Canada

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Legal framework

National law

Trademarks in Canada are governed by several different statutes and regulations, as well as by common law.

Both registered and unregistered trademark rights are defined in the Trademarks Act (RSC 1985, c T-13) and the Trademarks Regulations (SOR/96-195). Certain Olympic symbols are protected by the Olympic and Paralympic Marks Act (SC 2007, c 25) and the Olympic and Paralympic Marks Regulations (SOR/2007-294). In addition, 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.

In 2013 Canada introduced amendments to the Trademarks Act in Bill C-8, the Combating Counterfeit Products Act. If passed, Bill C-8 would introduce new border detention provisions and criminal sanctions for counterfeiting, as well as allowing the registration of a broader range of signs (eg, colours, smells, tastes and textures) and introducing other changes to trademark prosecution.

Unregistered marks, trade names and other business signs can also be protected under common law, while trade names and corporate names are governed by both the Trademarks Act and 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, this legislation introduced a comprehensive set of procedures for the protection of geographical indications for wines and spirits.

Canada is not a member state of the Madrid Protocol or the Singapore Treaty, and therefore the protocol has no application in Canada; neither is it a signatory to the Nice Agreement. Canada is facing increased pressure to align with these international agreements, and the 2014 Canadian Budget proposes to ratify or accede to the Madrid Protocol, the Singapore Treaty, the Nice Agreement, the Patent Law Treaty and the Hague Agreement. These treaties have previously been tabled in Parliament and will require amendments to the Patent Act, the Trademarks Act and the Industrial Design Act.

Unregistered trademarks

Canada offers protection to both registered and unregistered trademarks and trade names, and other business signs – including logos, shapes and some non-traditional trademarks. 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.

Registered trademarks

Formal requirements

The formal requirements for an application are set out in Section 30 of the Trademarks Act. Canada requires goods and services to be described in "ordinary commercial terms". In addition, there is a single filing fee. Applicants must identify at least one specific filing ground. All IP administration is handled by Canada Intelletual Property Office (CIPO), which includes the Trademarks Office the Copyright Office and the Patent Office.

Scope of protection

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 unless the applicant can show that they have acquired distinctiveness as of the application filing date:

- 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.

However, if such marks have been already registered in the applicant's country of origin and are shown, by evidence, to be not without distinctive character in Canada, considering the manner in which they have been used and advertised, these marks may be registrable.

In addition, marks that are generic or primarily functional are not registrable. If passed, Bill C-8 would confirm that signs with a primary utilitarian function cannot be registered.

Most trademarks consist of a word or a combination of words, including a slogan or two-dimensional design. They can also comprise initials, numerals or sounds. Although Canadian courts have held that colours applied to 3D objects may be trademarks, the Trademarks Office has not yet accepted registration of colour alone. Shapes of goods and packaging can be registered if shown to be distinctive.

Bill C-8 will permit a broader range of signs to be registered, including colour alone, plus tastes and smells. However, applicants for such non-traditional marks will be required to prove distinctiveness in Canada at the time of filing.

Proposed amendments to the Trademarks Regulations have been introduced that would permit the registration of additional non-traditional trademarks, such as holograms, motion marks and marks applied in a particular position on a 3D object. Such marks are also contemplated by Bill C-8.

Famous marks

Canada has no statutory definition of what constitutes a famous mark. Fame or reputation may affect enforcement or opposition results,

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since the test for confusion includes analysing the extent to which a mark is known, and normally the better known the mark, the broader the scope of protection. However, Canadian courts have specifically said that fame is not a "trump card". In 2006 the Supreme Court rendered decisions in *Mattel Inc v 3894207 Canada Inc* (2006 SCC 22) and V*euve 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 these decisions, the courts have been reluctant to expand the scope of protection to goods or services significantly different from those for which the marks are known or registered.

Procedures

Searching

Searching before use and filing is advisable, and should include searches of the register and for potential common law rights. The Trademarks Office does not provide searches for a fee to applicants. The Trademarks Register is searchable online at www.cipo.ic.gc.ca/eic/site/cipointernet-internetopic.nsf/eng/h_wr03082.html.

Examination

The trademark registration process begins with the filing of an application with CIPO (online or hard copy). Applicants must identify at least one ground for application and must set out the 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. The Trademarks Office will conduct a search of the register when examining new applications, but will cite as confusing only registered trademarks or previously filed applications (Bill C-8 will permit examination on distinctiveness grounds as well, but as yet, the criteria have not been identified). 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. From filing to approval for advertisement usually takes at least 12 months, if no substantive objections are raised.

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

Opposition

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

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 (registered or unregistered) or trade name, or to a previously filed confusing 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 distinctive.

If the registrar finds that the statement of opposition does not raise at least one substantial issue, the opposition will be rejected. 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. Each party may file evidence in the form of affidavits or declarations, cross-examine each affiant, file written arguments and request a hearing. Normally, oppositions take more than three years to resolve.

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 of first instance.

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;
- similarities in the goods, services and channels of trade; and
- the degree of resemblance between the trademarks or trade names in appearance or sound or in the ideas suggested by them.

The Supreme Court 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. The test for confusion is based on a hypothetical assumption that both trademarks are used in the same area, regardless of whether this is the case;
- resemblance should be considered on a mark-by-mark basis, and even one confusingly similar mark may invalidate or prevent registration;
- the mark as applied for should be considered (versus the mark as used), because 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 likely have the greatest effect on confusion – thus, this is where most confusion analyses should begin; and
- with respect to the nature of the goods 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 goods or services in which they previously had no interest.

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 accept no further challenges to the application. 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. In most cases, registration will take place between 20 and 24 months following application if there is no opposition.

Registration of a trademark provides *prima facie* evidence of ownership of the trademark 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. Registrations are valid for 15 years and renewable for further 15-year periods on payment of a renewal fee. Evidence of use is not required to secure a registration or to renew a trademark registration in Canada.

Removal from the register

Trademark rights can be lost through non-use. Once a registration is more than three years old, it becomes vulnerable to challenge for non-use, pursuant to Section 45 of the act. This is a summary procedure determined by the registrar. Any person may request the registrar to send a notice requiring evidence of use to be filed. Evidence is filed by affidavit, and the

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requesting party may file submissions and/or request 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 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).

Enforcement

If improper use of a trademark comes to the rights holder's attention, rights holders may take action based on infringement, passing off and/or depreciation of goodwill. Failure to do so may affect the distinctiveness of the mark and the owner's ability to enforce the mark in the long run.

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, but are likely to succeed only in the geographical area in which the mark has established reputation and goodwill. Success in a passing-off action depends upon proof of actual or likely damage.

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 importation 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 for the destruction, exportation or other disposition of any offending goods, packages, labels and 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 such a judgment must all be taken into consideration before choosing court action. Punitive damages are available in the case of trademark infringement, although the defendant's conduct 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”.

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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 a transfer results in multiple owners/users of the same trademark, this may result in the mark losing its distinctiveness.

A trademark assignment need not be recorded with the Trademarks Office, but recordal is advisable to ensure that the assignment is recognised as valid and enforceable against subsequent assignees and other third parties, and to ensure that pertinent documents regarding the registration are directed to the proper owner. Trademarks can be partially assigned. A photocopy of an assignment document plus the necessary fees are required. Government fees are currently C$100 per mark. 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, including those occurring from a merger, or changes of address. The registrar will also accept a security agreement for recordal on the register for no fee.

Unregistered trademarks
There are no provisions in the act for 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.

Both registered and unregistered marks may be licensed in Canada, pursuant to Section 50 of the act. 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 the Trademarks Office.

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 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 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 validly registered as a trademark, provided that it 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 domain names may generally 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. WTR

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; 3D; trade dress; packaging or shape; sound.

Unregistered rights

Protection for unregistered rights?	Specific/increased protection for well-known marks?
Yes	No

Opposition

Can a registration be removed for non-use? Term and start date?
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

Mandatory registration for assignment/licensing documents?
No: but recordal of assignments is recommended.

Online issues

National anti-cybersquatting provisions?	National alternative dispute resolution policy (DRP) for local ccTLD available?
No	Yes: CDRP.

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