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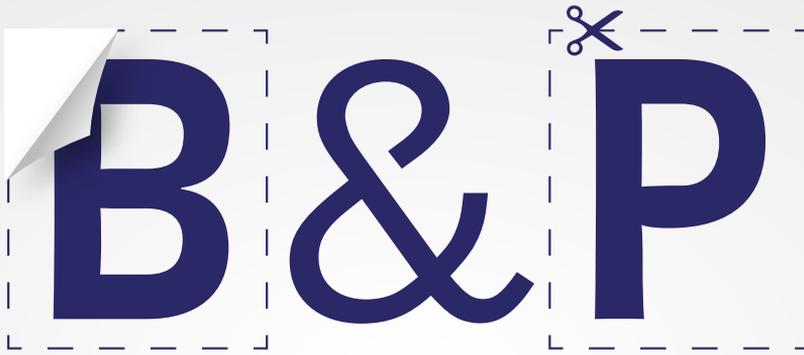
Canada

Bereskin & Parr LLP

Cynthia Rowden, Susan Keri and Tamara Céline Winegust

Yearbook 2016/2017

A global guide for practitioners



BRAND PROTECTION

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Legal framework

National law

In March 2014 the federal government introduced major amendments to the Trademarks Act – designed to facilitate implementation of the Nice Agreement, the Singapore Treaty and the Madrid Protocol – in Bill C-31. However, Bill C-31 also contains fundamental changes to the current trademark legislation, including the elimination of use as a registration requirement. Bill C-31 received royal assent in June 2014 and the amendments are expected to come into force in 2017.

Bill C-8, the Combating Counterfeit Products Act, was introduced in 2013 to improve legal remedies for counterfeiting and address a longstanding trade issue. It was granted royal assent in December 2014 and new border detention provisions (the request for assistance), additional criminal penalties for counterfeiting and a broadened definition of ‘trademark infringement’ all came into force on January 1 2015.

Additional changes are pending in Bill C-59. If passed, these will ensure

that trademark agents have privilege for communications relating to trademark protection and give administrative authorities clear power to allow time extensions for various *force majeure* closures.

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 a contracting state and lays down 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, this introduced a comprehensive set of procedures for the protection of geographical indications for wines and spirits.

Unregistered trademarks

Canada offers protection to both registered and unregistered trademarks and trade names, including logos, shapes and some

non-traditional trademarks. The owner of an unregistered trademark or trade name may not only assert its rights over others (by way of a passing-off action), but also rely on those rights to prevent registrations of confusingly similar trademarks.

Registered trademarks

Formal requirements

Any person – including trade unions, businesses and government administrative authorities, and their agents – may apply for trademark registration. Section 30 of the Trademarks Act establishes that goods and services must be described in “ordinary commercial terms”. In addition, applicants must identify at least one specific filing ground. Currently, use of the mark must commence before a registration will issue; applicants that file based on proposed use must submit a declaration attesting to use of the mark with the goods or services in the application, before registration.

Under Bill C-31, use will no longer be a prerequisite to registration. Any applicant that has used or intends to use its mark in Canada and is entitled to register it may apply for registration. If unopposed, the application will issue to registration once the opposition period expires.

Scope of protection

The Trademarks Act prohibits the registration of marks that cannot function as a trademark, unless the applicant can show that the mark has acquired distinctiveness as of the application filing date. These include:

- marks that are primarily or merely names or surnames;
- words that are clearly descriptive or misleadingly descriptive of the goods or services, their origin or the persons that created them; and
- three-dimensional (3D) shapes.

If such a mark has already been registered in the applicant’s country of origin and can have distinctive character in Canada, considering the manner in which it has been used and advertised, it may be registrable. However, this exception will not exist once Bill C-31 comes into force.

Marks that are primarily functional are also not registrable. This will be clarified when Bills C-8 and C-31 are implemented, as both prohibit the registration of signs with a primary utilitarian function.

Once Bill C-31 enters into force, it will be possible to register a broader range of signs, including tastes, textures and smells. However, examiners will also be given the power to object to such applications for lack of distinctiveness and it is anticipated that it will become more difficult for such marks, and others with a low degree of inherent distinctiveness, to be approved without evidence of acquired distinctiveness in Canada.

Famous marks

Canada has no statutory definition of a ‘famous mark’. Fame or reputation may affect enforcement or opposition results, since the test for confusion includes analysing the extent to which a mark is known. However, the Canadian courts have said that fame is not a trump card. In 2006 the Supreme Court’s decisions in *Mattel Inc v 3894207 Canada Inc* (2006 SCC 22) and *Veuve Clicquot Ponsardin v Boutiques Cliquot* (2006 SCC 23) clarified previous case law on the scope of protection to be afforded famous marks. Following these, the courts have been reluctant to expand the scope of protection to goods or services that are significantly different from those for which the marks are known or registered.

Prohibited marks

Section 9 of the Trademarks Act grants special protection to certain types of mark, including ‘official marks’ – trademarks that have been adopted and used by public authorities under significant government control in Canada – and prohibits the adoption by anyone in connection with a business, as a trademark or otherwise, of any name consisting of or nearly resembling an official mark.

Procedures

Searching

Searching before use and filing is advisable and should include searches of the register, as well as common law rights. While the Canadian Intellectual Property Office (CIPO)

does not provide searches, the Trademarks Register is searchable online at www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr03082.html.

Once the changes set out in Bill C-31 are implemented and use information no longer appears on the register, marketplace and other searches to determine the scope and duration of actual use will become very important for potential applicants.

Examination

The registration process begins with an application being filed (online or a hard copy) with CIPO. Currently, applicants must identify at least one filing ground and must set out the goods or services in ordinary commercial terms. Once Bill C-31 is implemented, applicants will no longer need to identify any filing grounds, but will have to classify the goods and services according to the Nice Classification. After filing, the application is examined on both absolute and relative grounds. The Trademarks Office will cite as confusing only registered trademarks or previously filed applications. Under the amended act, examiners will also be entitled to object on distinctiveness grounds. Applicants have the opportunity to respond to such objections and, if appropriate, to amend the application or submit evidence in support. If all objections are overcome, the application is approved for opposition. The time from filing to approval generally takes at least eight to 12 months, unless substantive objections are raised.

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



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Opposition

Once the examiner is satisfied that all requirements have been met and objections overcome, a notice of approval is issued and the application is advertised for opposition in the *Trademarks Journal*. The application may be opposed by any party within two months.

There are currently four 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 to a confusingly similar trademark (registered or unregistered), trade name, or 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 confusingly similar to the opponent's, it cannot be distinctive.

If the registrar finds that the statement of opposition fails to raise at least one valid ground, the opposition will be rejected. Otherwise, the registrar forwards a copy of the statement to the applicant, which must file a counterstatement or have the application deemed abandoned. Each party may file evidence to support its position, cross-examine, file written arguments and attend an oral hearing.

The Opposition Board's decision may be appealed to the Federal Court, the Federal Court of Appeal and, in limited instances, the Supreme Court. New evidence may be filed on appeal to the Federal Court.

Two new grounds of opposition will be

added once Bill C-31 comes into force:

- At the filing date, the applicant was not using and did not propose to use the trademark in association with the goods and services identified.
- At the filing date, the applicant was not entitled to use the trademark in Canada in association with the goods and services identified in the application.

Confusion

The test for confusion is whether, as a matter of first impression in the mind of the average

consumer with imperfect recollection, the use of both marks in the same area and in the same manner is likely to lead to an inference that the respective goods or services are produced by the same company.

Consideration is given to all of the circumstances, including:

- the inherent distinctiveness of the trademarks or trade names and the extent to which they have become known;
- similarities in the goods, services and channels of trade; and
- the degree of resemblance between the



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Ms Rowden has chaired and served on numerous committees involved in trademark law, internet and domain name law and international trademark protection, and is frequently named as a leading trademark practitioner in Canada and globally.



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Susan Keri is a barrister, solicitor, registered trademark agent and partner with Bereskin & Parr LLP and has practised exclusively in the area of trademark law.

Ms Keri's practice extends to all areas of trademark law, including clearance and opinion work, prosecution, opposition, cancellation proceedings, domain name issues, licensing, commercial transactions involving trademark assets and assisting with the acquisition and maintenance of international trademark portfolios. Most of her practice relates to the protection and management of large trademark portfolios for multinational corporations in all industry sectors, with particular expertise in the pharmaceutical field.

Ms Keri is a frequent speaker on trademark law and is listed as a leading trademark lawyer in Canada and worldwide.

trademarks or trade names in appearance or sound or in the ideas suggested by them.

The Supreme Court's decision in *Masterpiece Inc v Alavida Lifestyles Inc* (2011 SCC 27) confirmed that:

- the location of prior use is not relevant when analysing confusion before registration;
- resemblance should be considered on a mark-by-mark basis – even one confusingly similar mark may invalidate or prevent registration;
- the mark as applied for should be considered (as opposed to the mark as used), as rights to a word mark permit use of that mark in design format;
- resemblance should focus on elements of the marks that are most striking or unique;
- resemblance will often have the greatest effect on confusion, so this is where most analyses should begin; and
- with respect to the nature of the goods or services, cost is not irrelevant, but is not determinative.



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Tamara Céline Winegust is an associate at Bereskin & Parr LLP and a member of the new media/copyright and trademarks practice groups. Her practice focuses on trademarks, new media/copyright, licensing, marketing and advertising law, in addition to litigation. Ms Winegust is also a frequent writer on various areas in her field.

Registration

If there is no opposition, or if an opposition is decided in the applicant's favour, under the current Trademarks Act, the application will be allowed and the registrar will accept no further challenges. A registration fee is required and, if the application was based on proposed use in Canada, CIPO must be advised that use in Canada has commenced by filing a declaration of use.

Once the changes contained in Bill C-31 are in force, no registration fee will be required and an application will automatically issue to registration once the opposition period expires or, if opposed, upon the opposition's rejection by the Opposition Board.

Registration of a trademark constitutes *prima facie* evidence of ownership and gives the owner the exclusive right across Canada to use the mark in association with the goods and services for which it is registered. Currently, registrations are valid for 15 years and renewable for further 15-year periods on payment of a renewal fee. The term of protection will be reduced to 10 years upon implementation of the amendments in Bill C-31. Evidence of use is not required to renew a trademark registration in Canada.

Removal from register

Once a registration is more than three years old, it becomes vulnerable to challenges for non-use, pursuant to Section 45 of the Trademarks Act. This is a summary procedure determined by the registrar. Any person may request the registrar to send a notice to a registrant requiring evidence of use, in the form of an affidavit or statutory declaration. There is no cross-examination.

Each party is entitled to file submissions or attend a hearing. The registrar's decision may be appealed to the Federal Court and new evidence can be filed on appeal.

In addition, the Federal Court has exclusive jurisdiction to expunge or amend a registration on the grounds of invalidity set out in Section 18. These include the following:

- The mark was not registrable at the date of registration;
- The mark is not distinctive (determined at the date of the expungement proceedings);
- The mark has been abandoned; or
- The applicant was not entitled to secure the registration, which assesses competing rights between trademark owners (subject to Section 17, which stipulates that a challenge based on prior use or a confusingly similar mark may be made only by that person or a successor, and cannot be brought more than five years after registration). Under Bill C-31, any mark that the Federal Court finds to be likely to unreasonably limit the development of any art or industry can be expunged.

Enforcement

A rights holder may take action for improper use of its trademark based on infringement, passing off or depreciation of goodwill. Owners of registered marks can bring an infringement action under Section 19 or 20, usually combined with 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 are likely to succeed only in the geographical area in which the mark has an established reputation. Success in a passing-off action depends on proof of actual or likely damage.

Since January 1 2015, owners of registered trademarks have also been entitled to record their marks with the Canada Border Services Agency, as part of the new request for assistance programme. Under this, customs officials are entitled to temporarily seize suspect goods when they are imported into Canada, to allow the rights holder to confirm whether the goods are counterfeit and, if so, commence civil proceedings for infringement.

Demand letter

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

Court action

Action can be commenced by application to the court or by pleadings, and a plaintiff may request a summary trial, summary judgment or an interim injunction pending trial. However, summary or interim orders are rarely granted. Both the Federal Court and provincial courts have jurisdiction over infringement and passing-off actions. Any lower-court decision may be appealed. A rights holder may also apply to a court for an order for interim custody (pending determination of the status of the allegedly infringing goods) or, in limited cases, an order preventing the import of infringing goods. The plaintiff may be requested to give an undertaking as to damages in these situations.

Successful court proceedings may result in an injunction, damages and an award of costs and an order for the destruction, export or other disposition of any offending goods, packages, labels or advertising material. The plaintiff must choose either damages or profits. As yet, statutory damages are not possible. Generally, the winning party is entitled to some portion of its legal fees and disbursements.

The cost, length of the proceedings and enforceability of a judgment must all be considered before choosing court action. Punitive damages are available in the case of trademark infringement where the defendant's conduct is so "malicious, oppressive and high-handed that it offends the court's decency".

Ownership changes and rights transfers

Trademarks, whether registered or unregistered (including pending trademark applications), are transferable according to Section 48 of the 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 the transfer of a mark results in multiple owners, the mark may lose its distinctiveness.

While a trademark assignment need not

be recorded with CIPO, recordal ensures that the assignment is recognised as valid and enforceable against third parties and that pertinent documents are directed to the proper owner. A photocopy of the assignment document and the necessary government fees (currently C\$100 per mark) are required.

A change of name can be recorded without any supporting documentation. Changes arising from mergers require a photocopy of the merger document to be filed. There are no government fees for recording changes of name, mergers or changes of address.

The registrar will also accept a security agreement for recordal on the register free or charge.

Unregistered trademarks

There are no provisions in the act for recordal of an assignment of an unregistered trademark or trade name, and such assignments are therefore not recorded at CIPO. Both registered and unregistered marks may be licensed in Canada, pursuant to Section 50. Licences need not be in writing, although a written record – plus evidence of actual control over use by the licensor – is advisable. Licences are not usually recorded with CIPO.

Related rights

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

Industrial designs may also overlap with trademarks. For example, the shape of the product or its packaging may be registered as a distinguishing guise or as an industrial design.

The Supreme Court has disapproved of the concept of ‘evergreening’ the monopoly conferred by other IP rights, particularly patents, through the use of trademarks. However, the Trademarks Act does not expressly prevent this.

Online issues

A domain name may be registered as a trademark, provided that it functions as such.

The Canadian Internet Registration Authority (CIRA) administers registrations for top-level country-code ‘.ca’ domain names and restricts registrants through its Canadian presence requirements to certain qualifying parties, including those holding a Canadian trademark registration that corresponds to the domain name at issue.

Eligible parties may lodge complaints seeking the transfer of domain names that have been registered in bad faith through the CIRA Domain Name Dispute Resolution Policy. Panels require complainants to demonstrate prior rights in the mark, and the registrant’s bad faith and lack of legitimate interest in the domain name, before they will order a transfer.

With regard to keyword advertising, Canadian courts have held that use of a competitor’s mark is allowable as long as there is no misrepresentation. Similarly, use of a registered mark in a website metatag has also been found not to be infringing or depreciate goodwill, as such tags are not visible to the public and do not create a deception. **WTR**

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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?
No 	Yes 	Colour applied to defined shapes; 3D; trade dress; packaging or shape of wares (as distinguishing guises); sound. 

Unregistered rights		Opposition
Protection for unregistered rights?	Specific/increased protection for well-known marks?	Opposition procedure available? Term from publication?
Yes 	No 	Yes: two months, extendable by a further three 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?
Yes: three years after date of registration. 	Yes 	Yes 

Enforcement		
Specialist IP/trademark court?	Punitive damages available?	Interim injunctions available? Time limit?
No: but Federal Court has considerable expertise in IP matters. 	Yes 	Yes 

Ownership changes	Online issues	
Mandatory registration for assignment/licensing documents?	National anti-cybersquatting provisions?	National alternative dispute resolution policy (DRP) for local ccTLD available?
No: but recordal of assignments is recommended. 	No 	Yes: Canada Dispute Resolution Policy. 

World Trademark Review™



World Trademark Review announces series of high-level conferences

If you are in the business of protecting or commercialising trademarks, you know that counsel must now act as both legal guardians of trademark assets and consultants on their monetisation and commercial exploitation.

As a result, the need for access to the latest market intelligence, case law, best practice and shared knowledge has never been greater.

In response to this growing need, *World Trademark Review* is launching a series of high-level conferences designed to tackle the issues that truly matter to trademark counsel.

Drawing on the expertise and contacts built up over *World Trademark Review's* 13 years of specialism in the trademark industry, each of our events will present senior in-house and private practice counsel with carefully honed content, delivered by the industry's leading lights, and delegates will leave with practicable, strategic takeaways for their daily endeavours.

To register your interest and be kept informed as new events are announced please visit our website www.WTR-events.com or email info@WTR-events.com

