

**Proposed Amendments to the *Trade-marks Act*
per Part 6, Divisions 25 and 26 of Bill C-31
(*Economic Action Plan 2014 Act, No. 1*)**

Submission to the Standing Committee on Industry, Science and Technology
by the Intellectual Property Institute of Canada

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INTELLECTUAL PROPERTY INSTITUTE OF CANADA
INSTITUT DE LA PROPRIÉTÉ INTELLECTUELLE DU CANADA

1. EXECUTIVE SUMMARY

Bill C-31 contains significant amendments to the *Trade-marks Act*. The amendments are intended to harmonize the trade-mark filing and registration process in Canada with standardized procedures found in two international treaties (the *Nice Agreement* and the *Singapore Treaty*) and to prepare for the implementation of a third treaty (the *Madrid Protocol*) that will give Canadian trade-mark owners access to an international trade-mark registration scheme.

Many of the proposed changes are positive and are welcomed by the Intellectual Property Institute of Canada (IPIC), as they will simplify the procedure for registering trade-marks.

However, the proposed elimination of the need to use a trade-mark prior to registration presents a serious concern. It goes beyond what is required by accession to the three international treaties, and may disadvantage Canadian trade-mark owners.

IPIC recommends that this requirement be maintained in the Canadian *Trade-marks Act*.

However, if the proposed amendments proceed, IPIC recommends that further amendments be made to the *Trade-marks Act* to alleviate the potential negative impact on Canadian trade-mark owners. These amendments include requiring a trade-mark owner to show use of the registered trade-mark in Canada after registration and/or at the time the trade-mark registration is renewed.

In this submission, IPIC discusses this and other further recommended amendments, and identifies inconsistencies in the text of Bill C-31 that should be corrected.

2. INTELLECTUAL PROPERTY INSTITUTE OF CANADA

IPIC is the professional association of trade-mark agents, patent agents, and lawyers practising in all areas of intellectual property law. Our membership totals over 1,700 individuals, consisting of practitioners in law firms and agencies of all sizes, sole practitioners, in-house corporate intellectual property professionals, government personnel, and academics. Our members' clients include virtually all Canadian businesses, universities and other institutions that have an interest in intellectual property in Canada or elsewhere, and also foreign companies who hold intellectual property rights in Canada.

This submission compiles comments and recommendations from members of our International Trade-mark Issues Committee, Trade-mark Legislation Committee and the Trade-mark Liaison Committee, and was reviewed, edited and approved by IPIC's governing Council.

3. OVERVIEW OF THE TREATIES

Below, we have provided a brief overview of each of the treaties, and key advantages and disadvantages that their adoption presents.

A. *Nice Agreement*

The *Nice Agreement* provides a standardized international classification of goods and services for the registration of trade-marks. The Nice Classification consists of a list of classes (currently 34 classes of goods and 11 classes of services) and an alphabetical list of goods and services, which are updated from time to time. For example, clothing belongs to Class 25 and retail sale of clothing to Class 35. Around 150 offices in the world apply the Nice

Classification including member (84) and non-member countries as well as four regional organizations. However, IPIC notes that a requirement to classify goods and services according to the Nice Classification system may result in increased complexity and costs for trade-mark applicants and registrants (since the Registrar will have the discretion to require owners of existing registrations to also comply with this requirement).

B. *Singapore Treaty*

The *Singapore Treaty* is intended to simplify and standardize administrative trade-mark application and registration procedures used by member countries. It sets out the information and documentation that member countries can require as part of the trade-mark application and registration process. A key requirement is that goods and services must be grouped and classified according to the *Nice Agreement*.

Adoption of the *Singapore Treaty* would simplify Canada's trade-mark application and registration process and align it with that used by many of its key trading partners.

C. *Madrid Protocol*

The *Madrid Protocol* provides the owner of a trade-mark application or registration in a member country access to an international registration scheme. The scheme permits the owner to file an international trade-mark application based on the owner's home application or registration. The owner can file one international application designating multiple member countries, in one language, and paying only one fee, instead of filing separately in each member country in different languages and paying a separate fee in each country. The Office in each designated country has the right to process the request for protection under its national laws. Subsequent to registration, owner changes and changes to the registered goods and services can be recorded through a single procedural step and the payment of a single fee. Also, there is only one expiry date and only one registration to renew. To date, member parties include 90 countries together with the European Union.

For Canadian trade-mark owners who carry on business and register their marks in multiple jurisdictions, benefits include streamlined filing in jurisdictions of interest, and a possible reduction in fees. However, there are potential disincentives associated with filing under the *Madrid Protocol*. For example, Canadian applicants will often be able to obtain broader protection for their marks by filing directly in member countries, because of Canada's strict specificity requirements for goods and services and the necessity for applications and registrations under Madrid to mirror the home application/registration.¹ This may discourage Canadian applicants from utilizing the international registration scheme.

4. IMPACT OF THE PROPOSED AMENDMENTS

A. Improvements to Canada's Trade-marks System

Many of the proposed changes are positive and are welcomed by IPIC.

Some of these echo changes proposed in Bill C-8, the *Combating Counterfeit Products Act*, including:

- an expanded definition of trade-mark to include various types of non-traditional marks;

¹ The *Madrid Protocol* also imposes tight timelines, and a failure to meet them can result in serious consequences including the deemed abandonment of the international application if applicable class fees are not paid on time. Another key disadvantage is the vulnerability of the international registration to central attack: if the Canadian application/registration on which the international registration is based is rejected or cancelled within five years following the international registration date, the international registration (and protection in each country designated in the international registration) will also fall. The Canadian trade-mark owner will have the option of converting the international registration into national applications/registrations in each of the designated countries, but at potentially significant cost. These risks may discourage Canadian applicants who file in multiple countries from utilizing the international registration scheme available under the *Madrid Protocol*.

- provisions permitting the division of trade-mark applications;
- a provision permitting the correction of obvious mistakes on the register;
- the removal of the concept of “associated marks” and the requirement to have a commercial establishment in a Convention Priority country in order to have a valid priority claim (although IPIC suggests that the procedures to make a priority claim should be clarified); and
- a provision that clarifies when an application seeks registration for a mark in “standard characters” (with no limitation to any particular font, size or colour).

Other positive changes are new. These include:

- eliminating the need for certification marks to be used prior to filing;
- establishing one test for acquired distinctiveness (thus leveling the playing field for Canadian and foreign applicants);
- providing simplified procedures to record/register assignments;
- giving the Registrar statutory power to strike all or part of a statement of opposition before a Counterstatement is filed, if the statement or ground of opposition is not based on an enumerated ground of opposition or it is not set out in sufficient detail to enable the applicant to reply to it; and
- the creation of serious consequences for not serving an opposition party.

B. Problems Caused by the Elimination of the Use Requirement & Filing Bases

Some of the proposed changes are of concern, and go beyond what is required by accession to the three international treaties.

Canada is and has historically been a use-based jurisdiction, such that a trade-mark registration can only be acquired in Canada if the applicant has, prior to registration, used the trade-mark either in Canada or abroad. Pursuant to the proposed changes in Bill C-31, applicants will no longer need to have used the trade-mark sought to be registered in Canada with any goods or services anywhere in the world prior to registration in Canada. Bill C-31 also does away with the need to specify whether the application is based on use of the mark in Canada or abroad or on proposed use.

The elimination of these requirements is not required by the international treaties², and may disadvantage Canadian trade-mark owners.

Registration of a trade-mark gives the owner numerous rights, including the right to prevent the use and registration of confusing marks. The owner of a Canadian trade-mark registration enjoys the right to the exclusive use of the mark across Canada as well as a presumption of the validity of the registration. To challenge that exclusive right, one must either initiate summary non-use cancellation proceedings through the Trade-marks Office or, if based on prior use, seek to expunge the registration in the Federal Court of Canada. Both types of

² The *Singapore Treaty* expressly permits member countries to require declarations of use to be filed before registration. The Treaty permits member countries to require applications to include a declaration of intention to use the mark, followed by evidence of actual use of the mark within a time limit set by the law of the member country (but not shorter than the time period set by the Regulations, which is six months from the date an application is allowed, with a right to extend that deadline for periods of at least six months up to a period of 2.5 years). The Treaty also provides that an applicant may file, instead of or in addition to a declaration of intention to use, a declaration of actual use of the mark and evidence to that effect as required by the law of the member country (the time period set by the Regulations does not appear to apply here). As for the *Madrid Protocol*, a member country can require a declaration that the applicant intends to use the trade-mark in the member country, and this declaration can be required as part of the international application, or on a separate official form that would be signed by the applicant and attached to the international application. While there is no current provision that permits declarations of use to be included in an International Registration, Canada would be permitted to require declarations of use under its local laws. The Office in each designated country has the right to process the request for protection under its national laws, and Canada would have the discretion to issue provisional refusals requiring declarations of use to be provided. (This option is identified in the paper titled *Legal and Technical Implications of Canadian Adherence to the Madrid Protocol*, prepared by Alan Troicuk, Senior Counsel, Department of Justice Canada, in January 2012.)

proceedings require legal fees to be incurred. Moreover, summary non-use cancellation proceedings are generally only available after three years from registration, and a proceeding in the Federal Court puts the legal onus on the challenging party.

If the requirement for a declaration of use before registration is removed, this would encourage trade-mark speculators and purely defensive registrations, where the owner has no real intention of ever using the trade-mark in Canada, and it would allow registrations to remain on the register without use in Canada unless attacked at the expense of another entity. One only needs to look at the prevalence of so-called cyber-squatters who register domain names in bad faith without any intention to actually use the domain name in association with a website. This will competitively disadvantage Canadian businesses that have used, or have a genuine intention to use, a similar mark. Due to increased expense, SMEs in Canada (who are less likely to take advantage of the international filing scheme under the *Madrid Protocol*) would be put at a particular disadvantage.

We note that Bill C-31 continues to permit an application to be opposed based on prior use, and that it introduces a new ground of opposition that allows the application to be challenged if the applicant was not using or did not propose to use the trade-mark in Canada. However, Bill C-31 does not define what qualifies as proposed use, and it is difficult to prove a negative. Moreover, this will put the onus on Canadian entities to scrupulously monitor trade-mark applications, and to incur the cost of oppositions.

Eliminating the use requirement may lead to a cluttered register. There is a concern that a cluttered Canadian trade-marks register, and doing away with the need to identify the basis on which the application is filed, will add uncertainty when selecting and clearing new trade-marks for use, and require more in-depth investigations and searches to be done, at greater cost. A significant portion of trade-mark applications and registrations provide information on use, and businesses often rely on this as a key source of information when assessing the availability of a trade-mark for use and registration, or opposing an application or challenging an existing registration based on prior use-based rights.

Recommendations:

As discussed above, adherence to the international treaties does not oblige Canada to eliminate the need to have used a trade-mark prior to registration in Canada, or the need to specify whether the application is based on proposed use, or use of the mark in Canada or abroad.

IPIC recommends that these requirements be maintained in the Canadian *Trade-marks Act*.

However, if the proposed amendments proceed, safeguards should be put into place. Further amendments that would alleviate the concerns highlighted above include:

- 1) providing a definition of “propose to use”,
- 2) requiring national applications (and international applications filed under the Madrid Protocol that designate Canada) to include a declaration of a *bona fide* intention to use the mark in Canada, and
- 3) requiring a registrant to file evidence of actual use of the mark with each of the registered goods and services or special circumstances excusing non-use after registration (e.g., after three years, or five years as in the U.S.) and possibly upon renewal, with failure to comply resulting in the cancellation of the registration in whole or in part.

5. TECHNICAL INCONSISTENCIES

In reviewing Bill C-31, we identified some technical errors and inconsistencies in Bill C-31. These are discussed below. Unless otherwise indicated, references to sections in the *Trade-marks Act* ("TMA") are to the sections if amended in the manner contemplated by C-31:

Bill s. 319(5), TMA s.2 - definition of "sign" – it is unclear what the difference is between a "design" and a "figurative element".

Bill s. 321(2), TMA ss.6(5)(e) – given the broader definition of sign/trademark, the indicia of confusion language should include reference to taste, texture, smell (i.e. "...the degree of resemblance between the trademarks or trade names, including in appearance, sound, taste, texture, smell, or in ideas suggested by them").

Bill s. 323(3), TMA ss. 9(2)(b)(ii) – add "of the name" after "abbreviation" (i.e. ...an armorial bearing flag, emblem, name or abbreviation of the name mentioned in paragraph (1)(i.3)..." in order to be consistent with ss. 9(1)(i.3).

TMA s.10.1 requires amendment (not included in Bill C-31) to ensure consistency with the language in s.10. Given that "mark" is no longer a defined term, consider amending "mark" to "sign or combination of signs" (i.e. "...nor shall any person adopt or so use any ~~mark~~ sign or combination of signs so nearly resembling that denomination as to be likely to be mistaken ~~therefor~~ for it").

Bill s. 326, TMA subsections 12(1), 12(2) and 12(3) – in the French wording - should refer to "une marque de commerce" and not "la marque de commerce" to be consistent with the current version of the TMA. The indefinite article is proper in that context.

Bill sections 330(1), 339 and 343, TMA Sections 16 (1), 30(1) and 38(2). These sections should all refer to trademarks which have been "made known" by the applicant: 16(1) should read in English: "... or the date of first use or making known of the trademark ..." in French: "... la marque a été employée ou révélée pour la première fois ..."; 30(1) should read in English: "...or services if they are using or have made known or propose to use, ...", in French: "... ou services si elle emploie, a révélé ou projette d'employer ..."; 38(2) should read in English: "... was not using, had not made known or did not propose to use ... ", in French: "...n'employait pas, n'avait pas révélé ou ne projetait ...";

Bill s. 338, TMA sections 28 and 29(1) – Bill C-31 replaces s.28 and removes the language relating to indexes. Section 29(1) was not modified yet it contains references to the "indexes". Amendment may be required to ensure consistency by either adding reference to "indexes" elsewhere or else by removing it from s. 29(1).

Bill s. 339, TMA s.30(2)(c) – the word "and" appears after the semicolon in the English text, but there is no equivalent in the French text.

Bill s. 339, TMA ss.31(b) – section 31 refers to "An applicant", yet the plural pronoun "they" is used in subsection (b). As well, the singular is more consistent with the French version. The following amendment is suggested: "An Applicant who seeks to register a trademark that consists only of letters, numerals, punctuation marks.....shall... (b) include in ~~their~~ its application a statement to the effect that ~~they wish~~ it wishes the trademark to be registered in standard characters..."

Bill s. 339, TMA ss.32(1)(a) same change as above for TMA 31 is suggested, i.e. "An applicant shall furnish the Registrar with any evidence ... if any of the following apply:... (a) the applicant claims that ~~their~~ its trademark is registrable under subsection 12(3); ...".

Bill s. 339, TMA s.33(1) – the French text does not appear to contain an equivalent reference to the term “all of the following” used in the English text. It is suggested that the French version should either read: "... est la date à laquelle le registraire a reçu tout ce qui suit: ..." or else "et" should be inserted between e) and f);

Bill s. 339, TMA s. 33 may conflict with Rule 25 which requires that a filing basis be provided before a filing date is assigned.

Bill 342(3), TMA ss 37(4). The way it is worded now, it suggests that the application will be deemed to never have been advertised, even after the correction is made and the application is properly advertised. It is suggested that the word “never” be replaced with the word “not” as follows: “...withdraws the advertisement, the application is deemed not ~~never~~ to have been advertised as of that date”.

Bill 343(1), TMA 38(2)(a) – the wording in French reads "... compte non tenu de la conformité ..." which should instead read "..., sans tenir compte de la conformité ...";

Bill 343(1), TMA 38(2)(a) - should not exclude 30(3). i.e. the following wording is unnecessary: ", without taking into account if it meets the requirement in subsection 30(3)", since ss. 30(3) is not included in the first place. 38(2)(a) refers specifically to 30(2) only.

Bill s. 343(2), TMA s. 38(2)(e) – A new ground of opposition has been included where the applicant “did not propose to use the trademark.” It is arguable that simply by filing the application, the application did, in fact, propose to use the mark. It is suggested that the wording be replaced with “did not intend to use the trademark” which has a different, and likely the intended, meaning.

Bill s. 343(3), TMA s.38(9): two issues. First, the French text does not appear to include an equivalent to the English “prescribed time.” Second, it is suggested that the French version read "... observations écrites qu'ils présentent au registraire.". The Bill C-31 language in French uses the past tense (whereas the English uses the present), which suggests that service could be done later rather than at the same time the evidence or the written representations are submitted to the Registrar.

Bill 343(3), TMA 38(10) and (11) in respect of the interaction with TMA s. 36 – the new language “is deemed to have been withdrawn” and “is deemed to have been abandoned” replaces the old wording “...shall be deemed...”. The new wording seems to indicate immediate effect, rather than the forward looking shall. Section 36 requires the Registrar to give notice of a default in the prosecution of an application before treating the application as abandoned. Query whether there is a conflict between new 38(11) (immediate deemed abandonment) and new 36 (notice before treating as abandoned). If s. 36 will impact s. 38(11), then it creates an unjustifiable asymmetry between opposition parties concerning the consequences of non-compliance at similar stages of the opposition process, i.e. the deemed abandonment of applications (which can occur only after notice) and the deemed withdrawal of oppositions (which would be immediate). This asymmetry was likely not intended.

IPIC would be pleased to work with the Government on refining these solutions. If we may be of further assistance, please do not hesitate to contact our executive director, Michel Gérin at 613-234-0516 or mgerin@ipic.ca.