO (online or by paper). Applicants must identify specific grounds of application and must set out goods or services in ordinary commercial terms. The application is examined on both absolute and relative grounds, following which it will be approved for advertisement as filed; or the examiner may raise various requirements or objections.

Applicants are given an opportunity to respond to such objections and, if appropriate, to amend the application. Once all objections (if any) are addressed to the examiner's satisfaction, the application is approved for advertisement.

CIPO adheres to strict timelines within which to respond to examiners' reports and limits extensions, unless there are exceptional circumstances.

Opposition

Once the examiner is satisfied that all requirements are met or objections overcome, a formal notice of approval is issued and the application is advertised in the *Trademarks Journal*. The application may be opposed within two months of advertisement on both technical and substantive grounds.

If the registrar finds that the statement of opposition does not raise at least one substantial issue, he will reject the opposition. Otherwise, the registrar will forward a copy of the statement of opposition to the applicant, which may raise a challenge to the opposition; if it does not, it must file a counterstatement or have its application deemed to be abandoned.

Trademark oppositions, which are often lengthy and complex, are decided by the Opposition Board, usually on the basis of

evidence filed in the form of affidavits or declarations, as well as written and oral arguments by the parties.

Decisions of the Opposition Board may be appealed to the Federal Court, the Federal Court of Appeal and in limited instances, the Supreme Court.

There are four possible grounds of opposition in Canada:

- non-compliance with Section 30 of the Trademarks Act (pertaining to technical deficiencies in the application);
- non-registrability under Section 12(1);
- non-entitlement, referring to prior use or making known of a confusingly similar trademark or trade name, or to a confusing trademark in a previously filed trademark application; and
- non-distinctiveness.

Challenges based on non-distinctiveness and confusion are often related, since if the applicant's mark is found to be confusing with that of the opponent, it cannot be found to be distinctive of the applicant.

Confusion

The test for confusion is whether, as a matter of first impression in the mind of an average consumer having a vague or imperfect recollection of another mark, the use of both marks in the same area and in the same manner is likely to lead to an inference that the goods or services associated with those marks are produced or marketed by the same company. Consideration is given to all of the surrounding circumstances, including the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known, and the degree of resemblance between the trademarks or trade names in appearance or sound or in the ideas suggested by them.

The weight to be given to each factor will depend on the circumstances. In *Masterpiece Inc v Alavida Lifestyles Inc* (2011 SCC 27) the Supreme Court agreed that resemblance is often likely to have the greatest effect. The other factors become significant only once the marks are found to be identical or very similar. As a result, most confusion analyses should start with the consideration of resemblance. If a determinative conclusion cannot be reached

after evaluating all the evidence, the issue must be decided against the applicant. The test is on a civil balance of probabilities.

Unlike in the United States, Canada has no statutory definition of 'famous' marks. Rights are determined by analysing confusion, passing off or depreciation of goodwill.

Historically, Canadian courts have granted some level of special protection to famous marks against marks with which they might be confused, even where there was a dissimilarity between the parties' goods or services. However, in 2006 the Supreme Court rendered decisions in *Mattel Inc v 3894207 Canada Inc* (2006 SCC 22) and *Veuve Clicquot Ponsardin v Boutiques Cliquot* (2006 SCC 23), which clarified previous case law on the scope of protection to be afforded to famous marks. Following *Mattel* and *Veuve Clicquot*, the courts have been reluctant to recognise the ability of famous marks to transcend the goods and services with which they were associated.

Registration

If there is no opposition, or if an opposition has been decided in the applicant's favour, the application will be allowed and the registrar will consider no further challenges.

Registration of a trademark provides *prima facie* evidence of ownership of the trademark and gives the owner the exclusive right to use the mark in association with the goods and services for which the mark is registered across Canada.

Trademark registrations are valid for 15 years, renewable for further 15-year periods on payment of a renewal fee. Evidence of use is not required to renew a trademark registration in Canada.

Removal from register

Trademark rights can be lost through non-use. Once a registration is more than three years old, it becomes vulnerable to attack under Section 45 of the Trademarks Act, which provides for the summary expungement of trademarks for non-use.

While the registrar has the jurisdiction to expunge trademarks for non-use, the Federal Court has exclusive jurisdiction to expunge or amend a registration on the grounds of invalidity set out in Section 18 of the act. These

include that:

- the mark was not registrable at the date of registration;
- the mark is not distinctive;
- the mark has been abandoned; or
- the applicant was not entitled to secure the registration (subject to Section 17 of the act, which stipulates that a challenge based on prior use or making known of a confusingly similar mark may be made only by that person or a successor, and cannot be brought more than five years after registration).

In *Masterpiece Inc v Alavida Lifestyles Inc* (2011 SCC 27) Masterpiece applied to expunge Alavida's trademark registration for MASTERPIECE LIVING on the basis that it was confusing with Masterpiece's common law trademark MASTERPIECE and therefore unregistrable. The trial judge concluded that there was no likelihood of confusion, and dismissed the application. The appeal court upheld that decision. Masterpiece appealed to the Supreme Court, which allowed the appeal and expunged Alavida's trademark registration after reaching the following conclusions:

- The location of use is not relevant under Sections 6 (confusion) and 16 (non-entitlement). The test for confusion is based on a hypothetical assumption that both trademarks are used in the same area (whether or not this is the case).
- With respect to resemblance, this should be considered on a mark-by-mark basis, since even one confusingly similar mark will invalidate a registration. In addition, the mark as applied for should be considered (versus the mark as used), because rights to a word mark permit use of the mark in design format. The focus in considering the resemblance between two marks should be on the elements of the marks that are most striking or unique. Finally, a consideration of resemblance is often likely to have the greatest effect on confusion; thus, this is where a confusion analysis should begin.
- With respect to the nature of the wares or services, cost is not irrelevant, but is not determinative. The first impression is still relevant even where purchases are expensive or require deliberation.

Purchasers may be diverted by initial interest confusion to purchase wares or services in which they previously had no interest.

5. Enforcement

If improper use of a trademark comes to the attention of the trademark owner, steps should be taken to prevent any recurrence of the improper use. The mark owner must also safeguard the mark against infringement by third parties. Failure to do so may affect the ability to enforce the mark in the long run.

Available actions

Once an infringement has been identified, the trademark owner can choose from several courses of action. Owners of registered marks can bring an infringement action under Section 19 or 20, or an action for depreciation of goodwill under Section 22, as well as an action for passing off. Owners of unregistered marks may bring only an action for passing off, and only in the geographical area in which the mark has established reputation and goodwill.

Methods of enforcement

Opposition/cancellation: Opposition proceedings, as well as cancellation through summary expungement proceedings or by way of a court action, can be good ways to eliminate a blocking trademark. Opposition and summary expungement decisions can be appealed as of right, and both parties may file new evidence on appeal.

Demand letter: A cease and desist letter may be sufficient to stop the other party's undesirable conduct.

Court action: Going to court to enforce a trademark right can result in an injunction, damages and an award of costs. The cost, length of the proceedings and enforceability of such a judgment must all be taken into consideration before choosing court action. In *BBM Canada v Research In Motion Ltd* (2011 FCA 151) the Federal Court confirmed that trademark proceedings may be commenced through either an action or an application

(which has lower evidentiary requirements), although not every case may be amenable to an application since the relief sought, questions of credibility or the need for discovery may require that the matter proceed as an action.

Given that it can take years to reach a judgment, trademark owners sometimes seek interlocutory injunctions to restrain a defendant's infringing activity. There are also opportunities for summary judgment and summary trials. However, Canadian courts are generally fairly reluctant to order both interlocutory injunctions and summary judgment, and summary trials are relatively recent innovations, with little case law to date.

Remedies

The Trademarks Act specifies the general remedies that are available for trademark infringement, depreciation of goodwill or passing off, and provides for relief by way of injunction, recovery of damages or profits, and for the destruction, exportation or other disposition of any offending goods, packages, labels and advertising material. The plaintiff must choose either damages or profits.

The act allows a mark owner to apply to a court for an order for interim custody (pending determination of the status of the allegedly infringing goods) or an order preventing the importation of infringing goods. An undertaking as to damages may be required.

Punitive damages are available in the case of trademark infringement, although the conduct of the defendant must meet the standard of behaviour to merit punitive damages generally - that is, the conduct must be so "malicious, oppressive and high-handed that it offends the court's decency".

Finally, the winning party is normally entitled to some portion of its legal fees and disbursements.

6. Ownership changes and rights transfers

Trademarks, whether registered or unregistered (including pending trademark applications), are transferable according to Section 48 of the Trademarks Act.

Registered trademarks

A registered trademark or pending application is transferable either in connection with or separately from the goodwill of the business with which it is associated. However, where a transfer results in multiple users of the same trademark, this may result in the mark losing its distinctiveness.

A trademark assignment need not be recorded in the Trademarks Office to be recognised as valid and enforceable as between the parties, but should be recorded in order to be recognised as valid and enforceable against subsequent assignees acting in good faith and against other third parties. Trademarks can be partially assigned.

Unregistered trademarks

Unlike registered trademarks (or pending applications), at common law a trademark is transferable only together with the goodwill of the business with respect to which it has been used.

There are no provisions for Trademarks Office recordal of a common law trademark or an unregistered trade name, and assignments of common law trademarks and unregistered trade names are therefore not recorded in the Trademarks Office. However, registered trade names are registered with the applicable provincial agency (eg, in Ontario, business names are registered with the Companies and Personal Property Security Branch). Such registrations will show the owner's name, so trade name registrations should be cancelled and then re-filed in the new owner's name when transfers occur.

7. Related rights

Some overlap is possible between trademark law and copyright law where the subject matter involves logos or design trademarks. Marks that are designs when used as a trademark may also be protected by copyright, provided that they consist of an original work.

Industrial designs may also overlap to an extent with trademarks. For example, the aesthetic features of a product (eg, the shape of the product itself or its packaging) may be registered as a particular type of trademark

known as a distinguishing guise, or as an industrial design.

The Supreme Court has expressly rejected the concept of 'evergreening' the monopoly conferred by other IP rights, particularly patents, through the use of trademarks. In *Kirkbi AG v Ritvik Holdings Inc* Kirkbi had already obtained protection, under the form of several patents for the functionality of its LEGO brand toy bricks, and could not evergreen this monopoly by resorting to the trademark regime.

8. Online issues

A domain name may be validly registrable as a trademark, provided that the domain name functions as a trademark. There is some question as to who actually owns the rights in a domain name – the registrar or the registrant. However, for the most part, this question is not material as, generally, domain names may be transferred by registrants as they wish.

With respect to the question of whether keyword advertising using a competitor's trademark constitutes trademark infringement, Canadian courts have held that use of a competitor's mark is allowable as long as there was no misrepresentation in the use of a competitor's mark. These outcomes are consistent with recent decisions of the European Court of Justice holding that Google, in its capacity as a search engine or through its AdWords campaigns, is not responsible for infringing use of trademarks by third parties.

Examination/registration		
Representative requires a power of attorney when filing? Legalised/notarised?	Examination for relative grounds for refusal based on earlier rights?	Non-traditional marks registrable?
		 Colour, 3-D, trade dress, packaging or shape of goods (as distinguishing guises), sound

Unregistered rights		Opposition
Protection for unregistered rights?	Specific/increased protection for well-known marks?	Opposition procedure available? Term from publication?
		 2 months (extendable by a further 3 months and optional cooling-off period)

Removal from register		
Can a registration be removed for non-use? Term and start date?	Are proceedings available to remove a mark that has become generic?	Are proceedings available to remove a mark that was incorrectly registered?
		

Enforcement		
Specialist IP/trademark court?	Punitive damages available?	Interim injunctions available? Time limit?
 But Federal Court has considerable expertise in IP matters		

Ownership changes	Online issues	
Mandatory registration for assignment/licensing documents?	National anti-cybersquatting provisions?	National alternative dispute resolution policy for local ccTLD available?
 But recordal of assignments is recommended		 CDRP

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